



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

PR/G/60D/2022-DD/189/2022-DC/1654/2022

[DISCIPLINARY COMMITTEE [BENCH-II (2025-2026)]
[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/60D/2022-DD/189/2022-DC/1654/2022]

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. Shilpi Agarwal (M. No. 302989)
A-504, Jagdish Apartment,
Military Road Marol,
Andheri East,
Mumbai – 400059.

.... Respondent

Members Present (in person): -

CA. Charanjot Singh Nanda, Presiding Officer
CA. Mahesh Shah, Government Nominee
CA. Pramod Jain, Member
CA. Ravi Kumar Patwa, Member

Date of Hearing : 6th October 2025

Date of Order : 12th November 2025



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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, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Shilpi Agarwal (M. No. 302989), Mumbai** (hereinafter referred to as 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.
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 a communication was addressed to her thereby granting opportunity of being heard in person / through video conferencing and to make representation before the Committee on 06th October 2025.
3. The Respondent was present before the Committee on 06th October 2025 in person and made her verbal representation on the Findings of the Disciplinary Committee, inter-alia, stating that, she took the learning from her mistake and there was no mala fide intention on her part. Further, the Respondent took corrective actions that such mistakes are not repeated in future engagements. She also requested the Committee to take a lenient view in the case.
4. The Committee considered the reasoning as contained in the Findings holding the Respondent Guilty of Professional Misconduct vis-à-vis verbal representation of the Respondent.
5. Keeping in view the facts and circumstances of the case and material on record including verbal representation on the Findings, the Committee noted that out of two charges alleged against her, she had been held Guilty only with respect to the charge that being an auditor of M/s Pioneer Financial & Management Services Limited (not being a small company), she failed to audit and provide any comment or her opinion on Company's Cash Flow Statements for FY 2017-18 and failed to enclose/ file the Cash Flow Statements of the Company along with Form AOC-4. The Committee held that due diligence was not exercised by the Respondent in execution of her professional responsibilities both as the Statutory Auditor of the Company for the F.Y. 2017-18 and also the certifying professional of the Company for Form AOC 4 filed for the said year with ROC as she failed to audit and to provide any comment or her opinion on Cash Flow Statement for FY 2017-18 and accordingly failed to ensure that the Cash Flow Statement of the Company is attached with Form AOC-4 for the said financial year.
6. Hence, professional misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 21st September 2025 which is to be read in consonance with the instant Order being passed in the case.



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7. Accordingly, the Committee was of the view that ends of justice will be met if punishment is given to the Respondent in commensurate with her Professional Misconduct.
8. Thus, the Committee, keeping in view the facts and circumstances of the case, material on record and representation of the Respondent before it, ordered that CA. Shilpi Agarwal (M. No. 302989), Mumbai be Reprimanded under Section 21B(3)(a) of the Chartered Accountants Act 1949.

Sd/-

(CA. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-

(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-

(CA. PRAMOD JAIN)
MEMBER

Sd/-

(CA. RAVI KUMAR PATWA)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

P. J. J.

अनु. सचिव / Anu. Secretary

सहायक सचिव / Assistant Secretary

अनुशासनमय निर्देशन / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)

ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2025-2026)]
[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/G/60D/2022-DD/189/2022-DC/1654/2022

In the matter of:

Shri Vineet Rai
Indian Corporate Law Services
Deputy Registrar of Companies
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Nizam Palace, 2nd MSO Building,
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...Complainant

Versus

CA. Shilpi Agarwal (M. No. 302989)
A-504, Jagdish Apartment,
Military Road Marol,
Andheri East,
Mumbai – 400059.

...Respondent

Members Present (In Person):

CA. Charanjot Singh Nanda, Presiding Officer
CMA. Chandra Wadhwa, Government Nominee
CA. Mahesh Shah, Government Nominee
CA. Pramod Jain, Member
CA. Ravi Kumar Patwa, Member

DATE OF FINAL HEARING: 28th July 2025

Parties Present:

Authorised Representative of the Complainant Department: Not Present
Respondent: Not Present

1. BACKGROUND OF THE CASE:

- 1.1 The Complainant Department informed that 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. 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. While the Professionals (CA) are duty bound to discharge their duties as per applicable law(s) and certify / verify documents / e-forms or give certificate / report after due diligence so that the compliance to the provisions of law shall be ensured, 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.

