CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2026-2027)]

[Constituted under Section 21B of the Chartered Accountants Act,1949]

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

File No: [PR/425/2022-DD/333/2022/DC/1981/2025]

In the matter of:
Shri Nirmal Kumar Bolia,
C-601, Lovely Home Apartments
Plot No. 5, Sector 5, Dwarka
New Delhi – 110075 .....**Complainant**

Versus

CA. Ram Phal Bhardwaj (M. No. 097400)
M/s Moudgil Associates
Chartered Accountants
310/25, Onkar Nagar-B,
Tri Nagar,
New Delhi– 122002 .....**Respondent**

MEMBERS PRESENT (In Person):

1. **CA. Mangesh Kinare, Presiding Officer & Vice-President, ICAI**
2. **Ms. Dakshita Das, IRAS (Retd.), Government Nominee**
3. **Adv. Vijay Jhalani, Government Nominee**
4. **CA. Dayaniwas Sharma, Member**
5. **CA. Ravi Kumar Patwa, Member**

Date of Final Hearing	**: 07.04.2026**
Date of Decision Taken	**: 25.06.2026**
Date of Pronouncement of Decision	**: 09.09.2026**

PARTIES PRESENT ON THE DATE OF FINAL HEARING:

Respondent	**: CA. Ram Phal Bhardwaj (in person)**
Counsel for the Respondent	**: Adv. Sumit Kansal (in Person)**

1. **Background of the Case:**

The Respondent was appointed as Statutory Auditor of M/s Lovely Home CGHS Ltd. (hereinafter referred to as the "Society") for the financial Year 2020-21 and had issued audit report on 16.08.2021 to members of the Society.

2. **Charges in brief:**

Allegation No. (As per PFO)	Allegations against the Respondent	PFO of DD	DC while accepting PFO	Clauses
02	The old lift, which is being replaced, has neither been deducted from the Gross Block (though the addition of the new lift is shown) nor is there any mention of its disposal under 'Comments on Asset Side Items' in PART B of the Audit Report. The Complainant further alleged that five lifts (4 original + 1 addition) are recorded in the books, whereas only four lifts exist physically.	**Not Guilty**	**Guilty**	Item (7) of Part I of Second Schedule
03	In the previous year's column of the Balance Sheet, Sundry Creditors & Provisions were shown as Rs. 3,78,838/- but the same as per Schedule B is Rs. 7,65,389/-.	**Guilty**	**Guilty**	Item (7) of Part I of Second Schedule
04	The Complainant has given reference to Point No. 4 of Part A i.e., Last Year Objections which reads as under - *"Society is advised to conduct Management Committee meetings as per the RCS Act & Rules."* The Complainant has alleged that the objection/deficiency which were raised in last year as mentioned above were still persisting whereas the Respondent on the contrary in his audit report for the financial year 2020-21 certified them as complied with.	**Guilty**	**Guilty**	Item (7) of Part I of Second Schedule

3. The Committee noted that in the Prima Facie Opinion dated 18th September 2024 formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held Prima Facie Guilty in two out of six allegations (Allegation No.

3 & 4). However, the Committee while considering the PFO of Director (Discipline) along with the Complaint, Written Statement of the Respondent, Rejoinder of the Complainant and additional documents in its meeting dated 2nd July 2025 held the Respondent Prima Facie Guilty in respect of one more allegation (i.e., Allegation no. 2) in addition to two allegations for which Director (Discipline) had made him Prima Facie Guilty in PFO (Allegation Nos. 3 & 4). He was held Prima Facie Guilty of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 which is as under:

Item (7) of Part-I of Second Schedule states as under: -
"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"

4. **Brief of the Disciplinary Proceedings: -**

Details of the hearing(s) fixed and held/ adjourned in the said matter are given as under:–

S. No.	Date of Meeting(s)	Status
1.	17th March 2026	Oath taken by the Respondent and Adjourned
2.	27th March 2026	Part Heard and Adjourned
3.	07th April 2026	Matter Heard and Concluded. Judgement Reserved
4.	25th June 2026	Decision given

4.1 **Brief of the Disciplinary Proceedings held on 17th March 2026**

On the day of hearing held on 17th March 2026, the Committee noted that the Respondent with his Counsel(s) were present. Further, the Complainant vide his e-mail dated 16/03/20216 has sought leave of absence and has requested to apprise him of the final outcome/ decision of the Committee in this matter. The Committee noted the plea of the Complainant and directed the office to continue to serve the notice of each meeting to the Complainant as per rules. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. In response to the same Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him. Accordingly, in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date.

