

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2021-2022)]

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

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

File No. : [PPR/P/24/2017/DD/13/INF/2017/DC/689/17]

In the matter of:

CA. Arun Kumar Jain (M.No.084598)

M/s. Arun Naresh & Co.

KP – 1,

PITAMPURA,

DELHI – 110034

...Respondent

MEMBERS PRESENT:

CA. Nihar N Jambusaria, Presiding Officer

Shri Arun Kumar, Member (Govt. Nominee)

CA. G Sekar, Member

DATE OF FINAL HEARING: 20.10.2021 through Video Conferencing

PARTIES PRESENT:

i) **CA. Arun Kumar Jain : the Respondent**

ii) **CA. A.P. Singh : Counsel for the Respondent**

iii) **Mr. Manu Kapila, Mr. Rajesh Dahiya and Mr. Pushpender**

Kumar : Committee witness from SFIO

(all appeared from their respective personal locations)

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

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(Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held prima facie **GUILTY** of Professional and Other Misconduct falling within the meanings of Clause (2) of Part-IV of First Schedule and Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act. The said Clause to the Schedule state as under:

First Schedule

Part IV

“(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.”

Second schedule

Part I

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

2. Specific Charges alleged against the Respondent are as under:-

2.1 The Respondent was acting:

- (a) As a mediator in providing accommodation entries in connivance with Jain Brothers (S.K. Jain & V.K. Jain);
- (b) Engaged in money laundering operations with the above Jain Brothers;
- (c) Inflation of balance sheet by rotational transfer of funds among the entities controlled by the above Jain Brothers,
- (d) Abetting in defrauding the National Exchequer;
- (e) Placing, layering and integration of unaccounted funds and
- (f) Abetting in arrangement of false Valuation Report.

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Brief facts of the Proceedings:

3. On the day of first hearing dated i.e. 25.06.2021, the Respondent along-with Counsel appeared before the Committee through video conferencing and the Respondent was put on oath. The office explained the charges and the Committee enquired whether he pleads guilty. The Respondent wished to defend the charges. The Committee directed him to make the submissions. After recording the submissions of the Counsel, the Committee directed the Secretariat to summon the concerned Investigating officer from SFIO as witness at next hearing. With this, the Committee adjourned the case to a later date.

3.1 At next hearing dated 20.10.2021, the Committee noted that the Respondent alongwith his Counsel as well as the witness of the Committee from the Informant Department were present before it for hearing. Thereafter, they gave a declaration that there was nobody except them in room from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form.

3.2. As this case was part heard on 25.06.2021, thereafter, the Committee asked the Respondent to make submissions in the matter. The Counsel for the Respondent made his submissions. Thereafter, the Committee asked its Witness from the Informant Department to make submissions in context of submissions made by the Respondent. The Committee, thereafter, examined the Respondent based on the submissions made. Accordingly, the matter was heard and concluded.





Findings of the Committee

4. At the outset, the Committee noted the submissions of the Counsel for the Respondent that it was a case of mis-identity of the Respondent and that the Respondent was never involved in the alleged matters. Hence, he contended that there was no evidence to prove the involvement of the Respondent in the alleged matters.

4.1 It was further noted that when the Witness from SFIO, the Informant Department, was asked to establish if the Respondent was the person being referred to in its Investigation report in case of M/s. NKS holdings and its group Companies, the Witness submitted that the Informant Department never recorded statement of the Respondent nor investigated into the role of the Respondent. In fact, the said name of Chartered Accountant was contained in the books/dairies maintained by Jain brothers as seized by the Income Tax Department during search and seizure at the premise of Jain brothers.

4.2 In the light of the fact that the SFIO, the Informant Department, was not able to establish the identity of the Respondent being the same person being referred in their investigation Report, the Committee had no option but to drop the case against the Respondent subject to receipt of affidavit from the Respondent that he was never involved in the matter of providing accommodation entries and that he was not the person being referred in SFIO investigation report on the affairs of M/s. NKS holdings and its group Companies.

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4.3 It was noted that in accordance with the directions of the Committee, the Respondent filed an affidavit dated 21/10/2021 duly notarized stating that *"he has no connection or relationship of any nature whatsoever with M/s. NKS Holdings P. Ltd or any of its group Companies or any of the beneficiary entities who may have involved with respect to the transactions of accommodation entries or any other alleged issues of professional misconduct."*

4.4 Thus, the matter was not heard on merits and decided for closure of the matter against the Respondent.

Conclusion

5. In view of the fact that the SFIO was not able to establish the identity of the Respondent i.e. **CA. Arun Kumar Jain (M. No. 084598)** being the same person being referred in their investigation Report, the Committee decided for closure of the matter against the Respondent

Order

6. Thus, present complaint case against the Respondent be **Closed**.

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Sd/-
(CA. NIHAR N JAMBUSARIA)
PRESIDING OFFICER


Sd/-
(SHRI ARUN KUMAR)
GOVERNMENT NOMINEE

Sd/-
(CA. G SEKAR)
MEMBER

Date: 28/01/2022

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CA. Arun Kumar Jain (M.No.084598), Delhi in Re:

प्रमाणित सत्य प्रतिलिपि / Certified true copy

सीए. सुनील कुमार / CA. Suneel Kumar
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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