



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.: [PR/425/19-DD/47/2020/ DC/1568/2022]

In the matter of:

Shri Hukum Singh,
Khatkar Farm,
Kalwad Road, Jhotwara,
Jaipur- 302012

.... Complainant

Versus

CA. Sanjay Gupta (M. No. 091386)
M/s SSR & Co., Chartered Accountants,
12071/38, IInd Floor,
Naiwala, Karol Bagh,
New Delhi- 110005

.... Respondent

MEMBERS PRESENT:

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

DATE OF HEARING: 05th February 2026

DATE OF ORDER: 11th February 2026

1. That vide Findings dated 21st 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. Sanjay Gupta (M. No. 091386) (hereinafter referred to as the Respondent) is GUILTY of Professional

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Misconduct falling within the meaning of Clauses (5),(6), (7) & (8) of Part I of the 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 Respondent and communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 05th February 2026.

3. The Committee noted that the subject case was last listed for hearing before the Committee on 28.01.2026 and was adjourned at the request of Respondent. The Committee, however, decided to grant one last and final opportunity to the Respondent to appear before the Committee on the next date of hearing. The Committee decided that in the event of failure of Respondent to appear before the Committee in next hearing, the matter will be decided based on all documents and other materials available on record. The Committee noted that the Respondent was not present during the hearing on 05.02.2026 and no intimation regarding his participation in the meeting was received. On the date of hearing, the Officials made multiple attempts to contact the Respondent telephonically; however, the calls could not be connected. Thereafter, in view of the absence of the Respondent, the Committee decided that the matter will be decided based on all documents and other materials available on record. The Committee noted the written representation of the Respondent dated 29th January 2026 on the Findings of the Committee, which, inter alia, are as under: -

- The absence of a formal agreement regarding the use of the Volvo car by the Complainant does not constitute conclusive evidence that the Complainant was not using the vehicle. Nor does it invalidate the position of the company management that the car was not capitalized as a company's fixed asset, particularly in light of the corroborative evidence indicating that the Complainant was, in fact, using the car at the relevant time.



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- Cash deposits appeared in the bank statements and the source of cash deposit transactions into the Axis Bank account of the company originated from deposits made at the Civil Lines, Jaipur branch of Axis Bank.
- The company had no business operations in Jaipur, and the only source of such remittance was the complainant.
- The amounts remitted to the bank in each month were equal to what was required for clearing the cheque towards the EMI payment of the car loan, thereby establishing a direct relation between the car loan and the complainant, which meant that the complainant was the user of the Volvo car.
- Date of remittance of cash deposit used to be one or two days immediately before the date of clearance of EMI payment; the cash deposit transactions continued every month even after March 31st, 2019, until the dispute broke between the complainant and the directors of the company after July 2019 instalment.
- The accounting of these transactions in the books of accounts was spread through several transactions on regular monthly basis

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis written representation of the Respondent. The Committee noted that the issues/ submissions made by the Respondent 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 written representation of the Respondent on the Findings, the Committee observed that the Volvo car was registered in the Company's name and the ICICI Bank car loan was recorded as a liability in the Company's books. However, the Respondent certified an accounting treatment showing the entire cost of the car, along with interest and EMI payments, as recoverable from the Complainant, in the absence of any written agreement, ownership transfer document, board resolution, or independent evidence establishing that the car was owned, controlled, or financed by the Complainant.



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6. The Respondent relied primarily on internal ledger entries, cash transactions, and informal communications, which do not constitute sufficient or appropriate audit evidence under the Standards on Auditing. The amount involved was material; however, no corroborative documentary evidence or third-party confirmations were obtained, and the Respondent failed to discharge his duties with the requisite professional diligence and skepticism. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 21st January 2026 which is to be read in consonance with the instant Order being passed in the case.

