

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – II (2019-2020)]**

**[Constituted under Section 21B of the Chartered Accountants (Amendment) Act, 1949]**

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

**File No. : [PR-58/16/DD/82/2016-DC/788/2018]**

**In the matter of:**

**Shri Krishna Somani**  
Authorised Signatory  
M/s Soham Securities Limited  
Sairang Heights, R S No.616  
Behind Swaminarayan Temple, Atladara  
**VADODARA – 390 012.**

..... Complainant

**Versus**

**CA. Chinmay Balkrishna Mehta (M. No. 517103)**  
M/s C.B. Mehta & Co. (FRN No. 133653W)  
B-89, Hira Nagar Society  
Near Maangalya Hall  
Harni Road  
**VADODARA – 390 022**

..... Respondent

**MEMBERS PRESENT:**

**CA. Atul Kumar Gupta, Presiding Officer**  
**CA. Amarjit Chopra, Member (Govt. Nominee)**  
**CA. Rajendra Kumar P, Member**  
**CA. Chandrasekhar Vasant Chitale, Member**

**DATE OF FINAL HEARING : 04.09.2019**

**PLACE OF FINAL HEARING : ICAI Tower, Mumbai**

**PARTIES PRESENT** :

**Complainant : Not Present**

**Respondent : CA. Chinmay Balkrishna Mehta**

**Counsel for the Respondent: CA. Pulkit Jain, Advocate**

**Charges in Brief:-**

1. The Committee noted that in the Prima-Facie Opinion 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 is held prima facie GUILTY of Professional and Other Misconduct falling within the meaning of Clause (2) of Part-IV of First Schedule and Clause (2) of Part-I of Second Schedule to the Chartered Accountants Act, 1949. The above said Clause (2) of Part IV of First Schedule states as under:-

*“(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 (2) of Part-I of Second Schedule states that:-

*“(2) certifies or submits in his name, or in the name of his firm, a report of an examination of financial statements unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant in practice;”*

2. In this case the first allegation against the Respondent was that he had carried out Statutory audit of the following Companies without verification or audit of the books of accounts:-

S. No.	Name of the Company	Financial Years for which audit done
1.	M/s Insta Finance Ltd.	2013-14 and 2014-15
2.	M/s Blazon Marbles Ltd.	2014-15
3.	M/s Cromakem Ltd.	2014-15

The Complainant also alleged that these Companies are engaged in the business of long term capital gain, entry business and money laundering under its corporate veil and will not be verifiable on physical verification as the same are not in existence.

3. It is further alleged that the said Companies are cheater Companies involved in illegally internally holding shares in itself and raising the market value of shares on BSE through insider trading and have used the Respondent to certify all their wrong doings.

**Brief facts of the Proceedings:**

3. On the day of hearing, the Committee noted that Complainant was not present. The Respondent with his Counsel appeared before the Committee. The Respondent was put on oath. In the absence of the Complainant and with consent of Respondent, the charges were taken as read. On being asked to the Respondent whether he pleads guilty, he replied in negative. Thereafter, the Committee sought whether he wish to proceed with his defence. Thereafter, the respondent placed his defence on table. After considering all papers available on record, the Committee decided to proceed with the matter.

**Findings of the Committee**

4. The Committee noted the submission of the Respondent wherein he submits that Audit was not conducted by him and against his name no signature was also affixed. In the year November 2015, the Respondent visited the ROC office and procured all documents related to the Company. Form ADT-1 was placed on record by the Respondent which is filed by the Company wherein the Respondent was shown as Auditor. Adding to his submission the Respondent draw attention of the Committee wherein it was noticed that in in case of uploading documents in place of Signatures for giving consent to the Company his initials was forged and Company's own letterhead was used but not of his firm. The Respondent had never done any work for the said Companies and the financial statements provided with the complaint do not have his original signatures but only contains "sd" typed against his name.
5. The committee also noted that the Respondent submitted that even the Permanent Account Number (PAN) was also forged by the Company. The Respondent also placed on record the copy of the PAN before the Committee. The Committee also noticed that no legal action was ever taken up by the Respondent against the Company for forging his signature and PAN details.
6. The Committee noted the Respondent after coming to know of the fraud made enquires at his level and came to know that the Companies do not exists at the registered place so it is not possible for him to undertake any audit assignment of the alleged Companies. Further, The Respondent added to his submission that the only communication was with the Company once held on 13 December, 2013 after that he had never exchanged any communication or email with the Companies in question and also not received any audit fees from the Company.

7. The Committee further noted that the complainant never bothered to appear before this Bench. In the entire scenario and looking into the various complaints being filed earlier also by the complainant which is being resulted in the rejection from this very Bench.

**Conclusion**

8. In view of the above the committee is of the opinion that the benefit of doubt may be extended to the Respondent. Accordingly, in the considered opinion of the Committee, the Respondent is **NOT GUILTY** in terms of Clause (2) of Part-IV of First Schedule and Clause (2) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.
9. Accordingly, the Committee passes an Order for closure of this case under Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

**Sd/-**

**(CA. ATUL KUMAR GUPTA)  
PRESIDING OFFICER**

**Sd/-**

**(CA. AMARJIT CHOPRA)  
GOVERNMENT NOMINEE**

**Sd/-**

**(CA. RAJENDRA KUMAR P)  
MEMBER**

**Sd/-**

**(CA. CHANDRASEKHAR VASANT CHITALE)  
MEMBER**

**DATE:10.02.2020**

**PLACE: NEW DELHI**