



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 (2025-2026)]
[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.**

File No.: PPR/130/15/DD/105/INF/2015-DC/824/2018

In the matter of:

M/s. Rajendra Arora & Associates (FRNo.019571N)
Chartered Accountants,
B-1140, 1st Floor, Shastri Nagar,
Delhi- 110052

...Respondent Firm

Member(s) Answerable:

CA. Rajender Arora
401, DLF Tower
15, Shivaji Marg, Moti Nagar
New Delhi (Delhi) – 110015

.... Respondent (1)

CA. Ravi Sethi
AE-10, 3rd Floor,
Tagore Garden
New Delhi (Delhi) – 110027

.... Respondent (2)

MEMBERS PRESENT:

1. CA. Prasanna Kumar D, Presiding Officer (In person)
2. Ms. Dakshita Das IRAS (Retd.), Government Nominee (Through VC)
3. Adv Vijay Jhalani, Government Nominee (In person)
4. CA. Mangesh P. Kinare, Member (Through VC)
5. CA. Satish Kumar Gupta, Member (Through VC)

DATE OF HEARING: 05th February 2026

DATE OF ORDER: 11th February 2026

1. That vide Findings dated 28th January 2026 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. Rajender**

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Arora (M. No. 502649) and CA. Ravi Sethi (M. No. 515264) (hereinafter referred to as the **Respondents**) are **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondents and a communication was addressed to them thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 05th February 2026.

3. The Committee noted that on the date of hearing on 05th February 2026, the Respondents, CA. Rajender Arora (M. No. 502649) and CA. Ravi Sethi (M. No. 515264) were present through video conferencing and made their verbal submissions on the Findings of the Committee. An opportunity was given for the submission of their written representations to both the Respondents; however, the Respondents failed to file any written response/submissions. The Committee noted that the Respondents, in their verbal submissions, inter alia stated, as under: -

- They prayed the Committee to take a lenient view in the matter.

4. The Committee considered the reasoning as contained in Findings holding the Respondents 'Guilty' of Professional and Other Misconduct vis-à-vis verbal submissions of the Respondents. The Committee noted that the issues/submissions made by the Respondents as aforesaid have been dealt with by it at the time of hearing under Rule 18.

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal submissions of the Respondents on the Findings, the Committee was of the view that the Respondents gave clean Concurrent Audit Reports to the Management of the Informant bank. The Committee noted that concurrent audits are designed to identify irregularities at the initial stage, even before they escalate into significant issues. However, the Respondents failed

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to provide any conclusive evidence to substantiate their claim that the scope of their audit excluded the verification of transactions sanctioned at the Zonal Office. Further, the Respondents did not demonstrate that they had reported the irregularities observed during their audit tenure, as required under professional standards.

6. In case of one of the borrower, M/s. R.K. International's account, the Respondents failed to report in their Concurrent Audit Reports the irregularities/lapses with regard to genuineness of collateral securities given by the borrower. Similar properties were mortgaged with PNB, Subzi Mandi branch. The name of the Mr. Siddharth Jain was recorded as owner of the same property. Another property was fraudulently mortgaged by Mr. Rakesh Gupta which was not owned by him.

7. In case of M/s. Rameshwaram Enterprises, the Committee was of the opinion that it is apparent that CC limit of Rs. 100 lakhs was sanctioned on 28th December 2009 by branch, however, the limit was enhanced to Rs. 250 lakhs on 07th March 2011 (which was during the audit period of the Respondents) and said account was collaterally secured by the same three immovable properties of Shri Rakesh Gupta and Shri Surendra Nath as in the case of account of M/s. R. K. International, mentioned above. Further, said entity concealed the fact that their group firm M/s. R. K. International was already availing of a credit facility from the branch which was sanctioned by ZO. The Committee further noted that, despite there being multiple opportunities extended, the Respondents failed to submit any documentary proof to substantiate their claim of having made specific reporting of the irregularities and even the concurrent audit reports did not mention the name and membership number of the signing partner, which is in violation of the requirements of AAS 28. Hence, the Professional and Other Misconduct on the part of the Respondents is clearly established as spelt out in the Committee's Findings dated 28th January 2026 which is to be read in consonance with the instant Order being passed in the case.

8. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to them in commensurate with their Professional and Other Misconduct.

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9. Thus, the Committee ordered that the Respondent No. 1 i.e. CA. Rajender Arora M. No. (502649) and Respondent No. 2 CA. Ravi Sethi M. No. (515264), be REPRIMANDED and also imposed a fine of Rs. 1,00,000/- (Rupees One Lakh Only) upon each of them, which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-

(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

Sd/-

(MS DAKSHITA DAS IRAS (RETD.))
GOVERNMENT NOMINEE

Sd/-

(ADV VIJAY JHALANI)
GOVERNMENT NOMINEE

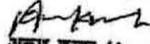
Sd/-

(CA. MANGESH P. KINARE)
MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy



अरुण कुमार / Arun Kumar

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer

अनुशासनमयक विधेयालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

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

[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.: - [PPR/130/15/DD/105/INF/2015]-DC/824/2018]

In the matter of:

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Member(s) Answerable:

CA. Rajender Arora
401, DLF Tower
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.....Respondent (1)

CA. Ravi Sethi
AE-10, 3rd Floor,
Tagore Garden
New Delhi (Delhi) – 110027

.....Respondent (2)

MEMBERS PRESENT (in person):

CA. Prasanna Kumar D, Presiding Officer (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: 30th September 2025

PARTIES PRESENT:

Respondent(s): CA. Rajender Arora (through VC) (Respondent 1)
CA. Ravi Sethi (through VC) (Respondent 2)

1. **Background of the Case:**

The Respondent firm during their appointment as concurrent auditor of East Patel Nagar Branch of the Allahabad Bank (hereinafter referred as **the Branch**) has not submitted any special report on the frauds/ serious irregularities of the Branch which were substantial in amount. In this connection, Respondent Firm has also been debarred from an appointment in the said Bank for a period of five years w.e.f. 01st October, 2013.

2. **Charges in brief:**

2.1 M/s. Rajendra Arora & Associates being the concurrent auditor of East Patel Nagar Branch of the Allahabad Bank was allotted to the firm in the year 2010 for the period from October 2010 to September 2012, have failed to submit any special report on the frauds/serious irregularities that existed in the Branch which defeated the purpose of concurrent audit.

3. **The relevant issues discussed in the Prima Facie Opinion dated 07th November, 2017 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1 CA. Ravi Sethi, one of the partners of the Respondent Firm initially vide letter dated 19th October, 2015 inter-alia intimated that the Informant in his letter dated 13th December, 2013 had referred a letter dated 12th June, 2013 issued by the Allahabad Bank, however no such letter was received by their Firm. He further requested that since they are taking up the matter with the Bank and therefore, the matter may be kept on hold. Thereafter vide letters dated 20th January, 2016 and 30th May, 2016 by the Directorate, he was requested to submit the written statement. The firm vide their letters dated 12th May, 2016 and 3rd June, 2016 sought extension of time for filing written statement, however, they neither disclosed the name of member (s) answerable nor filed written statement.