- 1.2 Against the aforesaid background, it was informed that the Respondent had audited the financial statements of the Company in respect of FY 2017-18 and had also certified Form AOC-4 filed by the Company for the said period.

2. **CHARGES IN BRIEF:**

- 2.1 The Committee noted the following allegations which were alleged by the Complainant against the Respondent together with the view of the Director(Discipline) on the same:

S. No.	Charge(s)	Prima Facie Opinion of DD	Applicable Item of the Schedule to the Chartered Accountants Act 1949
1.	The Respondent being auditor of M/s Pioneer Financial & Management Services Limited (not being a small company) failed to audit and provide any comment or her opinion on Company's Cash Flow Statements for FY 2017-18 and failed to enclose/ file the Cash Flow Statements of the Company along with Form AOC-4.	Guilty	Item (7) of Part I of the Second Schedule
2.	The Company was found to be involved in Micro Instant Loan App Scam, as 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.	Guilty	Item (7) of Part I of the Second Schedule

3. THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 27th SEPTEMBER 2022 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF, ARE GIVEN BELOW:

3.1 With respect to the first charge:

- a) On perusal of various documents available on record, it was noted that the Respondent had certified Form AOC-4 filed by the Company in respect of FY 2017-18. It was also noted that the audit of financial statements of the Company for the said period i.e., FY 2017-18 had also been conducted by the Respondent.
- b) Section 137 of Companies Act 2013 requires the filing of copy of financial statements of the Company with Registrar of Companies. Section 2(40) of the Companies Act 2013 states that financial statements of the Company also include its Cash Flow Statement. But, on perusal of Audit Report issued by the Respondent in respect of FY 2017-18, it was noted that the Respondent, as the Auditor of the Company, had issued her comments and given Audit Opinion only on the Balance Sheet, Statement of Profit and Loss, Summary of Significant Accounting Policies along with other explanatory information of the Company but not on the Company's Cash Flow Statements.
- c) While issuing her Audit Report related to FY 2017-18, the Respondent had not commented upon the Cash Flow Statement as part of financial statements of the Company which also shows that the Company had failed to prepare its Cash Flow Statement for the alleged period and the Respondent also failed to report this discrepancy / observation in her Audit Report.
- d) In this regard, it was also noted that under Section 2(40) of Companies Act 2013, there was an exemption given to One Person Company, small Company and dormant Company for preparing the Cash Flow Statement for purpose of inclusion in their financial statements.
- e) From the provisions of Section 2(62), 2(85) and 455 of the Companies Act 2013, it was clear that the Company was neither One Person Company nor dormant Company. Regarding applicability of Small Company, from the audited Balance sheet and Statement of Profit and Loss of the Company for FY 2017-18, it was noted that paid-up share capital of the Company was Rs. 2.29 crores (approx.) which was in excess of the maximum limits as given under Section 2(85) of Companies Act 2013. Thus, it was clear that the Company was not a Small Company and thus, no exception was available to the Company, and it was mandatorily required to prepare the Cash Flow Statement as a part of its financial statements. However, the Company failed to prepare its Cash Flow Statement for the FY 2017-18. In such case, the Respondent who was conducting the statutory audit of the Company for the said period was required to report this fact in her Audit Report. But the Respondent also failed to report the said discrepancy / observation in her Audit Report and failed to comment upon the Cash Flow Statement while giving her Audit Opinion only on the balance sheet and statement of profit and loss along with notes to accounts and explanatory statement. This shows that the Respondent was gross negligent while conducting her professional duties.

