



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)

[PPR/P/84/16-DD/65/INF/16-DC/856/18

**ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH  
RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF  
PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.**

**[PPR/P/84/16-DD/65/INF/16-DC/856/18]**

**In the matter of:**

**CA Manoj Kumar Agrawal (M.No. 076980)**

**M/s Manoj Mohan & Associates**

**F-18A, Sector 27,**

**NOIDA – 201 301**

**.....Respondent**

**MEMBERS PRESENT:**

1. CA. (Dr.) Debashis Mitra, Presiding Officer (Present in person)
2. Mrs. Rani Nair, I.R.S. (Retd.), Government Nominee (Present in person)
3. CA. Rajendra Kumar P, Member (Present through Video Conferencing)
4. CA. Cotha S Srinivas, Member (Present in person)

**DATE OF MEETING : 25.04.2022 (Through Physical/ Video Conferencing Mode)**

1. That vide findings 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. Manoj Kumar Agrawal (M.No.076980) of M/s Manoj Mohan & Associates (FRN No. 009195C)** (hereinafter referred to as the “Respondent”) was **GUILTY** of professional misconduct falling within the meaning of Item (1) of Part II and Item (7) of Part I of the Second Schedule to Chartered Accountant Act 1949.

2. The Committee noted that the Respondent was present before it through video conferencing mode from his place. He submitted that the mistakes were technical in nature and there were no material mistakes.

CA. Manoj Kumar Agrawal (M.No.076980), Noida

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3. The Committee noted that the present case was received from the Quality Review Board (QRB) in the matter pertaining to the Statutory Audit of Amtek India Limited conducted by M/s Manoj Mohan & Associates for the year ended on 30<sup>th</sup> June 2012 along with the report dated 8<sup>th</sup> January 2015 issued by a Technical Reviewer. The Committee on consideration of irregularities reported by the technical reviewer vis-a-vis the submissions of the Respondent was convinced that lapses of the Respondent in reporting were purely technical in nature and were not affecting the decision of users of the financial statements and accordingly, decided to give reasonable punishment to the Respondent.

4. Therefore, keeping in view the facts and circumstances of the case, material on record and submissions of the Respondent before it, the Committee ordered that the Respondent i.e. CA. Manoj Kumar Agrawal (M.No.076980) of M/s Manoj Mohan & Associates (FRN No. 009195C) be reprimanded.

Sd/-

(CA. (DR.) DEBASHIS MITRA)  
PRESIDING OFFICER

Sd/-

(MRS. RANI NAIR, I.R.S. RETD.)  
GOVERNMENT NOMINEE

Sd/-

(CA. RAJENDRA KUMAR P)  
MEMBER

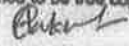
Sd/-

(CA. COTHA S SRINIVAS)  
MEMBER

Date: 01.06.2022

Place: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित /  
Certified to be true copy

  
अरुण कुमार / Arun Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनशास्त्र विभाग / Disciplinary Directorate  
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विश्व नगर, शाहदरा, दिल्ली-110032  
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032

CONFIDENTIAL

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

[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/P/84/16-DD/65/INF/16-DC/856/18]

In the matter of:

CA Manoj Kumar Agrawal (M.No. 076980)

M/s Manoj Mohan & Associates

F-18A, Sector 27,

NOIDA – 201 301

.....Respondent

MEMBERS PRESENT:

CA. Amarjit Chopra, Government Nominee and Presiding Officer – through Video Conferencing mode

CA. Rajendra Kumar P, Member - Present-in-person

CA. Babu Abraham Kallivayalil, Member – through Video Conferencing mode

DATE OF FINAL HEARING : 13.07.2021 (through Physical/ Video Conferencing)

PARTIES PRESENT (through Video Conferencing) :

Respondent : CA Manoj Kumar Agrawal  
Respondent' Counsel : CA. C.V. Sajan

CHARGES IN BRIEF:

1. In the instant matter a letter no. QRB/3-87/2014 dated 9<sup>th</sup> November, 2015 was received from Quality Review Board (QRB) Statutory body established under an Act of Parliament (hereinafter referred to the "Informant") in the matter pertaining to the Statutory Audit of Amtek India Limited (hereinafter

referred to the "Company") conducted by M/s Manoj Mohan & Associates (FRN 009195C) (hereinafter referred to as the "Respondent Firm") for the year ended on 30th June, 2012 along with the report dated 08<sup>th</sup> January, 2015 issued by Technical Reviewer, CA. Ganesh Balakrishnan. Thereafter, an information case was initiated against the Respondent – CA. Manoj Kumar Agrawal whereby several charges were levelled against him which covers non-compliance of SA- 505, deficiencies in reporting requirement under CARO, irregularities with regard to the financial statements, irregularities with regard to limited review report of the company, irregularity with regard to independence of the audit committee member as well as the non-executive director and General irregularities with regard to audit firm related matters.