3.2 On perusal of Report of Inspection /Vigilance Department of Informant bank, it is noted that irregularities have been reported in following 4 accounts of East Patel Nagar Branch: -

(i) M/s. R. K. International:

- (ii) M/s. Rameshwaram Enterprises
- (iii) M/s. S.D. Infosys:
- (iv) M/s. Symentic information & Technology (P) Ltd.

3.3 Upon perusal of concurrent audit reports signed by the Respondent Firm for the quarter ending 31st March, 2011 to 30th June, 2012, it was observed that the Respondent Firm had reported the following major irregularities in the accounts of the East Patel Nagar Branch through their audit reports: -

- (i) Non submissions/irregular submissions of stock statements.
- (ii) Irregular instalments in terms loan.
- (iii) Irregularities in documentation of advances.
- (iv) Non-compliance of KYC compliance.
- (v) Irregular OD/CC accounts.
- (vi) Insurance policies not obtained.
- (vii) Not maintenance of prescribed register.
- (viii) Overdue rent in lockers to be recovered.

3.4 It was seen that although, the Respondent firm had reported certain irregularities through their concurrent audit reports, as being stated above, however, considering the nature of discrepancies pointed out by Inspection/Vigilance Department of Informant Bank which according to Bank were vital in nature whereby the Branch was concerned about the fraud of Rs. 610.15 Lakhs, the Respondent Firm was duty bound give their detailed submissions/Written Statement which would have helped in assessing whether they had failed in carrying out proper verification during the course of their concurrent audit. The Respondent firm by not responding to the letter dated 08/06/2013 of the Informant in which said irregularities were brought to the notice of the firm by the Bank had aggravated the case of their possible negligence in the conduct of their duties. Moreover, the firm had also not submitted its Written Statement to the Directorate despite giving reasonable time to respond. Thus, the discrepancies pointed out by the Informant which remained unreported by the Respondent Firm coupled with their continued silence by not providing any reasonable response in their defence to the Informant as well as to the Directorate rendered this matter worthy of further investigation for **any professional**

misconduct in terms of the provisions of Clause (7) of Part- I of Second Schedule to the Chartered Accountants Act, 1949.

- 3.5 Further, it was observed that by not mentioning the name and membership no. of signing partner on the concurrent audit reports, the Respondent Firm had also violated the provisions of Auditing & Assurance Standards (AAS) 28, issued under the authority of Council of ICAI, which is mandatory for all the members of ICAI to follow.
- 3.6. Thus, such an act on the part of the members of the Respondent Firm rendered them prima facie **guilty** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part-IV of First Schedule and Clause (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949 read with Auditing & Assurance Standards (AAS) 28 issued under the authority of the Council of ICAI.
- 3.7 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 07th November 2017 opined that the Respondent was Prima Facie **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I of Second Schedule and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. The said Clauses of the 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:

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

Clause (2) of Part IV of the First Schedule:

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

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

Clause (1) of Part II of the Second Schedule:

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

(1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council;

3.8 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 20th April 2018. The Committee on consideration of the same, concurred with the reasons given against the charge(s) and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of 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 Information letter	07 th September 2017 and 29 th September 2017
2.	Date of Written Statement filed by the Respondent	Not Filed
3.	Date of Prima Facie Opinion formed by Director (Discipline)	07 th November 2017
4.	Written Submissions filed by the Respondent(s) after Prima Facie Opinion	CA. Rajender Arora: Dated 11 th August 2023, 14 th October 2023, 26 th August 2025 & 12 th September 2025 CA. Ravi Sethi: Dated 22 th August 2023, 14 th December 2023 & 18 th January 2024

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

5.1 The Respondent (CA. Rajender Arora) vide letter dated 11th August 2023 inter-alia submitted as under:-

- a. CA. Rajender Arora has mentioned that CA. Ravi Sethi is answerable since he was in-charge of the concurrent audit of Allahabad Bank of East Patel Nagar during the relevant period.
- b. No other partner of the firm had any role in the audit in this respect. CA. Rajender Arora has therefore requested to take the matter with CA. Ravi Sethi and to relieve him accordingly from the DC proceedings.

5.2 The Respondent (CA. Rajender Arora) vide letter dated 14th October 2023 inter-alia submitted as under:-

- a. That CA. Ravi Sethi, then partner, was the whole time in-charge of attending bank premises, execution and signing of all the reports pertaining to bank audits, concurrent audits including that of Allahabad Bank/Informant.
- b. The Respondent has no experience during his entire career as CA of doing any government or bank audits. This can be substantiated by the profile of firm drawn by CA. Ravi Sethi and sent on e-mail id raa_link_ca@yahoo.co.in. In this profile it is clearly mentioned that CA. Rajinder Arora is into indirect tax and CA. Ravi Sethi has rich experience of bank, government, and Statutory Audit.
- c. CA. Ravi Sethi got his COP on 29.01.2010 and joined the firm as partner on 11.02.2010. Only after the joining of CA. Ravi Sethi, all concurrent audits were applied for and got allotted through the efforts of CA. Ravi Sethi. As he had all his career credited to such audits, he expressed his willingness to start this new stream of practice in the firm. Thereby getting the firm allotted many concurrent audits by various banks.
- d. The Respondent requested the Hon'ble Bench to obtain following documents from the informant bank i.e. Allahabad Bank:
 - Attendance record for the relevant period of engagement with the bank for regular visits to the Branch, East Patel Nagar.
 - Attendance records for the quarterly review meetings conducted by the Informant Bank for regular reviews to be undertaken with concurrent auditors.

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e. The Respondent also requested to call for following witnesses to substantiate claims in this reply:

- Branch manager and other responsible staff of the Informant Bank of East Patel Nagar Branch to identify the members who used to visit the Branch for routine checking, collection of data and discussion with them.
- CA. Arun Chadha, principal of CA. Ravi Sethi to establish the fact regarding his experience of conducting statutory Bank Branch Statutory Audits and Concurrent Audits of the Banks during his internship.

5.3 The Respondent (CA.Rajender Arora) vide letter dated 26th August 2025 inter-alia submitted as under:-

- a. The audit responsibility rested entirely with CA Ravi Sethi, who executed and signed the reports.
- b. CA.Ravi Sethi independently managed the audit, including field visits, meetings with officials, drafting reports, and final submissions.
- c. The firm was appointed concurrent auditor from October 2010 to September 2012, while the disputed credit facilities were sanctioned and disbursed before this period.
- d. All questioned sanctions were made by the Zonal Office, not the branch, placing them outside the scope of branch-level audits.
- e. Documents like sanction notes, credit appraisals, and title deeds were kept at the Zonal Office, inaccessible to branch auditors.
- f. For R.K. International, alleged forged title deeds were sanctioned by the Zonal Office before the firm's appointment; auditors had no access or means to verify them.
- g. At that time, systems like CERSAI or centralized digital checks were either absent or not widely used, limiting verification capability.
- h. The firm nevertheless reported operational irregularities such as stock statement issues, KYC lapses, NPA identification, and documentation deficiencies.
- i. In the case of Rameshwaram Enterprises, alleged concealment of its link with R.K. International and duplication of collateral could only have been identified at the sanctioning stage by the Zonal Office.