- f) From the declaration given in Form AOC-4, it was noted that the Respondent had failed to audit the Cash Flow Statement of the Company for the alleged FY 2017-18 due to which the same could also not be attached with Form AOC-4 and consequently, the said declaration given by the Respondent also becomes incomplete and false. The Respondent had even failed to provide any defense by not filing her Written Statement on record. The Respondent even failed to provide any response to the Directorate when certain additional documents / information was called for from her at Rule 8(5) stage. Therefore, in view of the reasoning given above and in the absence of any submissions(s) / defense of the Respondent on record, it was viewed that the Respondent was negligent while auditing the financial statements of the Company wherein she failed to audit and to provide any comment or her opinion on Company's Cash Flow Statement for FY 2017-18 and thereafter, accordingly failed to ensure that the Cash Flow Statement of the Company is enclosed/filed along with Form AOC-4. Accordingly, the Respondent is prima facie Guilty of Professional Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule to the Chartered Accountant Act, 1949.

3.2 With respect to the Second charge:

- a) As regards first leg of the instant charge, it was noted that though the Complainant had stated that the Company was found to be involved in Micro Instant Loan App scam, but he had failed to provide any documentary evidence(s) in support of instant allegation. In this regard, from the copy of Form AOC-4, it was noted that the Company was a Non-Banking Financial Company (NBFC) registered with RBI. Thus, in the absence of any proper justification / documentary evidence(s) provided by the Complainant on record, it was not ascertainable that how and in what manner, the Company was involved in Micro Instant Loan App scam.
- b) As regards second leg of instant charge, the Complainant had also alleged that on its website, the Company had also mentioned about their apps 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. In this regard, from the Company's website, it was coming out that the Company was involved in providing two types of services i.e., financial services wherein the Company was involved in granting loans to its customers directly and 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.
- c) On perusal of Statement of Profit and Loss of the Company for the year ended 31.03.2018 and the related schedule, it was noted that 'Revenue from Operations' of Rs. 4.91 crores (approx.) had been disclosed by the Company for the said period. It was also noted that Revenue from Operations includes the "Income from Professional Consultancy" of Rs. 31.07 lakhs (approx.), "Commission Consultancy" of Rs. 6.72 lakhs (approx.), and "Consultancy Contract" of Rs. 4.53 crores (approx.). Thus, it was noted that during the alleged period i.e., FY 2017-18, the Company had shown its revenue from operations only in respect of consultancy services, but no income was shown in respect of direct loans granted to the customers by the




Company. Thus, it raises a doubt that revenue from operations had not been correctly shown / disclosed by the Company in the Statement of Profit and Loss for FY 2017-18. The Respondent had also not reported anything in this regard in her Audit Report pertaining to the said period. The Respondent had even failed to provide any defense by not filing her Written Statement on record. The Respondent even failed to provide any response / additional document(s) / information as called for from her at Rule 8(5) stage. Accordingly, in the absence of any defense taken by the Respondent in respect of instant allegation and also in view of the reasoning given above and documents available on record, it was viewed that the Respondent is 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.

- 3.3 Accordingly, the Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, held the Respondent Prima-facie Guilty of Professional Misconduct falling under Item (7) of Part-I of the Second Schedule to the Chartered Accountant Act, 1949, which provides as under:

Item (7) of Part I of the Second Schedule:

"A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he:

X X X X X
(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties."

- 3.4 The Committee at its meeting held on 31st October 2022, on consideration of the Prima Facie Opinion of the Director (Discipline) dated 27th September 2022, concurred with the reasons given against the charge(s) and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling under Item (7) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949, and decided to proceed further under Chapter V of these Rules.

4. DATE(S) OF WRITTEN SUBMISSIONS/PLEADINGS BY PARTIES:

The relevant details of the filing of documents in the instant case by the parties are given below:

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	06.04.2022
2.	Date of Written Statement filed by the Respondent	Not Submitted
3.	Date of Rejoinder filed by the Complainant	N.A.
4.	Date of Prima facie Opinion formed by Director (Discipline)	27.09.2022
5.	Written Submissions filed by the Respondent after PFO	30.01.2023 17.05.2024 24.07.2024 18.09.2024 25.07.2025

6.	Written Submissions filed by the Complainant Department after PFO	07.08.2024 29.08.2024
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5. **WRITTEN SUBMISSIONS FILED BY THE RESPONDENT: -**