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

8. Thus, the Committee ordered that the Respondent i.e. CA. Sanjay Gupta (M. No. 091386), New Delhi be REPRIMANDED and also imposed a fine of Rs. 1,00,000/- (Rupees One Lakh only) upon him, 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/-

(ADV VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-

(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-

(CA. MANGESH P. KINARE)

MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

अरुण कुमार / Arun Kumar

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer

अनुशासनात्मक निदेशालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

आई सी ए आई, मकान नं-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
" for 1, No.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.

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In the matter of:

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.....Respondent

MEMBERS PRESENT:

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 : 15th October 2025

PARTIES PRESENT:

Respondent : CA. Sanjay Gupta (Through VC)
Counsel for the Respondent : CA. C. V. Sajan (Through VC)
Complainant : Shri Hukum Singh (Through VC)

1. Background of the case:

- 1.1 M/s Trinity Hotels and Resorts Pvt Ltd, Delhi (hereinafter referred to as the "Company") is a family owned company in which two brothers, Shri Rajiv Choudhary and Shri Manish Choudhary are the executive directors and 100% of the shareholding was held within their family. The Complainant was married to Smt. Babita Singh who is sister of above two directors of the Company. The Complainant himself was a director in Adaab Hotels Ltd, a sister company of the same group and also had less than 20% shareholding in the Adaab Hotels Ltd, together with his family members. The Complainant was responsible to look after the business activities of the Jaipur unit of Adaab Hotels Ltd and had independent financial power. As per Respondent, the Complainant wanted to buy a Volvo car for use at Jaipur but was short of fund, therefore, a car loan was granted by the Company to the Complainant after taking into account the share received from the Complainant towards the cost of car and the car was registered in the name of the Company. As per Respondent, since certain instances of financial misappropriation and mismanagement were found by the directors of the Company, the Complainant was removed from the post of director of Adaab Hotels Ltd. with effect from 26th July, 2019. The Volvo car is under the control of the Complainant although its registration certificate is in the name of the Company. On the contrary, as per the Complainant, the Company did not extend any car loan to him.
- 1.2 The Respondent had conducted statutory audit of M/s Trinity Hotels and Resorts Pvt Ltd for FY.2018-19.

2. Charge in brief: -

- 2.1 The Respondent audited the balance sheet of M/s Trinity Hotels and Resorts Pvt Ltd, Delhi as on 31.03.2019 which contains a short term loan of Rs 29,67,423.00/- in the name of Complainant shown as car advance given to him by the Company. The Complainant stated that in actual, no such car loan was extended to him and the car was actually registered in the name of the Company itself. Therefore, the Complainant in his complaint alleged that the Respondent without verifying whether any actual amount had been disbursed by the Company to the Complainant showed an amount of Rs 29,67,423.00/- as due and payable by the Complainant under the Related Party

Disclosures. The Complainant further stated that no such amount could have been credited against the Complainant under any circumstances.

3. The relevant issues discussed in the Prima facie opinion dated 23rd September 2021, formulated by the Director (Discipline) in the matter in brief, are given below:

- 3.1 The Respondent had conducted the statutory audit of the Company for the Financial Year 2018–19. It was seen from the audited financial statements of the Company that the Complainant was a relative of the directors of the Company. A car loan of Rs. 29,67,432/- from ICICI Bank was reflected under the head “Long Term Borrowing” on the liability side of the Balance Sheet as on 31.03.2019. The said car loan from ICICI Bank was repayable in 60 equal monthly instalments and was secured against the hypothecation of a vehicle. Further, as per the Fixed Assets Schedule, though there was an addition of Rs. 36,29,167/- to Motor Vehicles during the financial year 2018–19, it was not clear that this addition was only on account of the purchase of a Volvo car that was to be used at the Jaipur Unit of Adaab Hotels Limited (sister concern of the Company), as the Company had also purchased one more car during the financial year 2018–19, and the said fact emerged from the disclosure given in Schedule 3 under the head “Long Term Borrowings”. In this regard, it was observed that the Complainant did not provide any documentary evidence to establish that the addition made to Motor Vehicles in the Fixed Assets Schedule only pertained to the Volvo car that was being used at the Jaipur Unit. On the other hand, the Respondent also did not provide his working papers to show that the addition in motor vehicles did not pertain to the purchase of the Volvo car, as alleged by the Complainant.
- 3.2 On perusal of the Schedule related to “Finance Cost”, it was seen that the Company had claimed interest on loans taken by it; however, bifurcation of interest charged on different types of loans, including the car loan from ICICI Bank, was not given in the said schedules. Further, under the head “Short Term Loans and Advances”, an amount of Rs. 29,67,423/- was reflected as an unsecured loan recoverable from the Complainant. It was relevant to note that, on one hand, the Complainant had denied having received any loan from the Company or having made any contribution towards the cost of the Volvo car and had also stated that the Volvo car was not under his