- j. No branch-level records or red flags indicated any fraudulent behavior of Rameshwaram Enterprises during the audit tenure.
- k. For S.D. Infosys, the loan was sanctioned before the audit period despite CIBIL showing it as NPA in another bank; the Zonal Office failed in due diligence.
- l. Required financial documents like balance sheets, ITR, and CMA data were not obtained at sanction, pointing to Zonal-level lapses beyond concurrent audit scope.
- m. For Symentic Information & Technology Pvt. Ltd., the sanction and renewal predated the audit; failures included no credit verification, missing financial documents, absence of valuation, and ignored CIBIL reports—all at Zonal level.
- n. Concurrent audit is transactional, forward-looking, and limited in scope, not investigative or retrospective in nature.
- o. The frauds were unearthed by CBI through specialized investigation, not by regular bank or audit processes, proving their sophistication.
- p. No red flags, alerts, or directives were received by the firm from the bank during its tenure to suggest irregularities in the concerned accounts.
- q. The firm consistently adhered to ICAI's professional and ethical standards, reporting issues within its mandate.
- r. Holding auditors responsible for transactions sanctioned before their tenure, by higher authorities, and later detected by investigative agencies, is professionally unjustified.
- s. The proceedings alleging "gross negligence" appear misdirected, as they concern matters outside the auditor's scope and authority.
- t. The firm remains committed to cooperating fully with the Disciplinary Committee while upholding professional integrity.

5.4 The Respondent (CA.Rajender Arora) vide letter dated 12th September 2025 inter-alia submitted as under:-

- a. Credit facilities in question were sanctioned well before appointment as concurrent auditors of the branch. Consequently, he did not have any authority or control to verify or review the transactions related to the original sanction of these facilities.

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- b. Certain account limits were renewed during audit tenure, these renewals were executed at the Zonal Office, not at the branch level. The original sanctions were also accorded by the Zonal Office.
- c. Their engagement as concurrent auditors was specifically limited to the East Patel Nagar Branch. Their scope was not extended to oversight or review of credit decisions made by higher authorities in the bank, including the Zonal Office.
- d. All documentation related to these facilities such as sanction notes, credit appraisal memos, security documents, and compliance reports were maintained at the Zonal Office. These documents were not accessible at the branch during the course of audit.
- e. The Respondent has no power to access zonal-level documents and absence of authority to question decisions taken beyond the branch, there was neither the scope nor the basis for them to raise objections or adverse audit comments regarding transactions that had been pre-sanctioned at a higher level. Their audit was strictly confined to the operational aspects of the accounts as maintained at the branch.
- f. He further stated that he has consistently reported irregularities observed in the operational activity of the disputed accounts during our tenure.
- g. Documents including those that were allegedly forged were not available at the branch and remained solely under the control of the Zonal Office. As concurrent auditors, they had no access to such documents and could only examine the operational aspects of the accounts. Any irregularities identified were duly reported.
- h. No red flags suggesting fraudulent activity were visible either from the branch records or in any documentation or reports available to him.
- i. Fraud in these accounts was not even detected by the Zonal Office during their internal reviews. It came to light only after being reported by an external investigating agency.

- j. It is a well-established principle of law that the burden of proof lies with the party making the allegation. In this matter, the informant has not only failed to appear but has also not provided any substantial evidence.
- k. No credible documentation has been presented to suggest that Respondent as concurrent auditors, were under any obligation to submit a special report, particularly in the absence of prima facie evidence or supporting documents at the branch level.
- l. Since the allegations have been initiated by the Bank, the burden of proof squarely lies with it. It is incumbent upon the Bank to produce credible documentary evidence substantiating that the scope of assignment included the Zonal Office functions, which they have, so far, failed to do.
- m. In the interest of fairness and justice, we reiterate our request that the Bank be asked to provide the complete set of documents relating to our appointment, including the scope and terms of reference. In the absence of such evidence, the allegations appear to be speculative in nature and unsupported by documentary proof.

5.5 The Respondent (CA. Ravi Sethi) vide letter dated 22th August 2023 inter-alia submitted as under:-

- a. CA. Rajender Arora was a partner in the firm since 2003. Consequently, when the concurrent audit of Allahabad Bank, East Patel Nagar, was allotted to the firm in October 2010, he was a fellow member of Hon'ble ICAI having ample experience and exposure of more than 07 years at that time.
- b. CA. Ravi Sethi qualified in 2010 and joined the firm in October 2010 as a partner and being the newly qualified Chartered Accountant, had no special knowledge and expertise for conducting the concurrent audits of the bank at that time.
- c. The criteria of the Banks for allotting the concurrent audit assignment are as follow:
 - It should be a partnership firm of Chartered Accountants having at least one partner FCA and the firm should have concurrent audit experience of minimum 3 years.

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- Further, such CA firms with any one of the partners having experience of concurrent audit of minimum 3 years may be considered for empanelment even if experience of the CA firm in concurrent audit is less than 3 years.

The sole basis on which the concurrent audit of Allahabad Bank, East Patel Nagar was allotted to the firm in the year 2010 for the period from October 2010 to September 2012, was the experience and fellow membership of CA. Rajender Arora and not because of the qualification of CA. Ravi Sethi.

- d. During the entire period of engagement, the concurrent audit assignment was conducted by CA. Rajender Arora. CA. Ravi Sethi, being a junior partner in the firm, merely assisted in conducting the concurrent audit strictly as instructed from time to time.
- e. Concurrent audit reports were signed by CA. Rajender Arora as all the due diligence/irregularities were best known to him. CA. Ravi Sethi has also signed a few concurrent audit reports solely on his instructions.
- f. He further stated that he has sent a letter to Indian Bank dated 14.12.2023 seeking following documents: -
 - a. RBI reports pertaining to the period January 2011 to June 2012.
 - b. Vigilance reports pertaining to the period January 2011 to June 2012.
 - c. Concurrent audit report and its annexures pertaining to the period January 2011 to June 2012.
 - d. Statutory audit report and its annexures pertaining to the period January 2011 to June 2012.
 - e. Internal Audit report (RBIA) pertaining to the period January 2011 to June 2012.
 - f. Attendance sheets of the concurrent audit pertaining to the period January 2011 to June 2012.
 - g. The Respondent further requested to provide all the related files/report/documents/information related to the following accounts: -
M/s RK International
M/s Rameshwaram Enterprises
M/s S.D. Infosys
M/s Symentac Information & Technology (P) Ltd.
 - h. The Respondent further requested the Committee to cross-examine the Branch Manager of the erstwhile Allahabad Bank, East Patel Nagar Branch, New Delhi

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and Sh. N.K. Das, Dy. General Manager of the erstwhile Allahabad Bank as witness.

5.6 Thereafter, CA. Ravi Sethi vide e-mail/letter dated 18/01/2024 has submitted that till date he has not received any communication from bank regarding inspection of the records and supply of requisite documents. Therefore, he is unable to file written submissions in the matter.

