



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

[PPR/HPC/DD/145/2016/BOD/619/2022]

**ORDER UNDER SECTION 21A(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 15(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007**

In Re:-

M/s Chandabhoy & Jassoobhoy

(F.R.No.101648W)

Member Answerable: CA. Gautam N. Shah

(M.No.012679)

....Respondent

[PPR/HPC/DD/145/2016/BOD/619/2022]

**MEMBERS PRESENT (in person):**

CA. Rajendra Kumar P, Presiding Officer

Ms. Dolly Chakrabarty (IAAS, ret'd.), Government Nominee

**Date of Hearing: 2<sup>nd</sup> November 2023**

**Date of pronouncement of Order: 11<sup>th</sup> December 2023**

1. The Board of Discipline vide its Findings dated 05<sup>th</sup> October, 2023 was of the view that CA. Gautam N. Shah(M.No.012679) of M/s Chandabhoy & Jassoobhoy is guilty of "Professional Misconduct" falling within the meaning of Item (7) of Part-I of the First Schedule of the Chartered Accountants Act, 1949.
2. An action under Section 21A (3) of the Chartered Accountants Act, 1949 was contemplated against CA. Gautam N. Shah(M.No.012679) of M/s Chandabhoy & Jassoobhoy and communication dated 10<sup>th</sup> October 2023 was addressed to him thereby granting him an opportunity of being heard on 2<sup>nd</sup> November 2023 which was exercised by him by being present in person before the Board. He confirmed the receipt of the Findings of the Board and earnestly urged the Board to condone unintended violation and tendered unconditional apology.
3. Since the decision on the quantum of punishment to be awarded to CA. Gautam N. Shah(M.No.012679) of M/s Chandabhoy & Jassoobhoy was reserved by the Board, he vide communication dated 8<sup>th</sup> December 2023 was asked to be present before the Board on 11<sup>th</sup> December 2023 for the purpose of pronouncement of Order. He was present before the Board through video conferencing on the said date for the said purpose.
4. Thus, upon consideration of the facts of the case, the consequent misconduct of CA. Gautam N. Shah(M.No.012679) of M/s Chandabhoy & Jassoobhoy and keeping in view his representation before it, the Board decided to Reprimand him.

Sd/-

CA. Rajendra Kumar P  
(Presiding Officer)

Sd/-

Ms. Dolly Chakrabarty (IAAS, ret'd.)  
(Government Nominee)

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

*Biswajit*

श्रीमान् बिश्वनाथ त्रिवाड़ी / Bishwa Nath Triwari  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनशास्त्रक निदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विजय नगर, शाहदरा, दिल्ली-110032  
ICAI Bhawan, Vajra Nagar, Shahdara, Delhi-110032

CONFIDENTIAL

**BOARD OF DISCIPLINE**

**Constituted under Section 21A of the Chartered Accountants Act 1949**

**Findings under Rule 14(9) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007**

**File No.: [PPR/HPC/DD/145/2016/BOD/619/2022]**

**CORAM: (Present in Person)**

CA. Rajendra Kumar P, Presiding Officer,  
Ms. Dolly Chakrabarty (IAAS, retd.), Government Nominee  
CA. Priti Savla, Member

**In Re:**

M/s Chandrabhoy & Jassoobhoy  
(FRN. 101648W) In Re:  
[Member Answerable- CA. Gautam N. Shah  
(M.No.012679)]

..... Respondent

DATE OF FINAL HEARING : 28<sup>th</sup> March, 2023  
PLACE OF FINAL HEARING : Mumbai

**PARTIES PRESENT (in person):**

Respondent : CA. Gautam Nandlal Shah

**FINDINGS: -**

**BACKGROUND OF CASE:**

- 1.1 The attention of the Disciplinary Directorate was drawn to the Report on Operation of Multinational Network Accounting Firms in India, which was considered by the Council of ICAI in the year 2010 and finalised by a Group constituted by the Council in July 2011. Subsequently, while considering further course of action in respect of the recommendations as contained in Para 7 of the aforesaid report, the Council at its meeting held in January 2013 had authorized the Secretary, ICAI to take necessary action as considered appropriate by him. In accordance with the said decision of the Council, upon placing the matter before the Secretary, he considered the issues relating to violations of provisions of the Chartered Accountants Act, 1949 by the various firms and forwarded the same along with his recommendations for necessary action to the Director (Discipline).
- 1.2 On an overall examination of allegations together with the reference received from the Council of the Institute, the matter was treated as "Information" within the meaning of Rule 7 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

*BSS*

**CHARGE ALLEGED:**

2. The Respondent firm in its letterhead has mentioned the words, "*Associated firms throughout the world*", though vide letters dated 14th May, 2009 and 3rd June, 2009, it has claimed to be not having any foreign affiliation. A member of the Institute is prohibited from disclosing his affiliation with any international entity. In this regard, the Council, at its 172nd meeting held in January, 1995, while agreeing with the recommendation of the then Committee on Ethical Standards and Unjustified Removal of Auditors (CESURA) that the use of expression/words, "In Association with .....", "Associates of .....", Correspondents of ....." etc. on the stationery, letter-heads, visiting cards and professional documents of the firm of C.As., was not permissible in view of the provisions of Item (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, decided that it should not be permitted irrespective of whether the name sought to be used is the name of an Indian firm or a foreign firm.

**BRIEF OF PROCEEDINGS HELD:**

3. At the time of hearing held in the case on 28<sup>th</sup> March 2023, the Respondent was present before the Board in person and was put on Oath. On being asked by the Board as to whether the Respondent pleaded guilty in respect of the charge alleged against him, he replied in negative and made detailed oral submissions on the charges alleged against him.  
The Board on consideration of the documents and submissions on record concluded the proceedings in the case.