control, while on the other hand, the Respondent had stated that though the Volvo car was in the name of the Company, it was under the control of the Complainant. The Respondent had also stated that after the closure of the Jaipur Unit of Adaab Hotels Ltd., the car was not returned to the Company during the financial year 2018-19 and, accordingly, the amount towards the cost of the Volvo car, after adjusting the contribution of the Complainant, was shown as recoverable from the Complainant under the heading "Short Term Loans & Advances".

3.3 It was viewed that the preparation of the financial statements was the responsibility of the Company and that the Respondent, as auditor, was required to give an opinion on the same. As regards the disclosure in respect of the loan shown as recoverable from the Complainant, it was seen that the Respondent, in his audit report under CARO reporting, had mentioned that the requirement of Section 185 of the Companies Act, 2013 had not been complied with. Further, disclosure as required under AS-18 was given by the Company in the Notes to Accounts under Note "O" on "Related Party Disclosures".

3.4 It was further noted that although the Respondent had stated that the Volvo car was not recognized in the books of accounts in terms of the requirements of AS-10, there were no submissions from the Respondent as to on the basis of what documentary evidence (such as an agreement between the Company and the Complainant regarding the use of the car, its ownership, and the responsibility of the concerned parties regarding repayment of the loan taken for the Volvo car to the Company/bank, or any declaration from the Complainant in this regard) an amount of Rs. 29,67,423/- was shown as recoverable from the Complainant. It was noted that the said amount was material (5.96% of the total of the Balance Sheet) and, moreover, the Respondent did not provide any documentary evidence to show that the Volvo car covered under the allegation was not recognized by the Company as its asset and that the Company had not charged depreciation on it and had also not charged any interest on the Volvo car loan. Hence, in view of the above facts and in the absence of the aforementioned information/details from the Respondent, the defence taken by the Respondent was not acceptable regarding the recognition of the loan recoverable from the Complainant in the Balance Sheet of the Company, and it appeared that he had failed to discharge his professional duties in respect of verification of records related to the motor vehicle,

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interest on the loan relating to the Volvo car, and the loan and advance granted to the Complainant.

3.5 Accordingly, the Director (Discipline) in his prima facie opinion dated 23rd September 2021 held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) and (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act, states as under:

Clause (5) 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 x x

(5) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary in making such financial statement where he is concerned with that financial statement in a professional capacity."

Clause (6) 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 x x

(6) fails to report a material misstatement known to him to appear in a financial statement with which he is concerned in a professional capacity."

Clause (7) of Part I of the Second Schedule

"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he:

x x x x x x x

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

Clause (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 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.”

3.6 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 25th April 2022. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) and (8) of Part I 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:**

4.1 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 Complaint in Form 'I' filed by the Complainant	30 th January, 2020
2.	Date of Written Statement filed by the Respondent	15 th June, 2020
3.	Date of Rejoinder filed by the Complainant	28 th July, 2020
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	23 rd September, 2021
5.	Written statement by the Respondent after Prima Facie Opinion	25 th September, 2025 & 11 th October, 2025
6.	Rejoinder by the Complainant after Prima Facie Opinion	07 th October, 2025