6. **Brief facts of the Proceedings:**

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

S. No.	Date of meeting(s)	Status/remark
1	22 nd May 2023	Fixed and adjourned.
2	16 th October 2023	Part heard and adjourned
3	28 th November 2023	Part heard and adjourned.
4	18 th December 2023	Adjourned at request of Respondent (CA Rajender Arora)
5	23 rd January 2024	Adjourned at the request of Respondent (CA. Ravi Sethi)
6	10 th April 2024	Part heard and adjourned.
7	16 th July 2025	Part heard and adjourned at the request of CA. Ravi Sethi
8	29 th July 2025	Part heard and adjourned at the request of CA. Ravi Sethi
9	26 th August 2025	Part heard and adjourned.
10	12 th September 2025	Part heard and adjourned at the request of Respondent no. 2 (CA. Ravi Sethi).
11	30 th September 2025	Hearing concluded and Decision Taken

6.2 On the day of hearing on 22nd June 2023, the Committee noted that an e-mail dated 19/05/2023 was received from CA. Sanjeev Mittal, partner in charge, M/s. Mittal Sanjeev & Associates to whom notice was issued for appearance before the Committee. The said member has expressed his inability to be present on the day of the hearing. The office apprised the Committee that said information case was received from Deputy General Manager, Allahabad Bank against M/s. Rajender

Arora & Associates (FRN 019571N) who had conducted the concurrent audit of East Patel Nagar Branch of the bank during period January 2011 to June 2012 and at that time CA. Rajender Arora (M. No. 502649) and CA. Ravi Sethi (M. No. 515264) were the partners of said firm. After that the said firm was merged with M/s. Mittal Arora & Associates (FRN 007794N) on 29.12.2011 and the CA. Rajender Arora along with CA. Ravi Sethi joined the said firm as partners. The Committee directed the Secretariat that as on the date of occurrence of alleged misconduct, CA. Rajender Arora (M No. 502649) and CA. Ravi Sethi (M No. 515264) were the members who shall be responsible for answering the allegation/allegations as per Rules, and in view of the same, as per Rule 18(2) of the Rules, Prima Facie Opinion be sent to the said two members seeking their written statement on the same and, the notice(s) of meeting(s) be issued to these members for appearing before the Committee henceforth. The Committee was of the view that the Respondent firm (M/s. Mittal Sanjeev & Associates) has no responsibility in this matter and be discharged in this case. With this direction the matter was adjourned.

6.3. On the day of hearing on 16th October 2023, the Committee noted that the Respondent along-with Counsel were present in person and appeared before it. CA. Ravi Sethi, who was present through video conferencing, could not appear before the Committee and take oath due to internet problem at his end. 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, and then charges against the Respondent were read out. On the same the Respondent replied in the affirmative and pleaded Not Guilty to the charges levelled against him. In the absence of the Respondent no. 02 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 later date. With this, the case was part heard and adjourned.

6.4 On the day of hearing on 28th November 2023, the Committee noted that the Respondent 01 and Respondent 02 were present and appeared before it. The Committee noted that CA. Rajendra Arora was already on oath, but Respondent no. 02 i.e. CA. Ravi Sethi appeared first time, so he was put on Oath. Thereafter, the Committee enquired from the Respondent no. 02 as to whether he was aware of the

charges, and then charges against him were read out. On the same, he replied in the affirmative and pleaded Not Guilty to the charges levelled against him. The Committee asked the Respondent(s) to make submissions in the matter. The Respondent no. 1 submitted that Respondent no. 2 is a member answerable as he was in-charge of alleged audit assignment. He further admitted that he had signed the concurrent audit reports in the absence of Respondent no. 02. He had never visited the auditee bank branch, and same can be verified from the attendance record of the auditee bank branch. The fraud which has been alleged against the firm had took place before the audit tenure of the firm. Four accounts in which alleged fraud had been reported were highlighted in the reports given by them. He further submitted that he had not much knowledge of bank audit procedures. The Respondent no. 02 submitted that he is in requirement of written submissions made by the Respondent no. 01, so that he could file his comment on the same. The Committee declined his plea stating that he is Respondent in this case and as per Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, there is no requirement to share the written submissions with him. After recording the submissions of both the Respondent(s), the Committee adjourned the case to future date and directed the Respondent(s) to file their submissions within 15 days' time. With this, the case was part heard and adjourned.

- 6.5. On the day of hearing on 18th December 2023, the Committee noted that the Respondent namely CA. Rajendra Arora vide mail dated 14.12.2023 has made request for adjournment of captioned case because his Counsel was not available. The Committee acceded to the request of the Respondent and adjourned the hearing in the captioned case to a later date.
- 6.6. On the day of hearing on 23rd January 2024, the Committee noted that CA. Ravi Sethi vide mail dated 18.01.2024 submitted that he had sought certain documents from the Complainant bank in subject case related to concurrent audit period from Informant Bank, but the same have not been received and in absence of these documents, he could not file his submissions and hence sought adjournment on 23/01/2024. Acceding to the request of the Respondent (CA. Ravi Sethi), the Committee adjourned the captioned case to a later date with a view to extend one final and last opportunity to the Respondent (CA. Ravi Sethi) to defend the charges.

- 6.7 On the day of hearing on 10th April 2024, the Committee noted that Respondent No. 1 was present in person and Respondent No. 2 was present for the hearing through video conferencing mode. The Committee noted that the case was part heard and both the Respondents were already on oath. Thereafter, the Committee asked both the Respondents to present their case. Respondent no. 01 submitted that he was not involved in the fraud in any manner and the informant bank was trying to protect its own staff/ employees by not providing the requisite information/documents called for by him. He further submitted that the informant bank had accepted the fact that concurrent auditors reported the irregularities in their report but not according to the expectations of the management of the bank. Moreover, the said fraud was done much before the audit period and all the charges of the informant bank were frivolous. The Respondent no. 02 submitted that he had made submissions vide letter dated 18/01/2024 and had requested the informant bank to provide necessary documents/information to file his defense before the Committee, but till date, he had not received any response/documents from the informant bank. Considering the oral and written submissions of both the Respondents, the Committee adjourned the matter to a future date.
- 6.8. On the day of hearing on 16th July 2025, the Committee noted that Counsel for Respondent no.1 was present through VC and appeared before it. However, Respondent no. 2, has sought an adjournment vide e-mail dated 16/07/2025 received at 12.30 P.M., wherein he has stated that due to his ill health, he cannot appear before the Committee and subject case may be adjourned. The Committee enquired from Counsel for the Respondent no. 1 that since the composition of the Committee had changed subsequent to the last hearing in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel replied in negative and submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard. The Committee, acceding to the request of the Respondent no. 2, adjourned the case to a future date with a view to extend one final and last opportunity to the Respondent to defend the charges. With this, the case was adjourned.
- 6.9. On the day of hearing on 29th July 2025, the Committee noted that Respondent no. 1 along with his Counsel was present through VC and appeared before it. However,

Respondent no. 2, had sought an adjournment vide e-mail dated 28/07/2025, wherein he has stated that due to his ill health, he cannot appear before the Committee and subject case may be adjourned. The Respondent no.1 made his submissions in the matter. He further submitted that in concurrent audit report(s) of the Bank, he had pointed out irregularities/discrepancies among others in relation to impugned allegations against the Respondent as per the Findings of Inspection/Vigilance Department of Informant Bank. Which were noticed by him during concurrent audit period. The Committee directed him to make a detail written submissions on the irregularities/discrepancies which he had reported to the Management of the auditee bank. Further, the Committee, acceding to the request of the Respondent no. 2, adjourned the case to a future date and directed the office to inform the Respondent no.2 that this case has been fixed on various occasions and same has been adjourned at his request(s). In view of this, the Committee decided to extend one final and last opportunity to the Respondent no. 2 to defend the charges. With this, the case was adjourned.