- 5.1 The Respondent in her written submissions date 30th January 2023, in response to the Prima Facie Opinion, inter-alia, stated as under: -
- Her non-availability and unresponsiveness to letters of Directorate were on account of her pregnancy. She had availed maternity break and was residing with her guardians from January 2022 for a period of over 6 months during the course of her pregnancy and 3 months post-delivery of her daughter (born on 22nd March 2022). Therefore, letters were returned undelivered.
 - It is owing to inadvertence that the Cash Flow Statement for the Company was left out during the process of scanning and uploading the documents.
 - Her services were availed solely for the financial year 2017-18. During term of engagement with the Company, the microloan schemes were not launched to the best of her knowledge, and no transactions were available regarding the same. Her responsibility culminates with the period of engagement and any non-compliance or illegalities the Company may have indulged in before or after F.Y.2017-18 is not deemed or direct responsibility attributable to her.
- 5.2 The Respondent vide communication dated 17th May 2024 provided copy of Judgement of Honourable Calcutta High Court in the case of Somnath Basu relied upon by her to defend her case.
- 5.3 The Respondent in her further written submissions dated 24th July 2024, inter-alia, stated as under: -
- In the absence of proper verification or documentary evidence from the Complainant, the Company's involvement in the Micro Instant Loan App Scam could not be established. Consequently, there is no basis for implicating the Respondent. As for the observation on non-disclosure of income from direct loans, it was clarified that no such transactions or income were recorded during the Respondent's tenure. Mere reference to such activity on the Company's website cannot serve as proof.
 - As regard the first charge that the Cash Flow Statement was not attached/uploaded with the financial statements nor mentioned in the Audit Report, the Respondent admitted that it was an inadvertent omission. However, the conclusion that no Cash Flow Statement was prepared is disputed.
 - On the point that no defence was taken before the PFO, the Respondent submitted that she did not receive any prior communication from the Institute, including the complaint or document requests, as all were returned due to a change of address from Mumbai to Calcutta following pregnancy and childbirth. The registered email-id was incorrect. Only after the PFO was returned did a Directorate Officer contact the Respondent by phone, after which the PFO was sent to the correct Mumbai address. The Respondent's response, detailing these facts, was submitted on 30.01.2023.

- d) Regarding non-compliance with the NBFC income ratio requirement, the Respondent referred to Item 20 of the Audit Report, which specifically notes this non-compliance.
- 5.4 The Respondent in her further written submissions made vide email dated 18th September 2024, with reference to letter dated 7/8/2024 regarding FIR from the complainant inter-alia, stated as under:
- In letter dated 7/8/2024 there are 9 allegations contained in distinct paragraphs 1.1 to 1.9. The 8 allegations (P 1.1 to 1.8) are totally new allegations. The 9th allegation (P 1.9) is already covered in complaint and PFO and has been responded to by the Respondent.
 - In the FIR, there are 10 allegations in paras 3 to 12. The two allegations (P. 3 & P.6) are already covered in complaint/PFO and responded to by her. Remaining 10 allegations are totally new and 2 out of said 10 (P 11 & P12) are not relevant to her but to other professionals.
 - In any case, the said new allegations are bare allegations without any evidence.
 - Post PFO stage, charges beyond PFO cannot be entertained for consideration. Otherwise, statutory stage of PFO would be bypassed rendering PFO redundant.
 - The Respondent has completed her submissions on all charges covered in PFO.
- 5.5 The Respondent in her email dated 25th July 2025 re-forwarded the submissions dated 24th July 2024 and also, inter-alia, submitted as under:
- In light of the completed process and final submission, it is kindly requested that there be no reopening or restarting of the proceedings, despite the change in the bench.
 - She requested to be excused from attending the hearing on 28th July 2025, as she believes all necessary facts, explanations, and evidence have already been placed on record.

6. WRITTEN SUBMISSIONS FILED BY THE COMPLAINANT DEPARTMENT :-

- 6.1 The Complainant Department vide email dated 29.08.2024 sent a letter dated 07.08.2024 along with a copy of complaint filed with the Bhowanipore Police Station with a request to lodge FIR against the directors, auditors and certifying professional of the Company. In the letter dated 07.08.2024, the Complainant Department, inter-alia, submitted as under:
- The Balance Sheet of the Company lack credibility and the material information of the company was not reflecting in the financial statement as per the provisions of the Act.
 - The auditor of the company under inquiry failed to perform its duty(ies) and not properly examined the records of the company and failed to include the material facts & irregularities in the audit report under the provision of this Act and Rule made

thereunder. The auditor of the company has not discharged his duties as required under the provision in respect to Investment & loans of the company.

