



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-I (2024-2025)]]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

[PR/G/60/2022/DD/185/2022/DC/1623/2022]

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

-Vs-

CA. Anand Chauhan, (M. No. 302200),
C/o. Siya Ram Jha, Flat No. 6,
Block B, Neelambar Vihar Complex,
Kolkata (West Bengal) - 700074

.....Respondent

MEMBERS PRESENT: -

CA. Charanjot Singh Nanda, Presiding Officer
Shri Jugal Kishore Mohapatra, IAS (Retd.) (Government Nominee)
CA. Chandrashekhar Vasant Chitale, Member

Date of Hearing : 2nd April 2024

Date of Order : 26.06.2024

1. That vide finding 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 noted that CA. Anand Chauhan, (M. No. 302200) (hereinafter referred to as the Respondent") was held GUILTY of professional misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

 Order - CA. Anand Chauhan, (M. No. 302200), Kolkata



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2. That pursuant to the said findings, an action under Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to him thereby granting opportunity of being heard in person / through video conferencing and to make written & verbal representation before the Committee on 2nd April 2024.
3. The Committee noted that on the date of the hearing held on 2nd April 2024, the Respondent was present through video conferencing, and he made his verbal submission on the findings of the Disciplinary Committee.
4. In his verbal submission the Respondent inter alia stated that he has done the audit of the subject Company, but the ROC filing was not done by him. He further stated that the Company has submitted an application to the ROC for re-submission of the AOC-4 along with the Cash flow statement.
5. The Committee considered the reasoning as contained in the findings holding the Respondent Guilty of professional misconduct vis-à-vis verbal submissions of the Respondent.
6. Keeping in view the facts and circumstances of the case, material on record including verbal submissions of the Respondent on the findings of the Committee, the Committee is of the view that the professional misconduct on the part of the Respondent is established. Accordingly, the Committee ordered that a fine of Rs. 25,000/- (Rupees Twenty-Five Thousand only) be imposed upon the Respondent i.e. CA. Anand Chauhan, (M. No. 302200) to be paid within 90 days of receipt of the Order. If the Respondent fails to pay the fine within the stipulated period, his name be removed from the Register of Member for a period of fifteen days.

Sd/-

(CA. CHARANJOT SINGH NANDA)
(PRESIDING OFFICER)

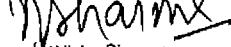
Sd/-

(SHRI JUGAL KISHORE MOHAPATARA),
I.A.S. (RETD.), (GOVERNMENT NOMINEE)

Sd/-

CA. CHANDRASHEKHAR VASANT CHITALE
(MEMBER)

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


निशा शर्मा / Nisha Sharma
वरिष्ठ कार्यकारी अधिकारी / Sr. 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, Shahdra, Delhi-110032

Place : 26.06.2024

Date : New Delhi

NS

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/60/2022/DD/185/2022/DC/1623/2022

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. Anand Chauhan (M. No. 302200)
C/o Siya Ram Jha, Flat No. 06
Block - B, Neelambar Vihar Complex
Kolkata (West Bengal) – 700074

.....Respondent

MEMBERS PRESENT: -

CA. Aniket Sunil Talati, Presiding Officer
Shri Prabhaskar Shankar, IRS (Retd.), (Government Nominee)
CA. Gyan Chandra Misra, Member (Through Video Conferencing)

DATE OF FINAL HEARING : 27-04-2023
PLACE OF FINAL HEARING : New Delhi / Through Video Conferencing

2/ An

BRIEF OF THE DISCIPLINARY PROCEEDINGS: -

- 1- On the day of the final hearing held on 27th April 2023, the Committee noted that the Complainant's representative was present through VC. The Respondent was not present; however, his Counsel was present through VC. Thereafter, the hearing in the matter continued from the stage where it was left in last hearing. The Counsel for the Respondent made his submissions on the charges. Thereafter, the Committee also posed questions to the Complainant's representative and the Counsel for the Respondent as well. After hearing the submissions of both the parties, the Committee decided to grant seven days' time to the Respondent to submit additional documents with regards to Consultancy Income, TDS certificate, outsourcing of staffing etc. to substantiate his defence. With the abovesaid direction, the Committee decided to conclude the hearing, and judgement was kept reserved. Further, the Respondent vide his letter dated 6th May 2023 submitted the documents sought as above from him.

- 2- In respect to the previous hearing held on 22nd March 2023, the Committee noted that the Complainant's representative was present. The Respondent too was present through VC from Kolkata office. The Complainant's representative and Respondent were put on oath. On being enquired, the Respondent confirmed that he is aware of the charges and pleaded not guilty. The Complainant's representative submitted that they have already submitted requisite documents in the matter, and they have nothing further to submit. Thereafter, the Committee posed questions to the Respondent on which he made his brief submissions before the Committee. After hearing the submissions of the Respondent, the Committee directed the Respondent to file the following documents/information.
 - i) Information as to whether the Company was registered with the RBI as NBFC. If yes, copy of registration of the same.
 - ii) Nature of Business, and Copy of MOA and AOA of the Company.
 - iii) Submission as to what kind of audit procedures he has applied to verify the financial statements including cash flow statements.
 - iv) What was the design and size of sampling and details and copy of Invoices verified by him.
 - v) Any other documents/evidence/submissions he wants to file in his defense.

With these directions, the hearing in the above matter was partly heard and adjourned. The Respondent vide his letter dated 22nd April 2023 submitted the documents sought as above from him.