**BRIEF FACTS OF THE PROCEEDINGS:**

2. The Committee noted that on the day of final hearing i.e., on 14<sup>th</sup> July, 2021, from the side of the Respondent, he himself was present along with his Counsel- CA. C. V. Sajan through video conferencing mode. At the outset, the Committee enquired from the Respondent that whether he wish to opt for the de-novo hearing by the present new bench as a consequence of change in composition of the earlier bench post last hearing held on 16th March, 2020 in his case. The Respondent/his Counsel submitted that the Committee may continue its proceedings in his matter from the stage it was completed in the last hearing by the earlier bench. The Committee acceded to his request and continued the hearing.

2.1 Thereafter, the Counsel for the Respondent presented his detailed line of defense one by one as per the charges. He relied upon his written submissions on record. The Committee heard him patiently and posed certain questions to try to understand the issue involved and the possibility of alleged professional misconduct on his part as reported by the Quality Reviewer of the Quality Review Board. The Committee, finally, decided to conclude the hearing in this matter.

**FINDINGS OF THE COMMITTEE:**

3. With regard to first charge relating to Non-Compliance of Standards on Auditing – 505 on External Confirmation, the Committee noted that as per report dated 08<sup>th</sup> January, 2015 issued by Technical Reviewer, CA. Ganesh Balakrishnan the deficiency in reporting was as under:

“Procedures for external confirmations with respect of maintaining control over such confirmations is not documented. As informed to us, the auditor has relied on the confirmations received by the client only.” (Page A-13 of Prima facie Opinion)

- 3.1 The Committee noted the submission of Respondent's Counsel whereby inter-alia, submitted that not following best practices like external confirmation does not make any audit deficient and obtaining external confirmation is a procedure in audit according to the judgement of the auditor. When the Committee enquired from him as to what alternative audit procedures were followed by the Respondent, the latter submitted that he had checked books of account and relied on balance confirmations by the management.

- 3.2 The Committee on considering the arguments of the Respondent's side, formed the opinion that it was the responsibility of the auditor to design and perform audit procedures in such a way to enable him to obtain sufficient, appropriate audit evidence so that a reasonable opinion could have been formed for forming an audit opinion. These evidences were to be obtained by performing Tests of controls and substantive procedures as per SA 500. These substantive procedures among others covered external confirmations. The Committee was convinced with the fact that evidences obtained from independent sources happens to reduce the audit risk. The Committee also considered the fact that though, selection of appropriate audits procedures was a matter of professional judgment, yet, in the extant case, the alternate audit procedures was insufficient.

- 3.3 The Respondent failed to provide appropriate reasons to justify judgment exercised by him. Therefore, merely submitting that confirmations by the management and ledgers were scrutinized cannot be construed as sufficient to indicate audit evidence were obtained to confirm the balances as shown in the financial statement.
- 3.4 The Committee further observed that as per Para A1 read with Para 6 of the SA 500, an audit evidence is necessary to support the auditor's opinion and to report & these happens to be cumulative in nature and are primarily obtained from the audit procedures performed during the course of the audit. Moreover, as per para A6 of SA 500 on 'Audit Evidence', an auditor is required to conclude whether sufficient appropriate audit evidences are obtained to reduce audit risk to an acceptably low level and thereby enabling the auditor to draw a reasonable conclusion on which he shall form his opinion. In addition to this, the Committee also noted that as per SA 500, an external confirmation represents audit evidences secured from the third party either through the paper or electronic mode. External confirmation needs to be secured to reduce the audit risk to an acceptable level. Notingly, no confirmation of balances had been secured by the Respondent as an auditor and the alternate audit procedure conducted was inadequate to establish the evidence. Therefore, the Committee concluded that the Respondent did not exercise due diligence in the audit of the auditee company and hence, he is held Guilty of professional misconduct as far as this charge is concerned.
4. With respect to next charge of irregularities in reporting requirement of CARO, the Committee noted that the Respondent at hearing stage had relied upon his submission made vide his letter dated 16<sup>th</sup> March, 2020. The Committee noted that the Respondent in his submission dated 16<sup>th</sup> March, 2020 had more or less reiterated the submission made by him before Director (Discipline) at Prima-facie stage and no new facts were brought on record by him. The Committee on consideration on irregularity and submissions of the Respondent was of the view that the Respondent has not given due attention to matter(s) which require/ do not require

reporting under CARO and it is evident that the Respondent failed to exercise due diligence in such reporting. Accordingly, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule with respect to this charge.

