

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – I (2023-2024)]
[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

Ref. No. – [PR/G/60E/2022-DD/190/2022/DC/1666/2022]

In the matter of:

Shri Vineet Rai
Indian Corporate Law Services
Deputy Registrar of Companies
O/o Registrar of Companies, West Bengal
Ministry of Corporate Affairs
Nizam Palace, 2nd MSO Building,
2nd Floor, 234/4, A J C Bose Road,
Kolkata (West Bengal) – 700020

.....Complainant

Versus

CA. Ipsita Biswas (M. No. 068380)
19-D38, Muktaram Babu Street
Kolkata (West Bengal) – 700007

.....Respondent

MEMBERS PRESENT: -

- i) CA. Aniket Sunil Talati, Presiding Officer**
- ii) Shri Prabhash Shankar, IRS (Retd.), (Government Nominee)**
- iii) CA (Dr). Rajkumar Satyanarayan Adukia, Member**
- iv) CA. Gyan Chandra Misra, Member**

DATE OF FINAL HEARING : 31-10-2023

PLACE OF FINAL HEARING : New Delhi / Through VC



PARTIES PRESENT: -

Complainant's Representative : Sh. Ibson Shah
Respondent's Counsels : CA. A. P. Singh & CA. Utsav Hirani

BRIEF OF THE DISCIPLINARY PROCEEDINGS: -

- 1- On the day of hearing held on 14th September 2023 the Committee noted that the Complainant was not present, however, the Respondent along with his Counsel was present. Thereafter, the Respondent was put on oath and on being enquired as to whether she is aware of the charges levelled against him and whether she pleads herself guilty or not; the Respondent submitted that she is aware of the charges and pleaded herself not guilty. Thereafter, the Committee decided to adjourn the hearing in the above matter. With this, the hearing in the matter was part heard & adjourned.

- 2- On the day of the final hearing held on 31st Oct 2023, the Committee noted that the Complainant's representative was present through VC. The Respondent's counsels were also present through VC. Thereafter, the hearing in the matter continued from the stage where it was left in last hearing. The Counsels for the Respondent made their submissions on the charges. Thereafter, the Committee also posed questions to the Complainant's representative and the Counsels for the Respondent. After hearing the submissions of both the parties, the Committee decided to grant seven days' time to the Respondent to submit Form 26AS of M/s. Pioneer Financial & Management Services Limited. With the abovesaid direction, the Committee decided to conclude the hearing and the judgement was kept reserved.

The Respondent vide his email dated 07th Nov 2023 submitted Form 26AS being directed by the Committee.



3- Brief Background of the matter: -

It had come to the knowledge of the Central Government that certain directors with corresponding companies had registered these companies with Registrar of Companies, West Bengal by using forged documents / omission of material facts. It has also been stated that M/s Pioneer Financial & Management Services Limited (hereinafter referred to as 'Company'), being one of such companies, was found to be engaged in illegal / suspicious activities, Micro Instant Loan App Scam, tax evasion and non-compliance of various provisions of laws. It is also stated that the Professionals (CA) were duty bound to discharge their duties as per applicable law(s) and certify / verify documents / e-forms or give certificate / report after due diligence to ensure the compliance to the provisions of law however, they had failed to discharge their duties and wilfully connived with Directors / Company / Shareholders / Chinese Individuals in certifying E-forms knowingly with false information / documents / false declaration / omitting material facts or information in the said Company.

In the instant matter, the Respondent was the statutory auditor of the Company for the F.Y.2018-19 and 2019-20 and has also filed AOC-4 of the Company in respect of FY 2018-19.

CHARGES IN BRIEF: -

The Committee noted that the Complainant has levelled following allegations against the Respondent: -

i)- That the Company, not being a small company, was required to attach a Cash Flow Statement to its financial statements but had failed to do so during FY 2018-19 and 2019-20. The Respondent while certifying e-forms that were filed with respect to financial statements, had certified these forms without adequate



disclosures and proper verifications, thereby leading to omission of material facts, knowing them to be material, thereby misleading the public and the regulators.

ii)- The Complainant has further alleged that the Company was found to be involved in Micro Instant Loan App scam and the Company, on its website, (<https://pioneerfinance.co.in/micro-consumer-loans.html>) had also hinted about the app by stating "*you can avail personal loans online using our personal loan apps*". However, neither such instances of providing loans had been reflected in the financial statements filed by the Company with Ministry of Corporate Affairs, nor the name of the loan app had been disclosed, which indicated that the Company was not accounting such transactions and the sources and application of such funds remained in ambiguity. Hence, it was apparent that the directors of the Company had falsified the financial statements and hidden the actual state of affairs of the Company. It is alleged that the Respondent being the auditors had also failed to discharge her duties with due diligence and care.

SUBMISSIONS OF THE PARTIES AND FINDINGS OF THE COMMITTEE:

- 4- The Committee observed that the Respondent has inter alia made following written / verbal submissions in her defense:
- (i) That the preparation and presentation of the Cash Flow Statement or for that matter preparation and presentation of the financial statements is the responsibility of the Management which has been enshrined in Section 134(5) of the Companies Act, 2013 and under SA-200 issued by the ICAI as well. Accordingly, I cannot be held responsible for formatting and sequencing of signatures of the directors. My responsibility was limited to ensure that the cash flow is not materially misstated and was in compliance with AS - 3 issued by the ICAI and requirements of Schedule III. The cash flow statement presented to the bench materially in all aspects complies with the said requirements.