6.10. On the day of hearing on 26th August 2025, the Committee noted that Respondent no. 1 along with his Counsel and Respondent no. 2 were present through VC and appeared before it. The Committee directed the Respondent/Counsel for the Respondent to make the submissions. With respect to M/s. Rameshwaram Enterprises and M/s. R.K. International, the Counsel for the Respondent no.1 submitted that the allegation pertained to sanction of loans against the same set of title deeds, which were later found to be forged. The Counsel submitted that the process of sanctioning and enhancement, adhoc limit of CC limit of the companies were undertaken directly at the level of Zonal Office of the Bank; and that the Branch is not involved in process of such transactions. The Counsel further submitted that the verification of the documents of such transactions which is in the possession of Zonal Office is outside the scope of concurrent audit of the Bank Branch

With respect to S.D. Infosys and Symentic, the Counsel submitted that both loans of the Companies of other banks were taken over by the Allahabad Bank. The Counsel further submitted that the sanctioning and enhancement, adhoc limit, of these loans had taken place prior to the appointment of Respondent Firm as

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concurrent auditor of the Bank Branch and there transactions were undertaken directly at the level of Zonal Office of the Bank. The Counsel further submitted that the verification of the documents of such transactions which is in the possession of Zonal Office is outside the scope of concurrent audit of the Bank Branch.

The Counsel submitted that although certain procedural lapses/irregularities were reported in their audit reports, however, no special reporting on the irregularities were made by the concurrent auditors. The Committee observed that in the last hearing, Respondent no.1 was directed to specify the details/ nature of reporting made by the Respondent firm in concurrent audit reports with respect to irregularities reported by the Bank. However, the Committee noted that the Respondent no.1 has not provided the details of any such reporting.

The Counsel for the Respondent no.1 submitted that Respondent no. 2 is the appropriate person to disclose the irregularities in the concurrent audit report, as he was responsible for conducting the concurrent audit. Thereafter, Respondent no. 2 submitted that he does not have the working papers with him, as they are in the possession of Respondent no. 1, and therefore he was unable to make submissions on merits. The Committee noted that a copy of Prima Facie Opinion, Complaint and their annexures was supplied to both the Respondents (including Respondent no 2). With regard to working papers, the Committee informed the parties that they may exchange the relevant documents as they deem appropriate.

After recording the submissions of the Counsel for the Respondent no.1, the Committee directed him to provide the following documents/information in respect of audit of all the four entities, namely M/s. Rameshwaram Enterprises, M/s. R.K. International, S.D. Infosys and Symentic:-

- (i) Documentary evidence to substantiate that the transactions sanctioned/ enhancement/ ad-hoc limit by Zonal Office are outside the scope and purview of Concurrent Audit of the Respondent's firm.
- (ii) Whether the irregularities reported in the report of Inspection/ Vigilance Department of Bank were reported in the concurrent audit report by the Respondent's firm. If so, to specify the details and nature of such disclosures/ reporting in relevant Concurrent Audit Reports. 8

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- (iii) Copy of scope of concurrent audit of Allahabad Bank applicable at the relevant period of audit shall also be provided.

With this, the matters were part-heard and adjourned

6.11. On the day of hearing on 12th September 2025, the Committee noted that the Respondent was present through VC along-with his Counsel and appeared before it. The Respondent no 2 had sought an adjournment vide email dated 10th September 2025 stating that "I am travelling on the mentioned dated therefore I will not be able to attend the hearing." But he has submitted their written statements which were taken on record by the Committee. The Committee directed Respondent no.1 /Counsel for the Respondent to make the submissions. The Respondent stated that they had already made their submissions and had nothing further to add except to reiterate earlier points. They explained that all loan sanctions, renewals, and top-ups were approved at the Zonal Office before their appointment, and they only handled operational aspects. They stated that they had reported operational irregularities such as missing stock audits, excess withdrawals, overdue reviews, and NPAs. Since no bank officials came forward and no evidence of misconduct by their firm exists, they requested the Committee to consider their detailed reply submitted on that date. Acceding to the request of Respondent no 2, the Committee adjourned the subject case to a future date with a view to extend one final and last opportunity to the Respondent to defend the charges. With this, the case was part-heard and adjourned.

6.12. On the day of hearing on 30th September 2025, the Committee noted that Respondent no.1 & Respondent no.2 were present through VC and appeared before it. The Committee asked the Respondents for their final submissions, if any In this connection Respondent no.1 stated that he has already submitted his final submission in previous hearing. The Committee noted that Respondent no.1 has submitted one appointment letter showing scope of audit.

Based on the documents/material and information available on record and after considering the oral and written submissions made by the Respondent(s), and on consideration of the facts of the case, the Committee concluded the hearing in subject case and decided on the conduct of the Respondents. ✓

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

- 7.1 The Committee noted that there is only one allegation against the Respondents in which they have been held Prima Facie Guilty and same has been explained in para 2.1 above. The Committee further noted the written submissions of the Respondents as detailed in Para 5 above.
- 7.2 The Respondent no.01 has made a request to the Committee to examine the certain persons/officials as witness like Branch manager and other responsible staff of the Informant Bank of East Patel Nagar Branch to identify the members who used to visit the Branch for routine checking, collection of data and discussion with them and CA. Arun Chadha, principal of CA. Ravi Sethi to establish the fact regarding his experience of conducting statutory Bank Branch Statutory Audits and Concurrent Audits of the Banks during his internship. The Respondent no.02 has made a request to the Committee to examine the Branch Manager of the erstwhile Allahabad Bank, East Patel Nagar Branch, New Delhi and Sh. N.K. Das, Dy. General Manager of the erstwhile Allahabad Bank as witnesses. The Committee noted that the Respondent has not given valid reasons for examination of said witnesses and did not corroborate the relevance of these witnesses. Thus, calling for examination of witnesses was not warranted as the documents/evidence placed on record are ample for the purpose of consideration of the matter. The Committee, on consideration, was of the view that the said request was clearly made for the purpose of vexation and delay and therefore, be refused in view the provisions of Rule 18(14) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. The Committee accordingly decided to consider the matter on merits.
- 7.3 The Committee noted that during the hearing, CA. Rajender Arora has submitted that in respect of alleged professional misconduct and gross negligence in concurrent audit of branch, the audit responsibility rested entirely with CA. Ravi Sethi, who executed and signed the reports. He submitted that CA. Ravi Sethi independently managed the audit, including field visits, meetings with officials, drafting reports, and final submissions. The firm was appointed concurrent auditor from October 2010 to September 2012, while the disputed credit facilities were

sanctioned and disbursed before audit period. All credits sanctions were made by the Zonal Office and not by the branch and these were outside the scope of branch-level auditors. Documents like sanction notes, credit appraisals, and title deeds were kept at the Zonal Office, which were inaccessible to branch auditors.