5. With respect to next charge relating to general irregularities with regard to the financial statements, the Committee noted that there were 28 instances under this heading wherein the Respondent was held Guilty at the prima facie stage. The Counsel of the Respondent at hearing stage made his defence with respect to all sub-points separately which were covered in his earlier submissions. The Committee on consideration of the same was of view that irregularity in reporting was evident from the disclosure given by the Respondent such as the Respondent treated the Carbon credit purchase as part of manufacturing expenses whereas the same are environment expense and cannot be treated as part of trading/manufacturing account; categorization of advances as long term or short-term was not made etc. The Respondent's Counsel at hearing stage has accepted that in certain points there were clerical errors and omissions. The Committee noted that the Respondent has not produced any strong evidence on record, which could prove his bonafide. Moreover, the Respondent at prima-facie stage has also admitted most of the irregularities by mentioning that they would be considered in future. This attitude of the Respondent shows lack of due diligence on his part in performing the audit. Accordingly, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule with respect to this charge.

6. With respect to next charge relating to irregularities with regard to Limited review report of the company, the Committee noted that the Respondent had not submitted any defence in respect of points covered in this charge. The Respondent in his submission dated 16<sup>th</sup> March, 2020 mentioned that he is awaiting queries on this charge to respond. The Committee noted that the points covered under technical reviewer report was very clear. The

Respondent was very casual in dealing with this charge as at written statement stage he had not made any submissions/ defence in respect of points covered under this charge. The Committee looking into approach of the Respondent vis-a- vis nature of charge was convinced that the Respondent failed to exercise due diligence in the matter. Accordingly, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule with respect to this charge.

7. With regard to the irregularity being pointed out by the technical reviewer in relation with independence of the audit committee member as well as the non-executive director, the Counsel of the Respondent denied the role of the Respondent in the same as the matter pertains to audit committee constitution only. The Committee was of the view that instance quoted by technical reviewer clearly showed threat in independence of the audit committee member. The Respondent being statutory auditor of the Company was required to bring the same to knowledge of shareholders by adequate reporting. The Committee also noted that the Respondent at written statement stage had stated that they strictly acknowledge the irregularity happened and he also ensured the Bench that no such discrepancy will be repeated in future. The Committee noted that the Respondent failed to exercise due diligence in the matter by not disclosing the matter properly. Accordingly, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule with respect to this charge.

8. With regard to the irregularity being pointed out by the technical reviewer in relation with irregularity in audit firm related matters, the Counsel of the Respondent submitted at hearing stage denied the allegation by mentioning Respondent had not failed in his duties and his partner was member from 2000. The Committee on perusal of member record of the said partner i.e. CA. Bharat Chugh noted that said partner was not holding COP after 1<sup>st</sup> October, 2013 i.e. at the relevant time. As regards second leg of the charge regarding branch address, the Committee noted that the



Respondent had merely submitted his member card and not submitted any records to substantiate the opening of the branch. As per ICAI records there is no Firm's branch though the Respondent claimed that there is Firm's branch at Hapur(U.P). Accordingly, the Committee noted that no substantial evidence has been produced by the Respondent in his defence to prove his bonafide. Therefore, the Respondent is Guilty for non-following of the guidelines issued by the Council of ICAI under Item (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

**CONCLUSION:**

9. The Committee, in view of the abovesaid observation and also on considering the documents on record and the submissions of the party concerned decided to hold the Respondent - CA Manoj Kumar Agrawal (M.No. 076980) Guilty of professional misconduct falling within the meaning of Item (1) of Part II and Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

sd/-  
(CA. AMARJIT CHOPRA)  
(PRESIDING OFFICER & GOVERNMENT NOMINEE)

sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

sd/-  
(CA. BABU ABRAHAM KALLIVAYALIL)  
MEMBER

DATE : 4<sup>TH</sup> FEBRUARY, 2022

*Jyotika*  
प्रमाणित सत्य प्रतिलिपि/Certified true copy

सीए. ज्योतिका ग्रोवर/CA. Jyotika Grover  
सहायक सचिव/Assistant Secretary  
अनुशासनात्मक निदेशालय/Disciplinary Directorate  
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