



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 (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/319/2020/DD/329/2020/DC/1856/2024]

In the matter of: -

**The Regional Director (ER),
Ministry of Corporate Affairs, Kolkata
Nizam Palace, II MSO Building,
3rd floor, 234/4, AJC Bose Road,
Kolkata - 700 020**

.....Complainant

-Vs-

**M/s Krishanu Bhattacharyya & Associates (FRN 324327E),
CA. Krishanu Bhattacharyya (M. No. 059934)
(Member Answerable)
Old 47, New 122, Lawrence Street,
Distt. - Hooghly - 712 258
(West Bengal)**

.....Respondent

MEMBERS PRESENT (Through VC): -

- i. CA. Prasanna Kumar D, Vice President, ICAI & Presiding Officer
- ii. Ms. Rani S. Nair, IRS (Retd.) (Government Nominee)
- iii. Shri Ajaib Singh, IA&AS (Retd.) (Government Nominee)
- iv. CA. Chandrashekhar Vasant Chitale, Member

Date of Hearing : 13th October 2025

Date of Order : 22nd December 2025

1. The Disciplinary Committee noted that vide findings dated 18th August 2025 issued under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, CA. Krishanu Bhattacharyya (M. No. 059934) (hereinafter referred to as the Respondent") was held

[Signature]



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GUILTY of professional misconduct falling within the meaning of Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

- 2 The Committee noted that in the instant case, Complainant has alleged that despite being the Statutory Auditor of a Company namely Swapnabhumi Realtors Limited the Respondent has accepted and carried out an additional assignment for preparation of Budget/ Variance Analysis which was considered as an assignment of Internal Audit with a limited scope, and which is barred for a Statutory Auditor of any Company under the provisions of Section 144 of the Companies Act, 2013.

During the course of hearing, the Committee deliberated on the matter by perusing the Variance Analysis Report issued by the Respondent and noted that fee was charged for this additional assignment. The Committee noted that in the said Report, the Respondent has also given his recommendations to control each specific heads of indirect expenses of the Company. The Committee viewed that the recommendations given by the Respondent in his Variance Analysis Report are for monitoring of internal control which is defined as one of the functions of Internal Audit under the Standard on Auditing (SA-610). Moreover, the Committee noted that the Variance Analysis was carried out as a separate and independent assignment for which appointment was made by the Management of the Company and hence such services cannot be regarded as carried out as a part of Statutory Audit performed by him. Accordingly, the Respondent was held Guilty of professional misconduct falling within the meaning of Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

- 3 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 his written & verbal representation before the Committee on 13th October 2025.
- 4 The Committee noted that on the aforesaid date of the hearing held on 13th October 2025, the Respondent was present through video conferencing. On being asked as to whether he has received the findings of the Committee, the Respondent confirmed that he has received the findings of the Committee. Thereafter, he made verbal submission on the findings of the Disciplinary Committee. In his verbal submissions, the Respondent *inter alia* stated that raising a separate invoice for conducting the variance analysis was an error of judgment on his part which was unintentional.
- 5 The Committee considered the reasoning as contained in the findings dated 18th August, 2025 issued under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules,



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2007 holding the Respondent Guilty of professional misconduct falling within the meaning of Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 vis-à-vis verbal/ written submissions of the Respondent.

6. Keeping in view the facts and circumstances of the case, the material on record including written and verbal submissions of the Respondent on the findings of the Committee, the Committee ordered that, **the Respondent, CA. Krishanu Bhattacharyya (M. No. 059934) be imposed a fine of Rs. 10,000/- (Rupees Ten Thousand only) to be paid within 60 days of receipt of this Order.**

Sd/-

(CA. Prasanna Kumar D)
PRESIDING OFFICER

Sd/-

(Ms. Rani S. Nair, IRS (Retd.))
GOVERNMENT NOMINEE

Sd/-

(Shri Ajaib Singh, IA&AS (Retd.))
GOVERNMENT NOMINEE

Sd/-

(CA. Chandrashekhar Vasant Chitale)
MEMBER

DATE: 22.12.2025

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

Geetha

गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar

कार्यकारी अधिकारी / Executive Officer

अनुशासनात्मक विभाग / 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, No:01-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – I (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

Ref. No. – [PR/G/319/2020/DD/329/2020/DC/1856/2024]

In the matter of:

The Regional Director (ER),
Ministry of Corporate Affairs, Kolkata
Nizam Palace, II MSO Building,
3rd floor, 234+ AJC Bose Road,
Kolkata - 700 020

..... Complainant

Versus

M/s Krishanu Bhattacharyya (FRN 324327E),
CA. Krishanu Bhattacharyya (M. No. 059934)
(Member Answerable)
Old 47, New 122, Lawrence Street,
Distt. - Hooghly - 712 258
(West Bengal)