7.4 The Committee further noted that CA. Rajender Arora has made submissions regarding allegation related to M/s. R.K. International and submitted that alleged forged title deeds were sanctioned by the Zonal Office before their appointment and auditors had no access or means to verify them. The Respondent firm had reported operational irregularities such as stock statement issues, KYC lapses, NPA identification, and documentation deficiencies. In the case of Rameshwaram Enterprises, alleged concealment of its link with R.K. International and duplication of collateral could only have been identified at the sanctioning stage by the Zonal Office. No branch-level records indicated any fraudulent behavior of Rameshwaram Enterprises during their audit tenure. Thereafter, he submitted that for S.D. Infosys, the loan was sanctioned before the audit period despite CIBIL showing it as NPA in another bank; the Zonal Office failed to exercise due diligence. Required financial documents like balance sheets, ITR, and CMA data were not obtained at sanction, pointing to Zonal-level lapses beyond concurrent audit scope. For Symentic Information & Technology Pvt. Ltd., he submitted that the sanction and renewal was predated the audit; failures included no credit verification, missing financial documents, absence of valuation, and ignored CIBIL reports all at Zonal level. He submitted that concurrent audit is transactional, forward-looking, and limited in scope, not investigative or retrospective in nature. The frauds were unearthed by CBI through specialized investigation, not by regular bank or audit processes.

7.5 Thereafter, the Committee perused the submissions of CA. Ravi Sethi, wherein he submitted before the Committee that CA. Rajender Arora was a partner in the firm since 2003. Consequently, when the concurrent audit of branch was allotted to the firm in October 2010, he was a fellow member of the ICAI having ample experience and exposure of more than 07 years at that time. He Further submitted that he (CA. Ravi Sethi) qualified in 2010 and joined the firm in October 2010 as a partner and being the newly qualified Chartered Accountant, had no special knowledge and expertise for conducting the concurrent audits of the bank at that time. During the

entire period of engagement, the concurrent audit assignment was conducted by CA. Rajender Arora and CA. Ravi Sethi being a junior partner in the firm, merely assisted in conducting the concurrent audit strictly as instructed from time to time. Concurrent audit reports were signed by CA. Rajender Arora as all the due diligence/irregularities were best known to him. He (CA. Ravi Sethi) has also signed a few concurrent audit reports solely on instructions of CA. Respondent No.01, being the senior partner of the firm.

7.6 The Committee further noted that CA. Ravi Sethi submitted that he had addressed a letter dated 14.12.2023 to the Informant bank seeking certain documents, but till date he has not received any communication from Informant bank regarding inspection of the records and supply of requisite documents. Therefore, he is unable to file suitable reply on Prima Facie Opinion of Director (Discipline) due to non-availability of these records/information. He further submitted that he does not have the working papers and related documents with him, as these were in the possession of CA. Rajendra Arora, and therefore he is unable to make submissions on merits of the case.

7.7 In view of above submissions of both the Respondents, the Committee noted that in terms of the provision of clause (b) of sub-rule (1) of Rule (8) read with Rule 11 of the aforesaid Rules, an "Information" letter dated 07th/29th September 2015 was sent to the Respondent Firm asking to disclose the name/s of the member/s answerable to the information. However, the firm had neither disclosed the name of member answerable nor submitted their Written Statement in the matter. And in the absence of declaration of the name(s) of member(s) answerable all the partners shall be held responsible in terms of proviso to Rule 8(2) of the CA Rules 2007. From the members' record of ICAI, it was noted that there were two partners during the period under consideration in the said firm namely (i) CA. Rajender Arora (M. No. 502649) and (ii) CA. Ravi Sethi (M. No. 515264) and therefore, two of them have been regarded as member(s) answerable (hereinafter been jointly referred to as "Respondents") for the aforestated concurrent audit assignment. Accordingly, the Committee held both the Respondents [CA. Rajender Arora (M. No. 502649) and CA. Ravi Sethi (M. No. 515264)] who were partner in the firm at the relevant time responsible for the audit during the relevant period. *g*

7.8 Thereafter, the Committee perused the concurrent Audit Report(s) of the bank branch issued by the Respondent firm for the period - quarters ended 31st December, 2011, 31st March, 2012 and June, 2012 and noted that these report(s) were signed by CA. Rajender Arora and CA. Ravi Sethi. Thus, the Committee was of the view that both the Respondent(s) has given their audit services to the Informant bank branch and both are responsible/member answerable in the instant allegation.

7.9 In view of submissions of the Respondent(s) and on perusal of concurrent Audit Report(s), certified by the Respondents, the Committee observed that the following major irregularities in the accounts of bank branch had been reported through their audit reports: -

- (i) Non submissions/irregular submissions of stock statements.
- (ii) Irregular instalments in terms loan.
- (iii) Irregularities in documentation of advances.
- (iv) Non-compliance of KYC compliance.
- (v) Irregular OD/CC accounts.
- (vi) Insurance policies not obtained.
- (vii) Not maintenance of prescribed register.
- (viii) Overdue rent in lockers to be recovered.

Further, in their audit certificate(s), the Respondents had given the following certification:

"We also certify that the discrepancies as stated in the enclosed report have been discussed with the Manager of the branch and these have been rectified in our presence. All the discrepancies stated in our earlier reports have also been rectified by the Branch"

In view of above, the Committee was of the view that although the above irregularities were reported but same were rectified by the Management, hence, the Respondents had given clean concurrent Audit Reports to the Management of the Informant bank.

7.10 Thereafter, the Committee perused the Report of Inspection /Vigilance Department of Informant bank and noted that irregularities have been reported in following 4 accounts of East Patel Nagar Branch: -

- (i) M/s. R. K. International:
- (ii) M/s. Rameshwaram Enterprises
- (iii) M/s. S.D. Infosys:
- (iv) M/s Symentic information & Technology (P) Ltd.

The Committee noted the submissions of the CA. Rajender Arora wherein he has submitted that cash credit limit/loan facilities were sanctioned to these entities, much prior to their audit period and same has been sanctioned by Zonal office of the Informant bank. He further submitted that the verification of the documents of such transactions which was in the possession of Zonal Office was outside the scope of concurrent audit of the Bank Branch auditor.