4.2 **Brief of the Disciplinary Proceedings held on 27th March 2026**

On the day of hearing held on 27th March 2026, the Committee noted that the Respondent and Counsel for the Respondent were present in person. However, the Complainant vide his e-mail dated 16/03/20216 has sought leave of absence and has requested to apprise him of the outcome/decision of the Committee in this matter. The Committee noted the plea of the Complainant and proceeded on merits of the case, ex-parte the Complainant.

In respect of Charge No. 3 pertaining to mismatch in the previous year figures of Sundry Creditors & Provisions in the Balance Sheet vis-à-vis Schedule "B", the Counsel for the Respondent submitted that for better presentation the minus figure of Rs. 3,86,551 was removed from Schedule B and was inserted in Schedule G under item no. 9 (The account titled as Excess paid to DDA against ground rent) in the schedules forming part of balance sheet as at 31.03.2021. As a result of transfer of this figure from Schedule B to Schedule G, the totals of both the schedules in Previous year column increased by an amount of Rs. 3,86,551. Total of Schedule B became Rs 7,65,389 (3,78,838 + 3,86,551). Similarly, the total of Schedule G also increased by an amount of Rs. 3,86,551 and total of Schedule G became Rs. 11,51,879 (7,65,328 + 3,86,551). But the figures on the face of the balance sheet were not updated due to some technical error in Excel sheet. He also submitted that the discrepancy in the previous year's figures in Schedule B (List of Sundry Creditors & Provisions) and the main Balance Sheet was due to a bona fide typographical error. The debit balance of Rs. 3,86,551 related to "Excess paid to DDA" was inadvertently reflected in Schedule G (List of Loans and Advances) instead of Schedule B in the previous year figures column. The totals of both these schedules changed and the error was acknowledged and communicated to the Society vide a letter dated 05.09.2021. Corrective schedules were shared, and the error did not impact the current year's financial reporting or mislead stakeholders.

In respect of Charge No. 4 pertaining to deficiency in relation to the Meetings of the Managing Committee, the Counsel of the Respondent submitted that during the year under audit (FY 2020-21), total 15 managing committee meetings were held, and the proceedings of Managing Committee Meetings were found properly recorded in the Minutes Books. However, no meeting was conducted in the month of April 2020, July 2020 and January 2021 due to outbreak of Covid 19 pandemic.

In respect of Charge No. 2 pertaining to sale of old lift not being shown as deduction from the Gross Block, the Counsel of the Respondent submitted that the total additions in New Lift account as per books of accounts was Rs.13,20,205. After deducting the sale of old scrapped lift of Rs.1,10,000 and net amount of Rs.12,10,205 (13,20,205-1,10,000) has been shown as addition in Schedule-D named as Schedule of Fixed Assets as on 31.03.2021. Therefore, there were only four Lifts as per books of accounts as well as physically. He further submitted that the Respondent had rectified this error in the next financial year.

After considering the above submissions, the Committee directed the Counsel of the Respondent to provide the audited financial statements for the FY 2021-22 along with detailed submissions in respect of instant charge. With this, the case was Part Heard and Adjourned.

4.3 **Brief of the Disciplinary Proceedings held on 07th April 2026**

On the day of hearing held on 07th April 2026, the Committee noted that the Respondent and Counsel of the Respondent was present in person. However, the Complainant vide his e-mail dated 16/03/2026 has sought leave of absence and has requested to apprise him of the final outcome / decision of the Committee in this matter. The Committee noted the plea of the Complainant and proceeded on merits of the case, ex-parte the Complainant. In respect of Charge No. 2, the Committee noted that in terms of the directions of the Committee in the meeting held on 27/03/2026 the Respondent has provided the audited financial statements of M/s Lovely Home CGHS Ltd. for the FY 2021-22. The Committee pursued the said audited financial statements and noted that the Respondent had rectified his mistake in the said financial statements.

In view of above submissions of the parties, the Committee deliberated on the matter and decided to **conclude the hearing and finding was kept reserved.**

4.4 **Brief of the Disciplinary Proceedings held on 25th June 2026**

In the meeting held on 25th June 2026, the Committee noted that the subject case was heard by it in the presence of the Respondent and Counsel of the Respondent and the hearing was concluded at its meeting held on 7th April 2026 and the Findings was reserved. The Committee considered the material on record. The Committee deliberated in detail on the said case and took decision on the conduct of Respondent.

