



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

[PR/137/2017-DD/186/2017-DC/1314/2020]

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.

[PR/137/2017-DD/186/2017-DC/1314/2020]

In the matter of:

Shri Ajit Singh Mehra,
Chief Manager, State Bank of India,
103, Abhishree Complex,
Opposite Star Bazar, Satellite Road,
Ahmedabad- 380 015

....Complainant

Versus

CA. Kunjal Chandrakant Mehta (M.No.134187)
of M/s. Kunjal Mehta & Associates, Chartered Accountants,
203, Ushadeep Complex,
Near Navrangpura Police Station,
Opp. Reliance Supermarket,
Milthakali Six Roads, Navrangpura,
Ahmedabad - 380009

....Respondent

MEMBERS PRESENT:

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

DATE OF MEETING : 29.12.2022 (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 dated 7th November 2022, the Disciplinary Committee was, inter-alia, of the opinion **CA. Kunjal**

Shri Ajit Singh Mehra, Chief Manager, State Bank of India, Ahmedabad -Vs- CA. Kunjal Chandrakant Mehta M.No.134187) of M/s. Kunjal Mehta & Associates, Chartered Accountants, Ahmedabad



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Chandrakant Mehta (M.No.134187), Ahmedabad (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

2. The Committee noted that the Respondent was present through video conferencing mode. The Respondent relied on his submissions dated 20th August 2022 and 26th December 2022. The Respondent brings on record a letter issued by the client stating that the certificate was not obtained from the Respondent. The Respondent also provided on record English translation of audio recording of conversation between him and client. He further submitted that he was not appointed for this job, and hence no payment was made to him by the client in this regard. It was also brought to the attention of the Committee by him that the Company had been released by the Bank under a One Time Settlement (OTS).

3. The Committee noted that the present case relates to infusion of paid-up capital, which was increased to Rs 500.00 lacs on 8th January 2014 whereas no such capital was introduced by the Company. The Committee, while looking into the matter and the conduct of the Respondent, is of the opinion that the Respondent in his defense mentioned that the certificate was not signed by him and that the client had admitted obtaining his signature fraudulently. The Committee noted that, despite the same, the Respondent had not filed any FIR in the present matter.

4. The Committee, therefore, opined that the defense of the Respondent, that his signatures were taken fraudulently by the party, is an afterthought of the Respondent and hence cannot be relied upon. The Committee further opined that no prudent professional would give his signed blank letter head to anyone which in present case is given by the Respondent.

5. Accordingly, the Committee viewed that ends of justice can be met if reasonable punishment is given to the Respondent to commensurate with his above professional misconduct.

6. Therefore, keeping in view the facts and circumstances of the case, the material on record, and the submissions of the Respondent before it, the Committee ordered that the name of the Respondent - **CA. Kunjal Chandrakant Mehta (M.No.134187) of M/s. Kunjal Mehta & Associates, Chartered Accountants, Ahmedabad**, be removed from the Register of Members for a period of six months along with a fine of Rs. 1,00,000/- (Rupees One Lakh only).



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[PR/137/2017-DD/186/2017-DC/1314/2020]

sd/-

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

sd/-

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

sd/-

(SHRI ARUN KUMAR, I.A.S. RETD.)
GOVERNMENT NOMINEE

sd/-

(CA. RAJENDRA KUMAR P)
MEMBER

sd/-

(CA. COTHA S SRINIVAS)
MEMBER

DATE: 11.02.2023
PLACE: NEW DELHI

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

मीनू गुप्ता / Meenu Gupta
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2022-2023)]

[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. : [PR/137/17-DD/186/17-DC/1314/2020]

In the matter of:

**Shri Ajit Singh Mehra
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103, Abhishree Complex,
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Versus

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Chartered Accountants
203, Ushadeep Complex,
Near Navrangpura Police Station,
Opp. Reliance Super Market,
Mithakali Six Roads, Navrangpura
Ahmedabad- 380009**

..... Respondent

MEMBERS PRESENT:

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

DATE OF FINAL HEARING : 23.08.2022 (Through Video Conferencing)

PARTIES PRESENT :

Counsel for Respondent : Mr. Deepak Shah, Advocate

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CHARGES IN BRIEF:-

1. The Committee noted that in the present case the Director (Discipline) had held the Respondent Prima-facie Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 on the charge that the Respondent had issued a certificate (Search Report) dated 30th March 2014 (Page C-6 to C-8 of Prima Facie Opinion) wherein he has certified that authorised and paid up share capital of M/s Harikrushna Infraprojects Private Limited (hereinafter referred to as the "Company") was increased to Rs 500.00 lacs on 8th January 2014 whereas no such capital was introduced by the Company and the said certificate issued by the Respondent was not a genuine one. Accordingly, the charge against the Respondent is that the said certificate has been issued by the Respondent without having inspected any documents.