- c) The auditor of the company had failed to comment/report the stated irregularities/contraventions in the audit report thereby leading to violation of:
- i. Section 143 read with Section 129 r/w Schedule III of the Companies Act, 2013(classification of non-current investments, short term and long-term borrowings).
 - ii. Section 143 read with Section 129 r/w Accounting Standard 13, Accounting Standard 18 and Accounting Standard 20
- d) The Company not being a small Company, was required to attach Cash Flow Statement to its financial statements but has failed to do so for F.Y. 2017-18. The auditor and the Respondent who was engaged in audit and certifying e-form filed with respect to financial statement for F.Y.2017-18has certified the form without adequate disclosure and proper verifications, thereby leading to omission of material facts, knowing them to be material, thereby misleading the public/stakeholders/creditors/regulators. The same was agreed by this auditor before this forum.

7. **BRIEF FACTS OF THE PROCEEDINGS:**

- 7.1 The details of the hearing(s) fixed and held/adjourned in the said case is given as under: -

S.No.	Particulars	Date of meeting(s)	Status
1.	1 st Hearing	20.04.2023	Adjourned at the request of the Respondent
2.	2 nd Hearing	31.10.2023	Part heard and adjourned
3.	3 rd Hearing	23.04.2024	Deferred due to paucity of time.
4.	4 th Hearing	17.05.2024	Part Heard and Adjourned.
5.	5 th Hearing	14.06.2024	Adjourned at the request of both parties.
6.	6 th Hearing	15.07.2024	Part Heard and Adjourned.
7.	7 th Hearing	29.08.2024	Part Heard and Adjourned.
8.	8 th Hearing	28.07.2025	Heard and concluded.

- 7.2 On the day of hearing held in the case on 20th April 2023, Committee noted that the Authorised representative of the Complainant Department was present before it through Video Conferencing. Further, the Committee noted that the Respondent vide email dated 18th April 2023 had sought an adjournment on the ground of health issues. The Committee, looking into the adjournment request of the Respondent and the fact that this was the first hearing, decided to adjourn the hearing to a future date. With this, the hearing in the case was part heard and adjourned.
- 7.3 On the day of hearing held in the case on 31st October 2023, the Committee noted that the Authorised representative of the Complainant Department and the Respondent was present before it through video conferencing. Since the Respondent was present before it for the first time, he was administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether she was aware of the charges alleged against her. On the same, the Respondent replied in the affirmative and pleaded Not Guilty to the charges

alleged against her. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date.

With this, the hearing in the case was part heard and adjourned.

- 7.4 On the day of hearing held in the case on 23rd April 2024, the consideration of the case was deferred due to paucity of time.
- 7.5 On the day of hearing held in the case on 17th May 2024, the Committee noted that the Authorized representative of the Complainant Department and the Respondent along with her Counsel(s) was present before it through video conferencing. The change in the composition of the Committee since the case was last heard was duly intimated to the Authorized Representative of the Complainant Department, the Respondent and her Counsel who were present before the Committee. Thereafter, the case was taken up for hearing. On being asked by the Committee to substantiate their case, the authorized representative of the Complainant Department referred to the contents of Complaint made in Form 'I' against the Respondent. Subsequently, the Counsel for the Respondent presented the Respondent's line of defence, inter-alia, reiterating the written submissions made by her on the Prima Facie Opinion. On consideration of the submissions made by the authorized representative of the Complainant Department and the Counsel for the Respondent, the Committee posed certain questions to them which were responded by them. Thus, on consideration of the submissions and documents on record, the Committee directed the authorized representative of the Complainant Department to provide their submissions on the following within next 02 Weeks with a copy to the Respondent to provide her comments thereon, if any:-
- Response on the written submissions made by the Respondent on the Prima Facie Opinion.
 - Evidence in contrast to the figure shown in the Balance Sheet to justify the allegations made against the Respondent.

