

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.: [PR/58/2021/DD/64/2021/BOD/661/2022]

CORAM: (Present in Person)

CA. Rajendra Kumar P, Presiding Officer

Ms. Dolly Chakrabarty (IAAS, Retd.), Government Nominee

In the matter of:

CA. Trilochan Singh Kakkar

Proprietor, M/s T. S. Kakkar & Co.

Chartered Accountants

H-7, Kirti Nagar,

New Delhi.

... Complainant

Versus

CA. Anjana Grover (M. No. 517467)

M/s Anjana Grover & Associates

Chartered Accountants

Office No. 406, 4th Floor,

Ansal Sundaram Building, Raj Nagar District Centre,

Ghaziabad (U.P.)

... Respondent

DATE OF FINAL HEARING : 17th May 2023

PARTIES PRESENT (in person):

Respondent : CA. Anjana Grover

FINDINGS: -

CHARGE ALLEGED:

1. The Complainant alleged that the Respondent sought 'No Objection' (hereinafter referred to as 'NOC') from him vide her e-mail dated 23rd December 2020 despite of not having any appointment letter received from 'M/s Sehej Enterprises Pvt Ltd' (hereinafter

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referred to as 'Company') for conducting the audit of its financial statements for FY 2019-20. The Complainant also stated that being the previous auditor, he received an email dated 01st February 2021 from the Company wherein it was stated that the Board of Directors of the Company had proposed to appoint another CA firm for conducting the Company's audit for FY 2019-20. The Complainant alleged that this e-mail dated 01st February 2021 received from the Company proves that the Respondent did not have any appointment letter received from the Company on or before 23rd December 2020 but still, she claimed that she had been appointed as the Statutory Auditor of the Company and requested for the NOC from the Complainant.

BRIEF OF PROCEEDINGS HELD:

2.

Date of Hearing(s)	Status of Hearing(s)
17 th May, 2023	Heard and concluded

BRIEF SUBMISSIONS OF THE PARTIES TO THE CASE:

(a) RESPONDENT:

3. The Respondent in her defence, inter-alia stated as under:

- 3.1 The Respondent asked NOC from the Complainant over email. As such she had no malafide intention of taking up the audit without no objection from him.
- 3.2 The letter attached to the email dated 23rd December 2020 clearly mentioned that the Respondent has been proposed by the Company to take up audit. The grievance of the previous/existing auditor that she had already taken up the assignment even before no objection from his side, is based on the mail body wherein it was incorrectly mentioned that she had already been appointed as the auditor of the Company for the F.Y. 2019- 20, which was a clerical error on her part.
- 3.3 She did not take up the audit then or thereafter after receiving communication from the Complainant about his objection.

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3.4 The Respondent's firm was never appointed as statutory auditors of the Company for the FY 2019-20. Hence the allegation raised in the extant complaint against the Respondent does not hold any ground. Vide Company's communication made to the Respondent vide letter dated 21st December 2020, the Director of the Company had proposed to appoint the Respondent firm as the statutory auditor of the Company. In this regard, attention is invited to the explanation given under Item (8) of Part-1 of First Schedule at Page no. 163 and 164 of Code of Ethics 2009 and Page no. 64 and 66 of Code of Ethics (Revised 2020) which is relevant in the instant matter. The same is reproduced as under:

*'.....When making the enquiry from the retiring auditor, **the one proposed to be appointed or already appointed** should primarily find out whether there are any professional or other reasons why he should not accept the appointment.'* **(emphasis-added).**

Thus, the Code of Ethics clearly requires that the one who has been proposed to be appointed should communicate with the existing auditor of the Company primarily to find out whether there are any professional or other reasons why he should not accept the appointment. It is incorrect to state that the Respondent has not ensured the compliance of aforementioned procedure as laid down in Code of Ethics 2009/ (Revised) 2020 as the letter of communication dated 23rd December 2020 was sent to the Complainant for obtaining No Objection only when the director(s) of the Company approached/proposed her to audit the financial statements of the Company for FY 2019-20.

3.5 The Respondent was under a bonafide impression that since she has acted as per the requirement laid down under the Code of Ethics issued by ICAI. She is not committing any act which firstly, ought not to be done and secondly, will bring disrepute to the profession. It was only when she received the opinion of the Director (Discipline) formed in this matter, she searched her professional records as the matter pertained to CORONA times when there was lack of staff due to remote working and same were organized by lower staff and found out that there was a letter in another file which was received from the Director of the company based on which she proceeded to communicate with the Complainant. It is not at all the case that the Respondent had conducted the audit without seeking no objection from the Complainant or she had accepted the proposed
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appointment as the statutory auditor of the Company rather she has merely communicated with the Complainant on the basis of proposed Offer letter issued by the Company as the Company intended to change their auditors.