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

5.1 The Respondent vide letter dated 25th September 2025 inter-alia, made the submissions which are given as under:

- i. The complainant's grievance is that the advance of Rs. 29,67,423/- shown as recoverable from him in the financial statements of Trinity Hotels Pvt. Ltd. (F.Y. 2018-19) audited by the Respondent is incorrect.
 - ii. That this amount corresponds to the outstanding car loan taken from ICICI Bank for purchasing a Volvo car that was personally used by the complainant.
 - iii. Since the car was not used for business purposes, despite being registered in the company's name, it was not treated as a fixed asset.
 - iv. The purchase value of the car was booked as receivable from the complainant and recognized as "Advance Recoverable". The margin money paid by the complainant was credited to this account.
 - v. The ICICI Bank loan taken for buying the car remained a liability in the company's books. The interest on the car loan was not charged as a business expense but instead debited to the advance recoverable account of the complainant.
 - vi. EMI payments were allegedly made in cash by the complainant or his family members and were credited to his advance recoverable account.
 - vii. The balance of Rs. 29,67,423/- as of 31st March 2019 represented the net of these transactions.
 - viii. Supporting documents such as the complainant's ledger account, fixed asset schedule (excluding the Volvo car), and ledger accounts for interest and Volvo car were attached to substantiate these claims.
 - ix. There was no written agreement between the complainant and the company due to their close family relationship with the directors/promoters; the complaint arose after relations soured.
 - x. The directors expressed concerns about the complainant misusing the ICAI disciplinary mechanism to access company records and requested the Respondent (Auditor) to maintain confidentiality, which led to confusion and lack of documents during the PFO stage.
 - xi. That there was no material misstatement, no lack of disclosure, and no failure to exercise due diligence.
- 5.2 The Respondent vide letter dated 11th October 2025 inter-alia, made the submissions which are given as under:



- i. The complainant's claim that he was not a director/shareholder/employee of Trinity Hotels is stated to be irrelevant, as the key issue is whether the Volvo car was purchased at his request.
- ii. The dispute is portrayed as arising out of family disputes, since the complainant is related to the promoter directors of Adab Hotels Pvt. Ltd. and Trinity Hotels Pvt. Ltd.
- iii. To counter allegations, the directors provided WhatsApp chat evidence (31 Dec 2018) showing that the Volvo car was purchased in connection with the wedding of the complainant's daughter, indicating his involvement.
- iv. The complainant's claim that there is no bank entry showing down payment by him is challenged, Rs. 19 lakh margin money was paid by the complainant to Adab Hotels Pvt. Ltd.
- v. Since the car loan was finally taken in Trinity Hotels Pvt. Ltd., the margin money was transferred from Adab Hotels to Trinity Hotels. The original plan was to buy the car in Adab Hotels, but due to its weak financials, the purchase was shifted to Trinity Hotels.
- vi. Ledger accounts and annexures previously submitted show the Rs. 19 lakh margin money, though it was later kept in a separate ledger during audit as it was unrelated to other transactions.
- vii. The complainant's later claim that Rs.19 lakh was a loan is termed a manipulation of facts. The company had already disputed this claim in its reply to legal notice dated 12th August 2019.
- viii. Bank statements show receipt of Rs. 19 lakhs on 30th January 2019 and transfer to Trinity Hotels on 4th February 2019.
- ix. The complainant later filed an IBC petition before NCLT claiming Rs. 1.18 crore. The company paid the amount to avoid IRP proceedings. The amount is treated as recoverable, and criminal/civil cases are ongoing.
- x. Allegation that no EMI payments were made by the complainant is denied. Bank statements show EMI-related payments made by the complainant directly or via cash deposits from Jaipur.
- xi. Trinity Hotels had no operations in Jaipur, indicating payments were made by the complainant. The car was registered in the company's name to enable the loan, not for directors' personal use.
- xii. The complainant allegedly abandoned the car in August 2019 and stopped paying EMIs. The company then capitalized the car in its books (FY 2019-21).