With the above, the hearing in the case was part heard and adjourned.

- 7.6 On the day of hearing held in the case on 14th June 2024, the Committee noted that the Respondent vide email dated 10th June 2024 mentioned that due to her pre-committed travel obligations, she is unavailable and requested some another date. The Authorized Representative of the Complainant Department also vide email dated 12th June 2024 sought adjournment mentioning that due to unavoidable reason and pre-occupation, the concerned Officer is not able to attend the scheduled meeting on 14th June 2024. Since the request for adjournment had been made for the first time by both the parties to the case, thus, keeping in view the principle of natural justice, the Committee acceded to the request for adjournment of both the parties to the case. Accordingly, the hearing in the case was adjourned at the request of the Complainant Department as well as the Respondent.
- 7.7 On the day of hearing held in the case on 15th July 2024, the Committee noted that the Authorized representative of the Complainant Department and the Respondent along with her Counsel(s) was present before it through video conferencing. The Authorized Representative of the Complainant Department sought some time to file their response on the written submissions of the Respondent as the same had not been filed as per the directions given by the Committee at its meeting held on 17th May 2024. Keeping in view

the request made by the Authorized Representative of the Complainant Department, the Committee directed the Authorized Representative of the Complainant Department to provide their submissions on the following within next 20 days with a copy to the Respondent to provide her comments thereon, if any: -

- a) Response on the written submissions made by the Respondent on the Prima Facie Opinion.
- b) Evidence in contrast to the figure shown in the Balance Sheet to justify the allegations made against the Respondent.
- c) Current status of FIR as referred to in Form 'I' together with the copy of final Orders passed there, if any.

The Committee also advised the Respondent if she wishes to make any further written submissions in the case, she may do so, within next 10 days with a copy to the Complainant Department.

With the above, the hearing in the case was part heard and adjourned.

- 7.8 On the day of hearing held in the case on 29th August 2024, the Committee noted that the Authorized representative of the Complainant Department and the Respondent along with her Counsel(s) was present before it through video conferencing. The Complainant Department vide letter dated 07th August 2024 followed by email dated 29th August 2024 had submitted their submission in compliance of the direction given by the Committee at the time of last hearing held in the case on 15th July 2024. The Respondent vide letter dated 24th July 2024 made her submissions in the case. Thereafter, the Committee took up the case for hearing.
- 7.9 On being asked by the Committee to provide their defence on the submissions made by the Complainant Department, the Counsel for the Respondent sought time for filing the same as the said submissions were not received by them. The Complainant Department confirmed that the documents were sent to the Respondent at her designated address, but the Respondent denied receipt of the same.
- 7.10 On consideration of the submissions made by the authorized representative of the Complainant Department and the Counsel for the Respondent, the Committee posed certain questions to them which were responded by them. Thus, on consideration of the submissions and documents on record, the Committee directed the authorized representative of the Complainant Department to provide their submissions on the following within next 10 days with a copy to the Respondent to provide her comments thereon, if any: -
 - a) To provide evidence regarding personal loans availed using the personal loan App of the Company during the period under question.
 - b) Copy of the complete investigation/inquiry report highlighting the role of the Respondent.

The Committee also advised the office to share the submissions dated 07th August 2024 and 29th August 2024 filed by the Complainant Department with the Respondent to

provide her comments thereon, if any. The Committee also advised the Respondent to file any written submissions in furtherance to earlier submissions within next 07 days with a copy to the Complainant Department to provide their comments thereon, if any.

With the above, the hearing in the case was part heard and adjourned.

- 7.11 On the day of hearing held in the case on 28th July 2025, the Committee noted that the Respondent vide email dated 25th July 2025 informed that she had already made her final submissions dated 18th September 2024, before the bench in the earlier hearing held on 29th August 2024. She further requested the Committee to excuse her from attending the hearing as all necessary facts, explanations, and evidence have already been placed on record by her. Further, there was no representation from the Complainant Department despite notice/email duly served upon them. The Committee further noted that the last hearing held in the case on 29th August 2024 was part heard and adjourned with the direction to the authorized representative of the Complainant Department to provide their submissions on the following within next 10 days with a copy to the Respondent to provide her comments thereon, if any: -

- a) To provide evidence regarding personal loans availed using the personal loan App of the Company during the period under question.
- b) Copy of the complete investigation/Inquiry report highlighting the role of the Respondent.