3- Brief Background of the matter: -

While giving the background of the allegations, the Complainant has stated that it had come to the knowledge of the Central Government that directors of the certain companies had registered such companies with Registrar of Companies, using forged documents and omission of material facts. It has also been stated that one such company namely M/s Pioneer Financial & Management Services Limited (hereinafter referred to as 'Company') was found to be engaged in illegal / suspicious activities, Micro Instant Loan App Scam, tax evasion and non-compliance with various provisions of the laws. It is stated that while the Professionals (CA) are duty bound to discharge their duties as per applicable law(s) and with due diligence, however, they had failed to discharge their duties and have wilfully connived with Directors / Company / Shareholders / Chinese Individuals in certifying E-forms, audit reports etc. knowingly with false information / documents / false declaration / omitting material facts or information of the Companies.

In the instant case, the Respondent has audited the financial statements of the said Company namely **M/s Pioneer Financial & Management Services Limited** for the F.Y 2014-15.

4- CHARGES IN BRIEF: -

The Complainant has made the following two 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. However, it failed to do so during the F.Y 2014-15. Thus, the auditors and certifying professionals of the said Company had certified these forms without adequate disclosures and proper verifications, thereby leading to omission of material facts and misleading the public and the regulators. The Respondent, in his Written Statement has stated that the relevant Cash Flow Statements of the Company for the FY 2014-15 was prepared by the Company and duly certified by him as on the date of the Financial Statement but the same was not attached with the aforesaid financial statements filed in MCA portal due to inadvertence. However, on perusal of Cash Flow

Statement being brought on record by the Respondent, many variations in its form and format were observed vis-à-vis form and format of the Balance Sheet and Statement of Profit and Loss account of the Company. Due to aforesaid variations, the copy of the Cash Flow Statement being brought on record by the Respondent was considered to be an afterthought and accordingly the Respondent was held prima facie guilty.

ii)- The Complainant in his second allegation has further stated that the subject Company was found to be involved in Micro Instant Loan App Scam. In this regard, the Company, on its website, (<https://pioneerfinance.co.in/micro-consumer-loans.html>) had also hinted about the said application stating that "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 auditor had also failed to report and discharge his duties with due diligence and care.

5-SUBMISSIONS OF THE PARTIES

It is observed that the Respondent during the course of hearing and also through his written statement has inter-alia made the following submissions in his defense:

5.1 That the Cash Flow Statement produced by him was prepared by the Company and the difference in form, format and style were clerical and typing issues and hence he disagrees with the opinion that the impugned Cash Flow Statement for the F.Y 2014-15 was a result of an afterthought.

5.2 That as per information and explanation given to him and to the best of his knowledge and belief and on examination of the Financial Statements for the financial year 2014-15 nothing has come to his notice that there was any income earned by the Company from the Loans given to the customers by using the said "Loan Application" which should have been accounted under revenue from operation.

6- FINDINGS OF THE COMMITTEES

6.1 In respect of the first allegation, the Committee noted that Respondent has neither mentioned the Cash Flow Statement as part of financial statements nor has given any opinion in this regard in his audit report for the financial year 2014-15. Further, on perusal of the Cash Flow Statement being brought on record by the Respondent, following inconsistencies in the same were noted vis-à-vis Balance Sheet and Profit and Loss account of the Company as available on record: -

- a)- The font type and font size used in the cash flow statement appeared to be completely different in comparison to the Balance sheet and the Statement of Profit and Loss account of the Company.
- b)- Even the name of the Company is mentioned at different places on the top of both documents (Cash Flow Statement vis-à-vis Balance Sheet and Profit & Loss account).
- c)- Order of signature of the two directors in the Cash Flow Statement and Balance Sheet were different.
- d)- Membership number of the Respondent has not been mentioned on audited Balance Sheet, while it is mentioned in the Cash Flow statement.
- e)- The audited Balance Sheet and Profit and Loss account of the Company have been signed by the Directors mentioning the style as '**for Pioneer Financial & Management Services Ltd.**', while the impugned Cash Flow Statement has been signed by them in style as '**for and on behalf of the Board of Directors**'.

On perusal of aforesaid inconsistencies in the impugned Cash Flow Statement vis-à-vis Balance Sheet and Profit & Loss Account of the Company, it is quite evident that the Cash Flow Statement brought on record by the Respondent has been prepared as an afterthought since had it been prepared at the same time as Balance Sheet and Profit and Loss account, such inconsistencies and discrepancies would have not emerged. Accordingly, the Respondent is held guilty of Professional Misconduct falling within the

meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

6.2 In respect of the second allegation, the Committee has noted that revenue from operations consisted of only commission consultancy, consultancy contract and consultancy export and even though, the company is a NBFC, there is no interest income that has been shown under the statement of Profit and Loss account. Further, even other Income does not consist of Interest Income. On perusal of Company's website (<http://pioneerfinance.co.in/>), 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. It is also noted that during the course of hearing held on 27th April 2023, the Committee directed the Respondent to submit documents with regard to consultancy Income etc. The Committee pursued the documents submitted by the Respondent and after due deliberation and based on submission of parties and documents on record, held the Respondent guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Conclusion: -

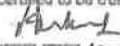
Thus, in the considered opinion of the Committee, the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. Aniket Sunil Talati)
PRESIDING OFFICER

Sd/-
(Shri Prabhash Shankar, IRS (Retd.))
GOVERNMENT NOMINEE

Sd/-
(CA. Gyan Chandra Misra)
MEMBER

DATE: 27/07/2023
PLACE: NEW DELHI

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Certified to be true copy

अरुण कुमार / Arun Kumar
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनसमक निदेशालय / Disciplinary Directorate
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