- xiii. Allegation that the auditor failed to obtain confirmation from the complainant is rejected. Due to ongoing disputes, SA 505 (external confirmation) was not applicable.
- xiv. The auditor asserts that financial statements reflect management's position, and there is no requirement to present disputed-party versions.
- xv. The claim that the complainant did not need company assistance to buy a car is termed dishonest and hollow, and evidence contradicts it. The car loan and related transactions are described as lawful pass-through transactions, with no regulatory prohibition.
- xvi. The Respondent submitted that the allegations are false and baseless.

6. Written Submissions filed by the Complainant: -

- 6.1 The Complainant submitted his submissions vide letter dated 07th October 2025 are as follows:
- i. The Complainant (Hukum Singh) was neither a Director, Shareholder, Employee, Promoter, nor Contractor of Trinity Hotels & Resorts Pvt. Ltd.
 - ii. There is no bank entry in Trinity Hotels' accounts showing any payment from Hukum Singh as a down payment for the Volvo car.
 - iii. Rs. 19 lakhs being projected as the down payment was actually paid by Adaab Hotels Ltd. to Trinity Hotels & Resorts Pvt. Ltd.
 - iv. There were multiple financial transactions between the two companies — Adaab Hotels transferred Rs. 6.10 crore to Trinity Hotels as Loans & Advances (as per Adaab Hotels' 2018–19 balance sheet).
 - v. The majority shareholders and Directors of Adaab Hotels, Rajiv Choudhary and Manish Choudhary, are also Directors and shareholders of Trinity Hotels & Resorts Pvt. Ltd.
 - vi. Rs. 19 lakhs transferred by Hukum Singh to Adaab Hotels Ltd. was part of the loan amount given to Adaab Hotels and was recorded in the Loan Account Ledger (submitted to NCLT as Annexure–1) and repaid to Hukum Singh by Adaab Hotels Ltd. in NCLAT on 14.11.2019.
 - vii. The loan entry was never disputed by the company or the respondent at the time of repayment.



- viii. There is no bank entry in Trinity Hotels' accounts showing any EMI payment by Hukum Singh for the Volvo car.
- ix. The Volvo car is registered in the name of Trinity Hotels Ltd. The car is used and possessed by the Directors of Trinity Hotels Ltd. for personal use.
- x. There is no agreement between the company and Hukum Singh indicating any change of ownership of the Volvo car.
- xi. The Respondent (Auditor) did not obtain external confirmation or consent from the Complainant.
- xii. Even for argument's sake, if Hukum Singh wanted to purchase the car and had paid Rs. 19 lakhs and EMIs, there was no logical reason for him to:
 - a. Purchase the car in Trinity Hotels' name,
 - b. Transfer the money to Adaab Hotels Ltd., and
 - c. Not to purchase it in his own name or in Adaab Hotels Ltd., where he was a Director and shareholder, unlike in Trinity Hotels Ltd. where he held no position or stake.

7. **Brief facts of the proceedings:**

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

S. No.	Date of meeting(s)	Status
1.	22 nd May 2023	Adjourned at the request of the Respondent.
2.	02 nd November 2023	Part heard and adjourned
3.	09 th September 2025	Part heard and adjourned at the request of Respondent.
4.	03 rd October 2025	Part heard and adjourned.
5.	15 th October 2025	Hearing concluded and decision taken.

7.2 On the day of first hearing held on 22nd May 2023, the Committee noted that the Respondent was not present, however vide email dated 20th May 2023 he has sought

adjournment on grounds that due to unavoidable professional commitments, he is not able to attend the hearing in captioned case. The office apprised the Committee that notice of listing of the case has been served upon the Complainant. There was technical difficulties on the part of Complainant who attempted to join the proceedings through VC without success. In view of above, the Committee adjourned the hearing to later date so as to provide one more opportunity to both the parties to present/defend the charges.