The Committee had also advised the office to share the submissions dated 07th August 2024 and 29th August 2024 filed by the Complainant Department with the Respondent to provide her comments thereon, if any. The Committee had also advised the Respondent to file any written submissions in furtherance to earlier submissions within next 07 days with a copy to the Complainant Department to provide their comments thereon, if any. The Committee noted that the Complainant Department vide email dated 29th August 2024 provided their response which was countered by the Respondent vide her submissions dated 18th September 2024. Since the submissions of both the parties to the case were already on record, the Committee decided to conclude the hearing in the case.

8. FINDINGS OF THE COMMITTEE: -

- 8.1 At the outset, the Committee noted that the Respondent was the Statutory Auditor of the Company for the F.Y. 2017-18 and had also certified Form AOC 4 filed with ROC in respect of the said financial year.
- 8.2 The Committee also noted that during the course of hearing, the Complainant Department vide its letter dated 7th August 2024 pointed out certain other discrepancies in the Financial Statement of the company for the F.Y. 2017-18 audited by the Respondent. Since the same were not made part of Form 'I' at the time of filing the Complaint, no cognizance to the same was taken by the Committee at the time of arriving at its Findings in respect of the two charges alleged against the Respondent in Form 'I' in the instant case.
- 8.3 In respect of the first charge, the Committee noted that it was informed by the Complainant Department that the Company, being not classified as a small Company for the F.Y. 2017-18, was mandatorily required to prepare and attach a Cash Flow Statement

as part of its financial statements under Section 2(40) of the Companies Act, 2013 read with Section 137 of Companies Act 2013 which requires the filing of copy of financial statements of the Company with the Registrar of Companies. However, the financial statements filed by the Company with the Registrar of Companies did not include the Cash Flow Statement, and Form AOC-4 was certified by the Respondent without adequate disclosure and verification. This omission of a material fact misled regulators, creditors, and the public at large, thereby violating the professional duty and statutory responsibilities of the certifying professional.

- 8.4 The Committee noted that the Respondent in her written submissions as well as orally before the Committee in the hearing held on 17th May 2024 accepted that due to inadvertence, the Cash Flow Statement of the Company was left to be attached during the process of scanning and uploading the documents with Form AOC-4. She also during the course of hearing brought on record a copy of the Cash Flow Statement of the Company for the F.Y. 2017-18.
- 8.5 The Committee noted that the Respondent, as the Auditor of the Company for the F.Y. 2017-18, had given her comments and Audit Opinion only on the Balance Sheet, Statement of Profit and Loss, Summary of significant accounting policies along with other explanatory information of the Company but not on the Cash Flow Statement as stated hereunder.:

"Report on the Financial Statements:

We have audited the accompanying financial statements of Pioneer Financial & Management Services Ltd ("the Company"), which comprise the Balance Sheet as at March 31st, 2018, the Statement of Profit and Loss and a summary of the significant accounting policies and other explanatory information."

- 8.6 Further, in addition to the above, it was also noted that while giving the Audit Opinion in the Audit Report issued in respect of FY 2017-18, the Respondent had reported the following:

"Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the private Limited Company as at March 31, 2018 and its profit / loss for the year ended on that date."

"Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report that: -

.....
The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account."

- 8.7 Thus, the Committee opined that it is clear that while issuing Audit Report for FY 2017-18, the Respondent had not commented upon the Cash Flow Statement in various parts of Audit Report though opined on Balance Sheet and Statement of Profit and Loss. The

Committee further noted that the Cash Flow Statement of the Company for the financial year 2017-18 was not attached/uploaded with the financial statements of the Company alongwith the Form AOC 4 certified by the Respondent.