BRIEF FACTS OF THE PROCEEDINGS:

2. On the day of the final hearing held on 23rd August 2022, the Committee noted that the Complainant was not present. However, Sh. Deepak Shah, Advocate was present as Counsel of the Respondent through Video Conferencing Mode. The Committee noted that this case was fixed earlier multiple times as stated below:

S.no.	Date of hearing	Status
i.	03.07.2020	Adjourned on request of the Respondent and in absence of the Complainant
ii.	25.04.2022	Adjourned in absence of the Complainant and the Respondent.
iii.	13.07.2022	Adjourned on request of the Respondent and in absence of the Complainant
iv.	05.08.2022	Adjourned on request of the Respondent and in absence of the Complainant

The Committee noted that the Complainant Department never appeared before this bench and never informed about their presence before the Committee. The Committee looking into the same decided to hear the matter ex-parte.

Thereafter, the Respondent's Counsel presented his line of defense by presenting the arguments. The Committee posed certain questions to him to understand the issue involved and the role of the Respondent in the case.

After hearing the Respondent, after considering all papers available on record and after detailed deliberations and submissions, the Committee decided to conclude the hearing.

FINDINGS OF THE COMMITTEE

3. The Committee noted that the Counsel for the Respondent with regards to charge against his client submitted, among others, that the party had obtained the signature of the Respondent fraudulently. He further mentioned that the Respondent had a call recording with the client (i.e. Company) whereby the client admitted that the Respondent had not issued the search report and blank letter head(s) of the Respondent containing signatures of the Respondent were used by the client fraudulently.
4. The Counsel also mentioned that the Respondent was not paid any sum for carrying out any search also. The Counsel added in his submission that in the bank statement of the Respondent, he neither paid anything for doing the search nor had received any fees for the alleged certificate. The entire findings of Prima Facie Opinion by Director (Discipline) is on the presumption that the Respondent has carried out the search and issued the search report. Therefore, when the Respondent has specifically denied having issued any certificate regarding a search report and therefore cannot be held guilty of professional misconduct under Item (7) of Part I of the Second Schedule to the Act.
5. The Counsel also mentioned that the Respondent, had made an enquiry with the client earlier (i.e. at the time of submission of the written statement at the prima facie stage), but the client did not respond to his enquiry. However, the

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Respondent is now in possession of a letter issued by the client stating that the certificate was not obtained from him.

6. The Committee also noted that as per the certificate/ search report issued by the Respondent on 30th March 2014, the authorised and paid-up share capital of the Company was increased to Rs 500.00 lacs on 8th January 2014. The Committee further noted that on the contrary, the audited Balance Sheet for the year ending 31st March 2014 (signed by another Chartered Accountant on 30th September 2014) as well as ROC search records extracted on 25th November 2015 shows Authorized & Paid-up Share Capital to be Rs One Lac only. Hence, this proves that there was no fresh infusion of capital to make share capital as Rs 500 Lakhs during the financial year 2013-14 as certified in the alleged Search Report.
7. On the specific question of the Committee as to why the Respondent had not filed any FIR against the client, the Counsel for the Respondent failed to provide reasonable justification for the same. He merely submitted that the recording of the Respondent with the client clarifies/ justifies his stand. The Committee, hence, opined that the defense of the Respondent, that his signatures were taken fraudulently by the party, is an afterthought of the Respondent and hence cannot be relied upon. The Committee further opined that no prudent professional would give his signed blank letter head to anyone.
8. The Committee further noted that the Respondent was required to be more vigilant while performing his professional duties, because when a professional certifies something, he becomes liable or responsible for its factual accuracy. In this regard, it is noted that Point 2.2 of "Guidance Note on Audit Reports and Certificates for Special Purposes" provides as under:

".....when a reporting auditor issues a certificate, he is responsible for the factual accuracy of what is stated therein."

Moreover, as the instant matter involves a case of infusion of paid-up capital which raised the Company's capital from a mere Rs 1 Lakh to a staggering Rs 500 Lakhs, the Respondent was required to check at least the Bank Account of

the Company to ensure whether such amount had actually been received by the Company or not before issuance of such certificate/ report.

9. Accordingly, in view of acceptance of the signature by the Respondent on the alleged certificate/ search-report vis-a-vis his failure in proving his bona-fide in the instant case, the Committee holds the Respondent guilty for not exercising due diligence in conduct of his professional duties.

CONCLUSION

10. In view of the above findings, the Committee in its considered opinion hold the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

sd/-

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

sd/-

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

sd/-

(SHRI ARUN KUMAR, I.A.S., RETD.)
GOVERNMENT NOMINEE

sd/-


(CA. RAJENDRA KUMAR P)
MEMBER

sd/-

(CA. COTHA S SRINIVAS)
MEMBER

DATE : 07.11.2022
PLACE : NEW DELHI

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अरुण कुमार / Arun Kumar
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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