- 7.3 On the day of hearing held on 02nd November 2023, the Committee noted that the Complainant was present through video-conferencing mode. On the other side, the Respondent along with his Counsel were present through video-conferencing mode and appeared before it. Thereafter, they gave a declaration that there was nobody present except them in the respective room from where they were appearing and they would neither record nor store the proceedings of the Committee in any form. Being First hearing of the case, the Respondent was put on oath. The Respondent informed that he was aware of the charges against him and pleaded Not Guilty. 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 future date. With this, the case was part heard and adjourned.
- 7.4 On the day of hearing held on 09th September 2025, the Committee noted that the Complainant was present through VC and appeared before it, whereas the Respondent sought an adjournment vide letter dated 03rd September 2025 on account of his engagement in tax audit deadlines. Upon being asked to make submissions, the Complainant stated that all submissions had already been filed. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date.
- 7.5 On the day of hearing held on 03rd October 2025, the Committee noted that the Complainant and Respondent along with his counsel were present through VC and appeared before it. The Committee directed the parties to make the submissions.
- 7.6 The Complainant stated that Trinity Hotels Limited raised a car loan from ICICI Bank for purchasing a Volvo car. The loan amount was shown as recoverable from Mr.

Hukum Singh in the company's accounts, and interest and EMI payments were charged to his account. The Complainant denied any association with Trinity Hotels Limited (not an employee, director, shareholder, or promoter). He also denied making any payments for the car loan or purchasing the car through the company. He claimed that the car is in the possession of Trinity Hotels' directors and was never in his custody. He argued that the amount shown against his name in the company's accounts is fictitious and unsupported by evidence. He requested proof of payments or bank statements showing any transactions from him to Trinity Hotels.

7.7 The Counsel for Respondent stated that the car loan was facilitated by the company as a pass-through transaction for Mr. Hukum Singh. The company acted as a platform to raise the loan, and payments were routed through the company's accounts; and that the ledger shows cash payments from Mr. Hukum Singh for EMI installments; and that the transaction was for the benefit of Mr. Hukum Singh for gifting purposes, who is a relative of the directors. He further stated that the car was returned by Mr. Hukum Singh after legal notice was sent. The Committee directed the Respondent to provide further evidence if any and to clarify the queries posed by the Committee. After recording the submissions of parties, the Committee adjourned the matter to a future date.

7.8 On the final day of hearing on 15th October 2025, the Committee noted that Respondent along-with Counsel and Complainant were present through VC and appear before it. Based on the documents/material and information available on record and the oral and written submissions made by the parties, and on consideration of the facts of the case, the Committee concluded the hearing in subject case.

8. **Findings of the committee: -**

8.1 As regards the charge against the Respondent as given in Para 2.1 above, the Committee noted that the Complainant had alleged that he had audited the balance sheet of the Company contains a short-term loan of Rs 29,67,423.00/- in the name of Complainant shown as car advance given to him by the Company. No such car loan was extended to him, and the car was registered in the name of the Company itself. The Respondent without verifying whether any actual amount has been disbursed by

the Company to the Complainant showed an amount of Rs 29,67,423.00/- as due and payable by the Complainant under the Related Party Disclosures.

- 8.2 Upon examination of the financial statements, it was observed that a car loan amounting to Rs. 29,67,432/- obtained from ICICI Bank was shown under the head "Long-Term Borrowings" on the liabilities side of the Balance Sheet as at 31.03.2019. The said loan was repayable in 60 equal monthly instalments and was secured by hypothecation of the vehicle. Further, as per the Fixed Assets Schedule, there was an addition of Rs. 36,29,167/- to Motor Vehicles during the financial year 2018-19. However, it was not evident whether this addition solely related to the purchase of the Volvo car intended for use at the Jaipur Unit of Adab Hotels Limited, a sister concern of the Company, since the Company had also acquired another vehicle during the same financial year. This fact is reflected in the disclosures made under Schedule 3, "Long-Term Borrowings."
- 8.3 In this context, it was noted that the Complainant failed to submit documentary evidence to substantiate that the addition to Motor Vehicles in the Fixed Assets Schedule pertained exclusively to the Volvo car used at the Jaipur Unit. Conversely, the Respondent also did not furnish his working papers to demonstrate that the said addition did not relate to the purchase of the Volvo car as alleged by the Complainant.
- 8.4 Further, the Committee noted that the Respondent in his written submissions stated that the amount of Rs. 29,67,423/- reflected as "Advance Recoverable" in the financial statements of Trinity Hotels Pvt. Ltd. for FY 2018-19 was correctly accounted for and did not constitute any misstatement. It was submitted that the amount represented the outstanding balance of a car loan obtained from ICICI Bank for the purchase of a Volvo car used exclusively by the Complainant for personal purposes. Although the vehicle was registered in the Company's name, it was neither used for business nor capitalised as a fixed asset, and the purchase consideration was accordingly treated as recoverable from the Complainant.
- 8.5 The Respondent further submitted that the bank loan continued to be disclosed as a liability of the Company, that interest thereon was debited to the Complainant's