- 8.8 Thus, the Committee did not accept the plea of the Respondent that non-uploading of the Cash Flow Statement was inadvertent error as she did not comment upon the same as a component of financial statements in her main Audit Report. Thus, the Committee was of the view that the Cash Flow Statement for the financial year 2017-18, as submitted by the Respondent during the course of hearing, appears to have been prepared subsequently.
- 8.9 Thus, the Committee held that the Respondent has neither mentioned the Cash Flow Statement as part of financial statements nor has given any opinion in this regard in her Audit Report for the financial year 2017-18. Further, the Respondent had failed to audit the Cash Flow Statement of the Company for the alleged F.Y. 2017-18 due to which the same could also not be attached with Form AOC-4 and consequently, the declaration given by the Respondent in AOC -4 also becomes incomplete and false.
- 8.10 Thus, the Committee held that due diligence was not exercised by the Respondent in execution of her professional responsibilities both as the Statutory Auditor of the Company for the F.Y. 2017-18 and also the certifying professional of the Company for Form AOC 4 filed for the said year with ROC as she failed to audit and to provide any comment or her opinion on Cash Flow Statement for FY 2017-18 and thereafter, accordingly failed to ensure that the Cash Flow Statement of the Company is attached with Form AOC-4 for the said financial year. 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.
- 8.11 The Committee noted the second charge that the Company was found to be involved in Micro Instant Loan App Scam, as 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. Further, the Committee noted that the Respondent clarified that her professional engagement with the Company was limited strictly to F.Y. 2017-18, and no micro-loan activities or transactions were undertaken during that time. She denied any knowledge or involvement in micro-loan schemes and stated that no such transactions were reflected in the financial records during her tenure. She further stated that reference to personal loans on the Company's website cannot be taken as proof of financial activity, especially in the absence of supporting documentation.
- 8.12 The Respondent also submitted that no evidence has been provided by the Complainant to establish that any micro-loan activity occurred during FY 2017-18 when she was the Statutory Auditor. The mere existence of promotional content on the Company's website is not sufficient to prove that the Company engaged in such activity during the period in question or that the Respondent was aware of or party to such actions. The financial statements for F.Y. 2017-18, certified by the Respondent, do not contain any income, assets, or transactions related to microloans.




8.13 The Committee noted that on the website of the Company, it is mentioned as under:

"you can avail personal loans online using our personal loan apps".

Thus, from the Company's website, it is coming out that the Company was involved in providing two types of services i.e.,

- a) financial services wherein the Company was involved in granting loans to its customers directly and
- b) 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.

8.14 In the Financial Statement of the Company for the FY 2017-18, the Company has shown its Revenue from Operations only in respect of consultancy services and no income has been shown in respect of direct loans granted to the customers by the Company.

8.15 However, the Committee noted that the Complainant did not bring on record any conclusive evidence to show:

- a) whether the Company was using the personal loan apps during the alleged period or,
- b) any personal loans were availed using the personal loan App of the Company during the alleged period.

Thus, in the absence of any conclusive evidence to substantiate that the Company was using the personal loan apps during the alleged period or, any personal loans were availed using the personal loan App of the Company during the alleged period, the Committee held that that the Respondent as the Statutory Auditor of the Company for the Financial Year 2017-18 cannot be held liable for non reflection of instances of providing such loans or non-disclosure of the name of such loan app in the Financial Statement of the Company. Accordingly, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 in respect of the said charge.

9. CONCLUSION:

In view of the Findings stated in above paras, vis-à-vis material on record, the Committee gives its charge wise Findings as under:

Charges (as per PFO)	Findings	Decision of the Committee
S.no. 1 of Para 2.1 as given above	Paras 8.3 to 8.10 as given above	GUILTY - Item (7) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949
S.no. 2 of Para 2.1 as given above	Paras 8.11 to 8.15 as given above	NOT GUILTY - Item (7) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949

10. In view of the above observations, considering the submissions and documents on record, the Committee held the Respondent **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. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-
(CMA. CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. PRAMOD JAIN)
MEMBER

Sd/-
(CA. RAVI KUMAR PATWA)
MEMBER

DATE : 21.09.2025
PLACE : NEW DELHI

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

(Signature)

अंजू ग्रोवर / Anju Grover

सहायक सचिव / Assistant Secretary

अनुशासनिक निर्देशालय / Disciplinary Directorate

भारतीय सार्वजनिक लेखाकार संस्थान

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