5. **Submissions of the Respondent and Findings of the Committee:**

5.1 **Allegation 2:** - In respect of instant allegation, it is alleged that the old lift, which is being replaced, had neither been deducted from the Gross Block (though the addition of the new lift is shown) nor was there any mention of its disposal under 'Comments on Asset Side Items' in PART B of the Audit Report. The Complainant also alleged that five lifts (4 original + 1 addition) are recorded in the books, whereas only four lifts exist physically The Committee noted that the Respondent during the course of hearing and through his written submissions had inter-alia stated as under:

5.1.1 The Respondent, in his defence, contended that the total additions to the New Lift account as per the books of accounts amounted to Rs. 13,20,205. After deducting the sale proceeds of the old & scrapped lift amounting to Rs. 1,10,000, a net addition of Rs. 12,10,205 was reflected in Schedule D (Schedule of Fixed Assets) as on 31.03.2021. Accordingly, there were only four lifts as per both the books of accounts and physical verification. He further submitted that there was no intention on his part to misstate, suppress, or conceal any information. Complete documentation relating to the addition and disposal was available in the audit working papers, clearly indicating the net addition of Rs. 12,10,205 after adjusting the scrap sale from the gross addition. The net impact on the fixed asset block was transparently disclosed in the schedule, and the necessary accounting entries were duly recorded in the books of accounts maintained by the society. He also submitted that the said error was rectified in the subsequent financial year.

5.1.2 During the hearing held on 27th March 2026, the Committee directed the Counsel of the Respondent to provide the audited financial statements for the FY 2021-22 of the Society along with detailed submissions in respect of instant charge. In response, the Respondent submitted the audited financial statements for FY 2021-22 of the Society vide email dated 03rd April 2026. The Committee perused the Audit Report for FY 2021-22 and observed that under the head "Comments on Assets Side Item," the Respondent had stated as follows:

"__COMMENTS ON ASSET SIDE ITEMS:__

3. __LAND & BUILDING Rs.145,965,272.92:__
There is a change of Rs. 25,44,780.00 in balance as on 31-03-2022 under the head of account as compared to balance as on 31-03-2021 (Annexure "E" attached). Three old lifts have been scrapped till 31.03.2022 and proportionate value of Rs.25,44,780/- has been adjusted out of which scrap of old lifts sold during the year amounts to Rs 2,20,000/- and the remaining value of Rs 23,24,780/-has been adjusted through Income and Expenditure Appropriation account."

Accordingly, upon perusal of the audited financial statements for FY 2021-22, as submitted by the Respondent, the Committee noted that an appropriate disclosure regarding scrapping of lifts and adjustment of their value has been made in next financial year under "Comments on Asset Side Items." This indicates that the matter was duly considered and appropriately disclosed in the subsequent year.

5.1.3 The Committee also observed that the Respondent maintained complete documentation in the audit working papers evidencing the addition and disposal of the lift, including the adjustment of scrap sale proceeds. The accounting treatment adopted reflects that the net impact was duly recorded in the books of accounts, and there was no material misstatement affecting the financial statements. Accordingly, the Committee observed that based on accounting treatment made in the subsequent year, the Respondent had no intention to misstate, suppress, or conceal any material fact and there is no evidence on record to establish any mala fide intent or gross negligence on the part of the Respondent. Accordingly, the Committee decided to hold the Respondent **NOT GUILTY** of any Professional or Other Misconduct in respect of instant allegation.

5.2 **Allegation 3: -** Under this allegation, the Complainant had alleged that in the previous year's column of the Balance Sheet, Sundry Creditors & Provisions were shown as Rs. 3,78,838/- but the same as per Schedule B appearing at Rs. 7,65,389/-. The Committee noted that the Respondent during the course of hearing and through his written submissions had inter-alia stated as under:

5.2.1 The Respondent, in his defence, submitted that, for better presentation, the negative figure of Rs. 3,86,551 was removed from Schedule B and disclosed under Schedule "G" as Item No. 9, "Excess paid to DDA against ground rent" in the schedules forming part of the Balance Sheet as at 31.03.2021. Consequently, the totals of both schedules in the previous year column increased by Rs. 3,86,551. Accordingly, the total of Schedule B became Rs. 7,65,389 (Rs. 3,78,838 + Rs. 3,86,551), and the total of Schedule G became Rs. 11,51,879 (Rs. 7,65,328 + Rs. 3,86,551). However, due to a technical error in the Excel sheet, the corresponding figures on the face of the Balance Sheet were not updated. He further submitted that the discrepancy between the previous year figures in Schedule B (List of Sundry Creditors & Provisions) and the main Balance Sheet arose from a bona fide typographical error, wherein the debit balance of Rs. 3,86,551 relating to "Excess paid to DDA" was inadvertently reflected in Schedule G (Loans and Advances) instead of Schedule B. The Respondent stated that this error was duly acknowledged and communicated to the Society through a letter dated 05.09.2021, along with corrected schedules. He emphasized that the error did not impact the current year's financial reporting, nor did it mislead stakeholders. He also submitted that the figures presented on the face of the Balance Sheet were correct and in agreement with the Balance Sheet as at 31.03.2020, and that the discrepancy was limited to presentation within internal schedules. He asserted that there was no intent to misstate or suppress material facts, no negligence on his part, and no prejudice caused to users of the financial statements. The correction, according to him, was made in good faith and in accordance with the responsibilities of a statutory auditor and did not affect the integrity of the audit.

5.2.2 The Committee, after examining the documents placed on record by the Respondent, observed that the negative balance of Rs. 3,86,551, pertaining to "Excess paid to DDA against ground rent," was reclassified from Schedule B and disclosed under Schedule G for better presentation. As a consequence, the totals of both Schedule B and Schedule G were increased by Rs. 3,86,551 in the previous year column. However, the corresponding figures on the face of the Balance Sheet were not updated. The Committee further observed that the Respondent had explained that the same arose due to a bona fide typographical and presentation error, without any impact on the correctness of the financial statements. The Committee also noted that the figures on the face of the Balance Sheet were consistent with the audited figures of the previous year, and the inconsistency was confined to the internal presentation within schedules.

5.2.3 The Committee noted that the Respondent had duly identified and communicated the error to the Society vide letter dated 05.09.2021, along with corrected schedules and reconciliation. This demonstrates that the Respondent acted in a transparent manner and took prompt corrective action upon identification of the error. The Committee opined that the discrepancy did not affect the current year's financial statements, nor did it result in any material misstatement or prejudice to the users of the financial statements. The error was limited to presentation and classification within schedules and did not impact the true and fair view of the financial position of the Society. Accordingly, the Committee decided to hold the Respondent **NOT GUILTY** of any Professional or Other Misconduct in respect of instant allegation.

5.3 **Allegation 4:** - The Complainant has alleged that there was discrepancy in relation to number of meetings of managing committee held during the year, however, the Respondent in his audit report for the financial year 2020-21 has certified them as "complied with". In response to the same, the Respondent submitted that during the year under audit (FY 2020-21), total 15 managing committee meetings were held, and the proceedings of Managing Committee Meetings were found properly recorded in the Minutes Books. However, no meeting was conducted in the month of April 2020, July 2020 and January 2021 due to outbreak of Covid 19 pandemic.

5.3.1 The Committee observed that the Respondent, in the course of audit, had verified the Minutes Book and found that the meetings conducted during the year were duly recorded. The absence of meetings in certain months has been reasonably explained in light of the prevailing pandemic situation, which disrupted normal functioning of institutions across the country. The Committee further noted that the Complainant had not brought on record any substantive evidence to demonstrate that the Respondent's certification was false or that the deficiencies continued in a manner that would materially affect the functioning or governance of Society. Mere absence of meetings in certain months, particularly under exceptional circumstances, does not by itself establish non-compliance, especially when an adequate number of meetings were held during the year.

5.3.2 The Committee opined that the Respondent had exercised reasonable professional judgment in relying upon the records produced before him, including the Minutes Book, and there is no material on record to suggest that such reliance was misplaced or that the Respondent failed to exercise due diligence. Accordingly, the Committee decided to hold the Respondent **NOT GUILTY** of any Professional or Other Misconduct in respect of instant allegation.

6. **CONCLUSION**

In view of the above observations, considering the oral and written submissions of the parties, material on record and deliberations, the Committee decided to hold the Respondent **NOT GUILTY** of any Professional or Other Misconduct. Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for **closure** of this case against the Respondent.

Sd/-
(CA. Mangesh Kinare)
PRESIDING OFFICER

Sd/-
(Ms. Dakshita Das, IRAS (Retd.))
GOVERNMENT NOMINEE

Sd/-
(Adv. Vijay Jhalani)
GOVERNMENT NOMINEE

Sd/-
(CA. Dayaniwas Sharma)
MEMBER

Sd/-
(CA. Ravi Kumar Patwa)
MEMBER

DATE: 09.09.2026
PLACE: NOIDA

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वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
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