- 3.6 The Respondent had no reason to doubt the authority of the Director issuing the letter. As regard the Findings of the Director Discipline, that the Complainant firm had been reappointed as the statutory auditors of the company for the F.Y. 2019-20 in AGM of the company held on 13.09.2019, the Respondent stated that she is unaware of such an act of appointment of the Complainant as the statutory auditor of the Company before the end of the F.Y. 2019-20 and the Management/ Director of the company are the correct authority to explain such an assertion of the facts brought on record by the Complainant. The Respondent reiterated that she acted only after receiving a copy of the offer letter of the proposed appointment from the Company.
- 3.7 It is incorrect to conclude that the Respondent communicated with the previous auditor without any sufficient documents in her hand for making such communication due to following reasons:
- a) The Respondent was proposed to be appointed by the company vide letter dated 21st December 2020 as the statutory auditor of the Company.
 - b) The Respondent accordingly sent a communication letter to the Complainant, being the existing auditor, in respect of the proposed appointment.
 - c) The Respondent, being bound by the ethical requirement, sent a letter of communication to the Complainant to make herself aware of any such reasons so as not to accept the appointment and there was no other intent behind communicating. Since the Respondent was the one who was proposed to be appointed by the company, it was an ethical requirement on her part to communicate.
- 3.8 The letter enclosed with the email correctly stated the facts as regard proposal of appointment which cannot be brushed aside by the Complainant. He cannot turn a blind eye towards the content of the letter and has only laid unnecessary emphasis on the content of the email wherein it was incorrectly mentioned that the Firm has been appointed.
- 3.9 Thus, it appears that the extant case has been filed by the Complainant based on some misunderstanding of the facts as the Respondent although received the proposal letter

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but ultimately neither accepted the audit nor conducted it. It is accordingly requested of the respected members of Board of discipline to appreciate the inefficacy and frivolous nature of the allegation and accordingly render justice to the Respondent who had suffered tremendous agony and anguish since the commencement of the inquiry.

(b) COMPLAINANT:

4. The Complainant vide his letter dated 10th May 2023 informed that he is a heart patient having two stunts, diabetic patient on insulin as well as having BP. At the age of 81 years, he is not able to properly walk even with stick. Therefore, he requested the Board to decide the case on the basis of documents/evidence filed with the complaint and the correspondence thereafter from both the sides under the applicable provisions of the Chartered Accountants Act 1949. He does not have to file any additional documentary evidence in the case.

OBSERVATIONS OF THE BOARD:

- 5.1 As regard the charge alleged, the Board, upon perusal of various submissions and documents on record, noted that the Respondent had sent an e-mail dated 23rd December 2020 to the Complainant, inter-alia, with the following content:

" Our Firm Anjana Grover & Associates is appointed as Auditor of Sehej Enterprises Private Ltd. for the Financial Year 2019-20."

The Board further noted that a scanned copy of the duly signed letter seeking the no-objection of the Complainant in respect of the proposed appointment of the Respondent's firm as the statutory and Tax auditor of the Company for the year ended 31st March 2020 was also enclosed to the said email.

The Board also noted the submission of the Respondent that in the email sent to the Complainant, it was inadvertently written as '*appointed*' instead of '*proposed to be appointed*'.

- 5.2 The Board also noted that the Respondent also brought on record a copy of the letter dated 21st December 2020 issued by one of the directors of the company in favour of the
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Respondent firm wherein it was categorically stated that the company proposes to appoint their firm as the Statutory auditor of the company for the Financial Year 2019-20.

- 5.3 The Board noted that it is the case of the Complainant that without having any letter for proposed appointment/ appointment from the company, the Respondent sought no-objection from him. However, the Board on the basis of documents brought on record viewed that the Respondent had a letter dated 21st December 2020 issued by one of the directors of the company for her firm's proposed appointment as the Statutory auditor of the company for the Financial Year 2019-20 prior to the issue of the email dated 23rd December 2020 to the Complainant seeking his no-objection. Further, the inadvertent error in the body of the said email of writing 'appointed' instead of 'proposed to be appointed' can be condoned as the attachment to the said email reflected the correct position.
- 5.4 The Board also noted that the Respondent did not accept the Statutory audit of the company for the Financial Year 2019-20 and infact, the same had been conducted by the Complainant himself.
- 5.5 Thus, in view of the above, the Board was of the view that no misconduct as alleged on the part of the Respondent is evident and accordingly, the Respondent is held Not Guilty in respect of the charge alleged.

CONCLUSION:

6. Thus, in conclusion, in the considered opinion of the Board, the Respondent is **NOT GUILTY** of 'Other' Misconduct falling within the meaning of Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act. Accordingly, the Board passed Order for closure of the case in terms of the provisions of Rule 15(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

Sd/-

CA. Rajendra Kumar P

(Presiding Officer)

Sd/-

Ms. Dolly Chakrabarty (IAAS, Retd.)

(Government Nominee)

DATE: 28-12-2023

सर्व प्रतिलिपि हस्त के लिए प्रमाणित
Certified to be true copy
Date: 28/12/2023
Ms. Dolly Chakrabarty (IAAS, Retd.)
Signature: [Handwritten Signature]