..... Respondent

MEMBERS PRESENT: -

- i) CA. Prasanna Kumar D, Vice President, ICAI & Presiding Officer (In Person)
- ii) Ms. Rani S. Nair, IRS (Retd.) (Government Nominee) (Through VC)
- iii) Shri Ajaib Singh, IA&AS (Retd.) (Government Nominee) (In Person)
- iv) CA. Chandrashekhar Vasant Chitale, Member (Through VC)
- v) CA. Vishnu Kumar Agarwal, Member (Through VC)





The Regional Director (ER), MCA, Kolkata- Vs – M/s Krishanu Bhattacharyya (FRN 324327E), Member Answerable- CA. Krishanu Bhattacharyya (M. No. 059934)

DATE OF FINAL HEARING : 10-07-2025
PLACE OF FINAL HEARING : Noida

PARTIES PRESENT (In person):

Respondent : CA. Krishanu Bhattacharyya
Respondent's Authorised Representative: CA. Sulagna Chatterjee

1. BRIEF OF THE DISCIPLINARY PROCEEDINGS: -

i) Brief of the Disciplinary Proceedings held on 27th September 2024

On the day of first hearing held on 27th September 2024, the Committee noted that Respondent was present in person along with his authorized representative. Thereafter, the oath was administered to the Respondent and on being enquired from the Respondent as to whether he is aware of the charges levelled against him and pleads himself guilty or not; the Respondent submitted that he is aware of the charges and pleaded himself not guilty. Thereafter, the Committee decided to adjourn the matter to a future date. With this the hearing in the above matter was part heard and adjourned.

ii) Brief of the Disciplinary Proceedings held on 10th July 2025

On the day of final hearing held on 10th July 2025, the Committee noted that the Complainant was not present. However, the Respondent was present along with his authorized representative in person. Thereafter, the authorised representative of the Respondent made her detailed submissions on the allegations. The Committee also posed questions to the authorised representative of the Respondent. After hearing the submissions, the Committee decided to conclude the hearing in the above matter.



2. CHARGES IN BRIEF

The Committee noted that in the Prima Facie Opinion formed by 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, the Respondent was held prima facie guilty of Professional Misconduct falling within the meaning of Item (7) of Part-I and Item (1) of Part-II to Second Schedule to the Chartered Accountants Act, 1949,

Item (7) of Part-I to Second Schedule states as under: -

"Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties"

Item (1) of Part-II to Second Schedule states as under: - contravenes any of the provisions of this Act or the regulations made thereunder, or any guideline issued by the Council.

3. BRIEF BACKGROUND OF THE MATTER AND ALLEGATIONS: -

- (i) That the Respondent's firm was the Statutory Auditor of the Company, namely, M/s Swapnabhumi Realtors Limited for FY 2017-18 and it has been alleged by the Complainant that despite being the Statutory Auditor of the Company the Respondent has accepted and carried out an additional assignment for preparation of Budget/ Variance Analysis which was considered as an assignment of Internal Audit with a limited scope and which is barred for a Statutory Auditor of any Company under the provisions of Section 144 of the Companies Act, 2013.
- (ii) It is seen that the Director (Discipline) in his Prima Facie opinion dated 15th January 2024 has opined that though the Council has passed a resolution permitting a Chartered Accountant in practice to render entire range of Management Consultancy and Other Services (including Budgeting, Cost Control, Value Analysis, Control Methods and Management Accounting & Information System), however, it is never intended that a Practicing Chartered Accountant can give such Management Consultancy Services to a client to whom he is already providing the services of a Statutory Auditor. The same is in terms of "Guidance Note on Independence of Auditor"



- (iii) It was also opined that from co-joint reading of Standard of Auditing (SA) - 610 (Using the Work of Internal Auditors) and Standard on Internal Audit (SIA) -12 (Internal Control Evaluation), the service of Variance Analysis would be considered as the services carried out for monitoring of internal control which is defined as one of the functions of Internal Audit as per aforesaid standards.
- (iv) It was also held that in terms of the provisions of Section 141(3) & 141(4) of the Companies Act, 2013, the Respondent who had accepted the assignment of Variance Analysis of Indirect Expenses, in order to maintain his Independence, was required to resign from the office of Statutory Auditor but the Respondent was seen to have continued to hold the office of Statutory Auditor which also resulted in his removal from the position of Statutory Auditor vide Order dated 14.08.2019 of Regional Director, Eastern Region, MCA, Kolkata.

4. SUBMISSIONS OF THE RESPONDENT

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 defence:

- 4.1 That section 144(h) of the Companies Act, 2013 has restricted the statutory auditors to provide "management services" but has not explained the meaning and scope of this expression even till date and hence there is no definition as to what all activities would get covered in the ambit of the term management services. The prime motive of introducing the provisions under section 144 is to ensure the enhanced independence and accountability of the auditors.
- 4.2 The legislative intent of Section 144 was to protect independence of the auditor. In their case irrespective of the fact whether such variance analysis is regarded as Management Consultancy Service or Management Service, independence is well protected which is evident from the Qualified report issued by them.
- 4.3 In absence of any definition as to what constitutes a management service, the question of law comes into forefront, and the same cannot be arbitrarily enforced by the learned Disciplinary Committee that "Variance Analysis is a management service"



- 4.4 That he has not conducted internal audit of the Company since an Internal auditor was already appointed by the Company and he has only used the work of the Internal Auditor which is in accordance with SA-610.