7.11 In view of the submissions of the Respondent and perusal of the Report of Inspection /Vigilance Department of Informant bank, the Committee observed that irregularities had been reported in following 4 accounts of bank branch: -

(i) M/s. R. K. International:

CC limit of Rs.200 lacs was initially sanctioned on 21.08.2009 by Zonal Office (in short "ZO") which was enhanced to Rs. 425 lacs on 09.06.2010 by ZO. The loan was collaterally secured by 3 properties - two of which were in the names of Rakesh Gupta and one in the name of Surendra Nath. Supplementary mortgage of the property of Surendra Nath was created on 12.03.2011 but he expired prior to that date. Moreover, same property was mortgage with Vijaya bank where both the partners availed loan. Visit to another property has revealed that Shri Rakesh Gupta is not then owner of a property as claimed and submitted by him. Forged title deeds have been created and one similar set is mortgage with PNB, Subzi Mandi branch. The borrower has also acknowledged that the deed is forged. At PNB, the name of Siddharth Jain is recorded as owner of the same property. Shri Rakesh Gupta who initially mortgaged a property with our bank on 10.06.21010 and supplemental mortgage on 11.03.11 has lodged an FIR with police on 19.06.10 stating that all

original documents relating to the said property has been lost. Another property was fraudulently mortgaged by Rakesh Gupta which was not owned by him. The same property was mortgaged by Siddharth Jain with PNB Sabji Mandi Branch. Credit turnover in the account for FY 2010-11 & 2011-12 were Rs. 1296.26 lacs & Rs. 337.63 lacs (upto 17.02.12). However, the A/c is NPA as on 05.04.12. CIBIL report of the firm & partners was not downloaded (I/C No. 10385 dated 25.02.2009). CMA data/ projected balance sheet for 2010 & 2011 not analyzed.

(ii) M/s. Rameshwaram Enterprises

CC limit of Rs.100 lacs was sanctioned on 28.12.2009 by branch which was enhanced to Rs. 250 lacs on 07.03.2011 by ZO for manufacturing of aluminum wire. The account is collaterally secured by the same three immovable properties of Shri Rakesh Gupta and Shri SurendraNath as in the case of account of M/s. R. K. International, mentioned above. The borrower concealed the fact that their group firm M/s. R. K. International was already availing credit facility from the branch which was sanctioned by ZO. Credit turnover in the accounts for FY 2010-2011 & 2011-2012 were Rs. 795.94 lacs and Rs. 377-66 lacs (upto 17.02.2012). The account is NPA on 30.06.2012.

(iii) M/s. S.D. Infosys:

CC limit dated 17.06.2009 Rs. 400 lacs, enhanced to Rs. 575 lacs on 23.06.2010 & adhoc limit Rs.100 lacs on 02.11.2010 (all sanctioned by ZO). Present debit balance Rs.215.27 lacs + 91.72 lacs (adhoc).

- a) Borrower was availing CC limit of Rs. 160 lacs from HDFC bank. The firm was asked to pay off the limit before release of the limit by our bank. Hence, it was a takeover case.
- b) CIBIL (Commercial) report downloaded on 15.06.2009 revealed that borrower was availing credit. (TL) and outstanding of Rs. 22.75 lacs and the a/c was NPA. Antecedents of the borrower and status of business was not properly assessed.
- c) As per loan application, the borrower was availing credit facility from 4 other banks for business but credit report from those Banks/FI were not obtained.
- d) Limit of the account was enhanced to Rs. 575 lacs although conduct of the account was not satisfactory.
- e) Credit turnover was poor and not commensurate with the limit sanctioned.

- f) Latest audited Balance Sheet as on 31.3.2009 and related ITR were not obtained to assess the financial stability & status of the business before sanction of limit. CMA data of the borrower is not held.
- g) The loan was secured by mortgage of three immovable properties. 2nd valuation in respect of two properties was not- obtained before sanction/ enhancement.
- h) Funds disbursed were diverted and used to liquidate the loan of M/s Symentic information & Tech. R Ltd, a sister concern of the firm who were availing credit facility from HDFC bank. The borrower was also maintaining a/c with State Bank of Patiala.
- i) Overdrawing in the account was allowed on regular basis without reporting to ZO.
- j) Presently, no primary or collateral security is available after adjustment of securities. An amount of Rs 306.99 lacs is in jeopardy as clean advance Borrower has shut down his business and has disposed off entire stocks/ inventories and is not traceable.

(iv) M/s Symentic information & Technology (P) Ltd.

CC Limit dated 13.08.2009 Rs.350.00 lacs. Enhanced to Rs.500.00 lacs (CC) & Rs.100.00 lacs (BG) on 10.09.2010 all by ZO. Present Debit balance Rs.202.50 lacs.

- a) As per loan application, borrower was availing CC limit of Rs. 100 lacs from HDFC bank (O/S Rs.115.52 lacs as on 31.03.2009). The firm was asked to pay off the limit before the release of the limit by our bank. Hence, it was a takeover case. Credit report from HDFC Bank was not obtained to ascertain asset classification, nature of security & confirmation that account was not restructured in past.
- b) Value of properties offered for mortgage was more than Rs. 50.00 lacs but only one valuation report was obtained.
- c) Latest audited Financial Statements were not obtained.
- d) The borrower was availing credit facility aggregating Rs.229 12 lacs from 8 other banks for business but credit report from those Banks/ F.I. were not obtained to ascertain asset classification. In the CIBIL report generated on 23.08.2010, this fact was reflected. But the same was ignored at the time of enhancement of limit also. E

- e) *There was a huge difference between credit turnover and actual sales. But the conduct of the account was not critically examined.*
- f) *Funds were diverted and misutilised to liquidate loan of sister concern, M/S S.D. Infosys and to other accounts.*
- g) *Limit of the account was enhanced to Rs.500 lacs although conduct of the account was not satisfactory.*
- h) *The borrower was also maintaining a/c with State Bank of Patiala violating the T & C of sanction.*
- i) *Frequent overdrawings were allowed in the account without reporting to ZO till it was declared NPA with debit balance of Rs. 515 lacs.*
- j) *Credit turnover in the account was poor. There has been large no of credit transfer entries from M/s S. D. Infosys (sister concern) on regular basis which were non-genuine business transactions. This was done to inflate credit turnover in the 'a/c and to justify the projection.*
- k) *The borrower quietly disposed off the stocks and siphoned off sales realization from buyers/ sundry debtors reportedly through State Bank of Patiala and left the known address without informing the bank.*
- l) *The immovable assets have since been disposed off by bank under SARFAESI. Presently no primary or collateral security is available and outstanding of Rs. 202.50 lacs is in jeopardy as clean advance.*

7.12 In view of above noted irregularities in inspection report by Informant bank, the Committee observed that in case of these entities, it is apparent that cash credit limits/loan facilities were sanctioned on 21.08.2009;28.12.2009; 17.06.2009 and 13.08.2009 i.e. much prior to audit period of the Respondents (March 2011 to June 2012). However, in said report, in case of M/s. R. K. International, it is also pointed out, which are as under:

"The loan was collaterally secured by 3 properties - two of which were in the names of Rakesh Gupta and one in the name of Surendra Nath. Supplementary mortgage of the property of Surendra Nath was created on 12.03.2011 but he had expired prior to that date. Moreover, same property was mortgage with Vijaya bank where both the partners availed loan. Further, it is also revealed that Shri Rakesh Gupta was not then owner of property as claimed and submitted by him. Forged title deeds have

been created and one similar set is mortgage with PNB, Subzi Mandi branch. At PNB, the name of Siddharth Jain was recorded as owner of the same property. Shri Rakesh Gupta who initially mortgaged a property with our bank on 10.06.21010 and supplemental mortgage on 11.03.11 has lodged an FIR with police on 19.06.10 stating that all original documents relating to the said property has been lost. Another property was fraudulently mortgaged by Rakesh Gupta which was not owned by him. The same property was mortgaged by Siddharth Jain with PNB Sabji Mandi Branch.