account and not charged to the Profit and Loss Account, and that EMIs paid by the Complainant or his family members were duly credited to his account. The closing balance as on 31st March 2019 represented the net outcome of these transactions. The Respondent asserted that the accounting treatment was supported by ledger records and schedules, that no written agreement existed due to the parties' familial relationship.

- 8.6 The Complainant submitted that he had no role or interest in Company and, therefore, could not have been liable for any amount shown as recoverable from him. It was contended that there was no bank evidence in the Company's books to establish that he made any down payment or EMI payments for the Volvo car. The alleged down payment of Rs. 19 lakhs was stated to have been paid by Adaab Hotels Ltd., with which the Complainant had a separate lender relationship, and the said amount formed part of a loan duly recorded and subsequently repaid to him without dispute. The Complainant further submitted that the Volvo car was registered in the name of Trinity Hotels and was used by its Directors, with no agreement or confirmation indicating that the vehicle was purchased for or on behalf of the Complainant.
- 8.7 The Committee noted that the Volvo car was registered in the name of Company and that the car loan from ICICI Bank was recorded as a liability in the books of the Company. However, the Respondent accepted and certified an accounting treatment whereby the entire cost of the car, along with interest and EMI payments, was shown as recoverable from the Complainant, despite the absence of any written agreement, ownership transfer document, board resolution, or independent evidence establishing that the car was owned, controlled, or financed by the Complainant. The Respondent relied primarily on internal ledger entries, cash transactions, and informal communications, which do not constitute sufficient or appropriate audit evidence under the Standards on Auditing. The amount shown as recoverable from the Complainant was material, constituting a significant percentage of the Balance Sheet total, yet the Respondent failed to obtain corroborative documentary evidence or third-party confirmations to substantiate the nature of the transaction.
- 8.8 The Committee further noted that the ledger account of Complainant maintained in the company's records shows that the EMI instalments of the said car loan were paid in



cash and duly debited to the Complainant's ledger. The said ledger further reflects that interest on the car loan was also consistently charged to the Complainant's account. The consistent charging of EMI payments and interest to the Complainant's ledger supports the Respondent's contention that the car loan liability was accounted for against the Complainant in the regular course of business. However, the Respondent also did not adequately verify the source of these alleged cash payments, nor did he reconcile these entries with bank records, thereby compromising audit reliability.

8.9 The Committee finds that the Respondent failed to discharge his professional duties as a statutory auditor with the required degree of due diligence, skepticism, and compliance with the applicable Auditing and Accounting Standards. In view of the above, the Committee holds that the Respondent failed to exercise due diligence, failed to obtain sufficient and appropriate audit evidence, and failed to properly verify material financial transactions relating to the motor vehicle, interest on the related loan, and the loan and advance shown as recoverable from the Complainant. Accordingly, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) & (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

9. **Conclusion:**

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

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 8.1 to 8.9 as above	GUILTY - Clauses (5), (6), (7) and (8) of Part I of the Second Schedule.

10. In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) & (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

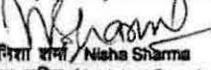
Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 21st January 2026

PLACE: Noida

सत्यप्रति होने के लिए प्रमाणित / Certified to be True Copy


निशा शर्मा / Nisha Sharma

सहायक सचिव / Assistant Secretary

अनुशासनसमक निदेशालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

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ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)