5. FINDINGS OF THE COMMITTEE

- 4.1 The Committee noted that the essence of the allegation is that the Respondent, being the Statutory Auditor of the Company, has also carried out the Variance Analysis for the Company which falls within the ambit of internal audit/ management services which are barred by Section 144 of the Companies Act, 2013. The relevant Section is as under:

Section 144: Auditor not to render certain services—

An auditor appointed under this Act shall provide to the company only such other services as are approved by the Board of Directors or the audit committee, as the case may be, but which shall not include any of the following services (whether such services are rendered directly or indirectly to the company), or its holding company or subsidiary company, namely: —

(a) accounting and book-keeping services

(b) internal audit

(c) design and implementation of any financial information system

(d) actuarial services

(e) investment advisory services

(f) investment banking services

(g) rendering of outsourced financial services

(h) management services; and

(i) any other kind of services as may be prescribed

- 4.2 The Committee observed that the Respondent in his defence has submitted that he has conducted the Variance Analysis to figure out the frauds or material misstatement, if any, and to report the same in his Statutory Audit Report.
- 4.3 The Committee perused the Variance Analysis Report issued by the Respondent and noted that the Respondent has also given his recommendations to control each specific heads of indirect expenses of the Company. The Committee viewed that the recommendations given by the Respondent in his Variance Analysis Report are

for monitoring of internal control which is defined as one of the functions of Internal Audit under the Standard of Auditing- 610 issued by the ICAI which is as under:

"3. The role and objectives of the internal audit function are determined by management and where applicable, those charged with governance. While the objectives of the internal audit function and the external auditor are different, some of the ways in which the internal audit function and the external auditor achieve their respective objectives may be similar. (Ref." Para. A3)

Scope and Objectives of the Internal Audit Function (Ref: Para. 3)

A3. *The objectives of internal audit functions vary widely and depend on the size and structure of the entity and the requirements of management and, where applicable, those charged with governance. The activities of the internal audit function may include one or more of the following: -*

• Monitoring of internal control. *The internal audit function may be assigned specific responsibility for reviewing controls, monitoring their operation and recommending improvements thereto.*

4.4 Further, on perusal of the Variance Analysis Report issued by the Respondent and the letter dated 1st September 2017 sent by the Respondent to the Company, the Committee noted that the Variance Analysis was carried out as a separate and independent assignment for which the appointment was made by the management of the Company. This is evident from copy of invoices dated 19th February 2018 issued by the Respondent wherein he had charged separate professional fees of Rs. 25,000/- for preparation of Budget of the Company for financial year 2018-19. The same indicates that the Respondent had undertaken the separate assignment of preparation of Budget of the Company and hence such services cannot be regarded as carried out as a part of audit procedures for Statutory Audit performed by the Respondent for the financial year 2017-18. It is seen that when asked the Respondent has also failed to provide the appointment letter issued to him by the Company for carrying out the Variance Analysis assignment.

4.5 Thus, on close perusal of Variance Analysis Report issued by the Respondent the Committee inter alia observed the following: -





- i. That the Respondent has been appointed by the Management of the Company to undertake the Variance Analysis of Indirect Expenses.
- ii. That the Respondent in his Variance Analysis Report has also provided his recommendations to control the indirect expenses by including "Remarks" column against each specific head of indirect expenses. The Committee viewed such "Remarks" as nothing, but the recommendation given to the management for exercising control over each specific heads of indirect expenses thereby making such activity undertaken by the Respondent as acquiring the nature of Internal audit though with limited scope.

The Committee deliberated on the detailed verbal and written arguments of the Respondent. The Committee also deliberated at length on the Variance Analysis Report dated 1st September 2017 issued by the Respondent. The Committee on consideration of all relevant facts of the case regarded Variance Analysis Report as bearing the nature of an Internal Audit activity which is expressly prohibited by Section 144 of the Companies Act 2013. Accordingly, the Committee decided to hold the Respondent **Guilty** of professional misconduct falling within the meaning of Clause (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

5. **CONCLUSION**

Thus, in the considered opinion of the Committee, the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-

(CA. Prasanna Kumar D)

PRESIDING OFFICER

Sd/-

(Ms. Rani S. Nair, IRS (Retd.))

GOVERNMENT NOMINEE

Sd/-

(Shri Ajaib Singh, IA&AS (Retd.))

GOVERNMENT NOMINEE

Sd/-

(CA. Chandrashekhar Vasant Chitale)

MEMBER

Sd/-

(CA. Vishnu Kumar Agarwal)

MEMBER

DATE:18.08.2025

PLACE:NOIDA

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Charan Singh

वरुण सिंह / Charan Singh

कार्यकारी अधिकारी / Executive Officer

अनुशासनमय निदेशालय / Disciplinary Directorate

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