7.13 On the basis of above, the Committee was of the opinion that in case of M/s. R.K. International, the Respondents failed to report in their Concurrent Audit Reports the above irregularities/lapses that loan was collaterally secured by 3 properties - two of which were in the names of Rakesh Gupta and one in the name of Surendra Nath. Further, supplementary mortgage of the property of Surender Nath created on 12.03.2011 (which was within audit period of the Respondents) as he expired prior to that date. Further, said property was mortgaged with Vijaya bank also and Shri Rakesh Gupta was not then owner of property as claimed and submitted by him. The committee noted that forged title deeds have been created and one similar set is mortgage with PNB, Subzi Mandi branch. The borrower has also acknowledged that the deed is forged. At PNB, the name of Siddharth Jain is recorded as owner of the said property.

7.14 Further, in case of M/s. Rameshwaram Enterprises, the Committee was of the opinion that it is apparent that CC limit of Rs.100 lacs was sanctioned on 28.12.2009 by branch, however, same was enhanced to Rs. 250 lacs on 07.03.2011 (which was during the audit period of the Respondents) and said account was collaterally secured by the same three immovable properties of Shri Rakesh Gupta and Shri Surendra Nath as in the case of account of M/s. R. K. International, mentioned above. Further, said entity, concealed the fact that their group firm M/s. R. K. International was already availing credit facility from the branch which was sanctioned by ZO.

7.15 Moreover, the Committee noted the Respondent (CA. Rajender Arora), was directed to provide the following documents/information in respect of audit of all the four

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entities, namely M/s. Rameshwaram Enterprises, M/s. R.K. International, S.D. Infosys and Symentic and M/s Symentic information & Technology (P) Ltd:-

- (i) Documentary evidence to substantiate that the transactions sanctioned/ enhancement/ ad-hoc limit by Zonal Office are outside the scope and purview of Concurrent Audit of the Respondent's firm.
- (ii) Whether the irregularities reported in the report of Inspection/ Vigilance Department of Bank were reported in the concurrent audit report by the Respondent's firm. If so, to specify the details and nature of such disclosures/ reporting in relevant Concurrent Audit Reports.
- (iii) Copy of scope of concurrent audit of Allahabad Bank applicable at the relevant period of audit shall also be provided.

7.16 The Committee noted that although the Respondent submitted letter dated 25.09.2019 appointing M/s Spark & Associates, as concurrent Auditor for the period 01.10.2019 to 30.09.2020, however, the said appointment letter did not pertain to the relevant period of audit in question in the instant case.

7.17 In response to above, the Committee noted that the Respondent vide email/letter dated 12.09.2025 has stated that their engagement as concurrent auditors was specifically limited to the East Patel Nagar Branch only. Their scope was not extended to oversight or review of credit decisions made by higher authorities in the bank, including the Zonal Office. All documentation related to these facilities-such as sanction notes, credit appraisal memos, security documents, and compliance reports were maintained at the Zonal Office. These documents were not accessible at the branch during the course of audit.

7.18 The Committee noted that concurrent audits are designed to identify irregularities at the initial stage, even before they escalate into significant issues. The Respondents failed to provide conclusive evidence to substantiate their claim that the scope of their audit excluded the verification of transactions and documents sanctioned at the zonal office. Further, the Respondents did not demonstrate that they had reported the irregularities observed during their audit tenure, as required under the professional standards.

7.19 The Committee observed that the Respondents were duty-bound to report irregularities in the accounts they audited. While the Respondents claimed that they had reported these irregularities in their concurrent audit reports, they failed to provide specific evidence or documentation to substantiate their claims. The Committee further noted that the Respondents were given multiple opportunities to submit proof of their specific reporting, but they failed to do so. This lack of evidence undermines their defense.

7.20 The Committee further observed that the Respondents demonstrated negligence in their audit procedures by failing to identify and report forged title deeds and other irregularities in the loan accounts. The Committee emphasized that concurrent auditors are expected to exercise due diligence and professional skepticism in their work, including verifying the authenticity of documents and reporting any discrepancies. The Respondents' failure to take appropriate steps to address the irregularities constitutes a breach of their professional duties.

7.21 The Respondents' defense that the scope of their audit did not include the verification of transactions and documents sanctioned at the zonal office is not supported by sufficient evidence. The Committee was of the view that Respondents failed to point out the irregularities as disclosed in inspection report of Informant bank. Moreover, the Respondent(s) also failed to bring on record copy of scope of concurrent audit of Allahabad Bank applicable at the relevant period of audit.

7.22 Further, the Committee on perusal of concurrent Audit Reports, signed by the Respondents, observed that they have not mentioned the name and membership no. of signing partner on the concurrent audit reports. In view of this, the Committee was of the view that the Respondents had also violated the provisions of Auditing & Assurance Standards (AAS) 28, issued under the authority of Council of ICAI, which is mandatory for all the members of ICAI to follow. The relevant paragraph from AAS 28 reads as under: -

"Auditor's signature

28. The report should be signed by the auditor in his personal name. Where the firm is appointed as the auditor, the report should be signed in the personal name of the auditor and in the name of the audit firm.

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The partner/proprietor signing the audit report should also mention the membership number assigned by the ICAI”.

7.23 Based on the foregoing findings, the Committee concludes that the Respondents, CA. Rajender Arora and CA. Ravi Sethi, are Guilty of professional misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. The Respondents failed to exercise due diligence and professional skepticism in their audit procedures, resulting in the non-reporting of serious irregularities and frauds in the loan accounts. Their defense, based on the scope of the audit is not supported by sufficient evidence and does not absolve them of their professional responsibilities.

7.24 On the basis of above facts/findings, the Committee held the Respondents (CA. Rajender Arora and CA. Ravi Sethi) **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 read with Auditing & Assurance Standards (AAS) 28 issued under the authority of the Council of ICAI.

8. **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 given above	Paras 7.1 to 7.23 as given above	GUILTY - Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of Second Schedule

9. In view of the above observations, considering the oral and written submissions of the Respondents and material on record, the Committee held both the Respondents (CA. Rajender Arora M.No.502649 and CA. Ravi Sethi M.No. 515264) **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule, Clause (7) of Part-I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
[CA. PRASANNA KUMAR D]
PRESIDING OFFICER

Sd/-
[ADV. VIJAY JHALANI]
(GOVT. NOMINEE)

Sd/-
[CA. MANGESH P. KINARE]
MEMBER

Sd/-
[CA. SATISH KUMAR GUPTA]
MEMBER

DATE: 28th January 2026

PLACE New Delhi

प्रामाणिक होने के लिए प्रमाणित / Certified to be True Copy
[Signature]
गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar
कार्यकारी अधिकारी / Executive Officer
अनुशासनालयक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
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