**BRIEF SUBMISSIONS OF THE RESPONDENT:**

4. The Respondent in his defence, inter-alia stated as under:
  - 4.1 He had used the words "*Associated firms throughout the world*" on letterhead in the year 2016 and a few years prior thereto on his bonafide belief that CA. Rahul Gautam Divan (a partner in Respondent's firm) and also a partner in the firm of Rahul Gautam Divan and Associates (hereinafter RGDA) was a member of Kreston International, a non-profit entity which is a global network of independent accounting firm. RGDA had been a member of this international entity where three Indian members of Kreston International including RGDA had been mentioned.
  - 4.2 As per the Respondent's understanding with RGDA, all benefits of membership of RGDA was available to the Respondent. Hence, he used the words "*Associated firms throughout the world*" on the letterhead. The words were never intended for advertisement of professional attainments or services. The letterheads were being used to communicate or issue certificate etc. to existing clients only. These words had been used only on letterheads and not on any other stationery or visiting cards or website.
  - 4.3 The Respondent further confirmed that he had never ever obtained any clientele based on the wordings used on the letterhead or RGDA's affiliation with Kreston International.
  - 4.4 Once the Respondent received communication from ICAI regarding the lapse in interpretation of Item 7 of Part I of First Schedule of Chartered Accountants Act 1949, he immediately stopped using the old letterheads since the year 2016. In the last 6 years, they had never used these



words anywhere on the letterheads or any other material. His firm had recently been peer reviewed. The earlier communication regarding this matter with ICAI was disclosed to the Peer Reviewer. The Peer Reviewer found no violation of these Regulations and issued the Respondent a Peer Review Report without any qualification.

- 4.5 The Respondent requested to take a most lenient view in this marginal case, not to reprimand or punish him for his bonafide statute interpretation belief, which would cause genuine and disproportionate hardship resulting into major damage to his small sized firm. The Respondent stated that he has been the senior most partner in charge of the office. It was his reading and sincere belief that the sister concern's membership with an international body would enable him to use the aforesaid wordings on the letterhead and would not violate Item 7 of Part I of First Schedule of Chartered Accountants Act, 1949.

**OBSERVATIONS OF THE BOARD:**

- 5.1 At the outset, the Board noted that there are on record two letters dated 14<sup>th</sup> May 2009 and 3<sup>rd</sup> June 2009 respectively issued by the Respondent on behalf of his firm on the firm's letterhead addressed to 'The Secretary, High Powered Committee, The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110001' in response to the communication from the Institute seeking certain clarification in the matter arising out of Satyam case and enclosing therewith a copy of the Respondent firm's letterhead amongst other documents. The Board observed that the following sentence was written in the footer of the Respondent firm's letterhead:

*"Associated firms throughout the world".*

- 5.2 As regard the requirement of Item (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, the Board noted that a Chartered Accountant in practice shall be deemed to be guilty if he: -

*"(7)advertises his professional attainments or services, or uses any designation or expressions other than chartered accountant on professional documents, visiting cards, letter heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the Institute of Chartered Accountants of India or of any other institution that has been recognised by the Central Government or may be recognized by the Council:*

*Provided that a member in practice may advertise through a write up setting out the services provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council;"*

The Board further noted that the Council, at its 172nd meeting held in January, 1995, while agreeing with the recommendation of the then Committee on Ethical Standards and Unjustified Removal of Auditors (CESURA) that the use of expression/words, "In Association with .....", "Associates of .....", "Correspondents of ....." etc. on the stationery, letter-heads, visiting cards and professional documents of the firm of C.As., was not permissible in view of the provisions of Item (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949,

decided that it should not be permitted irrespective of whether the name sought to be used is the name of an Indian firm or a foreign firm.

- 5.3 On combined reading of the above paras, the Board was of the view that it is clear that the use of expression / word "In Association with .... or Associates of ....." etc. on the stationery, letter heads, visiting cards and professional documents of the Chartered Accountancy firm is not allowed whereas the Respondent firm on its letter heads has shown its association with global firms by writing on letterheads as "Associated firms throughout the world".
- 5.4 The Board was also of the view that though the Respondent firm took remedial steps by removing the expression from the firm's letter head showing its association worldwide in 2016, yet the said remedial action does not mitigate the efficacy of the alleged misconduct on the part of the Respondent as despite of being aware of the correspondences being made by the Institute since 2010 in respect of activities / functioning of Multinational Accounting Firms in contravention of the provisions of the Chartered Accountants Act, 1949 and the Rules and Regulations framed thereunder, the Respondent firm took corrective step only after receipt of Information letter from the Institute which indicates that the Respondent firm was in continuous use of the said letterhead for various purposes.
- 5.5 Therefore, the Board was of the view that the use of the expression "Associated firms throughout the world" on the Respondent firm's letterhead amounted to advertising their professional association and accordingly, the Respondent is held guilty in respect of the charge alleged.

**CONCLUSION:**

6. Thus, in conclusion, in the considered opinion of the Board, the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

Sd/-  
CA. Rajendra Kumar P  
(Presiding Officer)

Sd/-  
Ms. Dolly Chakrabarty (IAAS, Retd.)  
(Government Nominee)

Sd/-  
CA. Priti Savla  
(Member)

DATE: 05-10-2023

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Certified to be true copy

बिना नाथ तिवारी / Bishwa Nath Tiwari  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनोपचार निदेशालय / Disciplinary Directorate  
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