- (ii) That, the financials including Cash Flow Statement were approved by the Board of Directors and a copy of such Financials and Cash Flow Statement have been stated to be attached with his Written Statement and appropriate Management Representation Letter with regards to such Cash Flow Statement was also obtained.
- (iii) That, it was by an inadvertent mistake that while preparing AOC-4 the Cash Flow Statement was not attached which was a technical mistake of the management of the Company and it was by an inadvertent mistake that while preparing AOC-4, the Cash Flow Statement was not attached which was a technical mistake of the management of the Company and he has verified the records of the Company to check that AOC-4 matched with the financial statements signed by him.
- (iv) That the Complainant has also not raised any Complaint with regards to the revenue of the Company. The complainant has simply filed a canned Complaint like it has been doing with hundreds of professionals. I submit that the Complainant had no idea with regards to operations of the Company or even had any clue if at all this was a Chinese Company or an Indian Company.
- (v) That all other allegations against me are outside the scope of the inquiry. As per Rule-3 of the Rules, any matter that is evaluated by the Committee or the DD ICAI must be routed through a Complaint. Therefore, I humbly request that you consider this technical point in your inquiry and limit your investigation to the charges against me in Form-I only.
- (vi) In addition, during the hearing, we discussed the provision of details from Form 26AS obtained from the Income Tax website. I am pleased to attach the requested pages for your reference. These documents provide concrete evidence that the company was operating and had significant clients such as ITC Infrotech India Ltd., Hexaware Technologies Ltd., Virtusa Consulting Services (P) Ltd., Persolkelly India (P) Ltd., Fidelity Information Services India (P) Ltd., WIPRO Ltd., Collabera Technologies Private Ltd., Intellect Design Arena Ltd., BNP Paribas India Solutions (P) Ltd., Fino Payments Bank Ltd., Tech Mahindra Ltd., Ensono

Technologies LLP and Zensar Technologies Ltd. and other leading tech companies in India. We have attached the reconciliation of the revenue of both the financial years 2018-2019 and 2019-2020 and Form 26AS of the Company for the FY 2018-2019 and 2019-2020 respectively.

5- Before giving findings in the matter, the Committee noted the following background about the facts which are given here-in-below:

5.1 In respect of the first allegation, the Committee noted that Respondent has neither commented upon the Cash Flow Statement as part of financial statements nor has given any opinion in this regard. In respect of the above charge, the Respondent through her verbal and written submissions requested the Committee that it was merely an omission while filing AOC-4 and constitute technical error in nature and does not constitute gross negligence on the part of the Respondent and this omission is inadvertent, unknowingly, and unintentional. On perusal of variations in the alleged Cash Flow Statement creating doubt on the authenticity and genuineness, the Committee noted that preparation of the Cash Flow Statement that comprises part of the financial statements of the Company is the responsibility of the Management. In a similar matter the Committee directed to furnish a copy of the affidavit by the Management of the Company stating that the alleged Cash Flow Statement was part of the original set of financial statements submitted with ROC. It is seen that a duly notarized affidavit by the director of the same Company was furnished to that effect. Hence, on perusal of said affidavit, it is evident that the Board of Directors have approved and adopted the financial statements of the Company and submitted with ROC and the Board has issued a Management Representation Letter to the Respondent. Accordingly, the Committee opined that the benefit of the same needs to be extended to the Respondent and thus she is held Not guilty of Professional and Other Misconduct falling within the meaning of Item (2) Part IV of the First Schedule and Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Biswas

5.2 In respect of next allegation levelled by the Complainant that the Company was found to be involved in Micro Instant Loan App scam, it is seen that the Complainant has failed to provide any documentary evidence(s) in support of instant allegation. There is no evidence that would have been provide either by the Complainant in support of his contention and therefore in the absence of any proper documentary evidence(s) on record, it is not ascertainable that how and in what manner, the Company was involved in Micro Instant Loan App scam. On perusal of the website of the Company is mentioned that through their apps by "you can avail personal loans online using our personal loan apps". In this regard from examination of Company's website (<http://pioneerfinance.co.in/>) as referred by the Complainant, it is noted that the Company was involved in providing two types of services viz. (1) Financial Services wherein the Company was involved in granting loans to its customers directly and (2) Technological Services wherein the Company was providing consultancy services to its customers in relation to granting of loans to them indirectly through other agencies / financial entities. The Respondent has submitted that the Company is providing consulting and manpower services to some large & listed entities and have the advantage of credit worthiness and privileged to provide technical support services to such large corporate houses. The Respondent in her verbal arguments has stated that the operations of the Company is genuine and that it is not involved in any scam as alleged by the Complainant. The Committee on perusal of the Form 26AS of the subject Company noted that the defence taken by the Respondent is justified since many big corporates namely WIPRO, TECH MAHINDRA LIMITED, ITC INFOTECH LTD etc. are client of the said Company and are appearing in the said Form 26AS, as the service receivers wherein the TDS has also been deducted. Accordingly, in light of the plea taken by the Respondent in respect of instant allegation and in view of the reasoning given above and documents available on record, it is viewed that the Respondent is *prima facie* **NOT GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Conclusion: -

6. Thus, in the considered opinion of the Committee, the Respondent is **NOT GUILTY** of Professional and Other Misconduct falling within the meaning of Item (2) Part IV of the First Schedule and Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. Aniket Sunil Talati)
Presiding Officer

Sd/- **Sd/-**
(Shri Prabhash Shankar, I.R.S. (Retd.)) CA (Dr). Rajkumar Satyanarayan Adukia
Government Nominee **Member**

Sd/-
(CA. Gyan Chandra Misra)
Member

DATE: 09.01.2024

PLACE: NEW DELHI

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy



बिष्वा नाथ तिवारी / Bishwa Nath Tiwari
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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