

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2025-2026)]

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

Findings under Rule 18(17) and Order under Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No.: - [PR/162/2019-DD/261/2019/DC/1791/2023]

In the matter of:

Shri Braja Sundar Pradhan

Flat No. 703, AGATE Block,
My Home Jewel, Madinaguda Village,
Miyapur,
Hyderabad (Telangana) – 500049.

...Complainant

Versus

CA. Ashwani Mohan (M. No. 082632)

Partner, M/s A Mohan & Company (FRN 017403N)
Chartered Accountants
B-32, Ground Floor,
Kirti Nagar,
New Delhi (Delhi) – 110015.

...Respondent

MEMBERS PRESENT (in person):

CA. Prasanna Kumar D, Presiding Officer (In person)

Ms. Dakshita Das, IRAS (Retd.), Government Nominee (Through VC)

Adv. Vijay Jhalani, Government Nominee (In person)

CA. Mangesh Pandurang Kinare, Member (In person)

CA. Satish Kumar Gupta, Member (In person)

DATE OF FINAL HEARING: 16th October 2025

PARTIES PRESENT:

Counsels for Complainant : CA. Nishant Vikram along-with Adv. Vaibhav Chaurasiya (In person)

Counsel for Respondent : Adv. S. S. Sharma (In person)

1. **Background of the Case:**

M/s Helvetica Industries (P) Limited (hereinafter referred to as 'Company') had been incorporated on 28.01.1999 while the Complainant was one of the founding promoters and Managing Director of the Company. Complainant was the majority shareholder as on 31.03.2007 as the shares of the Company were held privately by the Complainant, his family, and friends. But, after execution of shareholder agreement dated 07.04.2007, the shareholding changed when M/s. Kee Pharma Limited (hereinafter referred to as 'KPL') made investments in the Company. Mr. Motihar was the Managing Director of KPL who changed the Auditors and accountant of the Company, and the Respondent became the Auditor of the Company who had audited the financial statements of the Company for FYs 2008-09, 2009-10, 2010-11 and 2011-12. After being appointed as the Statutory Auditor of the Company, the Respondent entered into a criminal conspiracy with Mr. Motihar to defraud the Complainant of his shareholding in the Company. The Respondent deliberately cooked up balance sheets, profit & loss statements by fraudulently booking huge amounts of expenses of KPL as loans from KPL to the Company. Though the Complainant was the Managing Director, the Respondent never consulted him while preparing these falsified financial documents and was working solely at the direction and behest of Mr. Motihar, hand in glove with him. It was beyond Complainant's imagination that an auditor could suffer from such lapse of professional ethics and play such a partisan role. All these years, he had believed that the Respondent would be guided by the dictates of his professional ethics and would follow accepted auditing practices in preparing the financial statements of the Company. Due to such faith in the very profession, he had put his signatures on these financial statements. But his belief had changed into a disbelief when the forensic audit of all financial documents of four financial years i.e., FYs 2008-09 to 2011-12 was done by the Complainant. In December 2016, the Complainant had realized the extent of auditing fraud perpetuated by the Respondent and in January 2017, he wrote to the Respondent requesting him to explain various questionable entries but despite passage of more than one and half years, the Respondent had not bothered to respond to the Complainant's letter. False entries created by the Respondent immensely benefited Mr. Motihar because it allowed him to convert some of alleged debt into equity and become absolute controlling shareholder of the Company. This could be evidenced from the fact that in the period of 2011-12 alone, by converting the debt into equity, Mr. Motihar illegally acquired 1488 equity shares in the name of KPL. With this illegal acquisition, KPL came to possess 77.29% of the total issued, subscribed and paid-up capital of the Company and Complainant's

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shareholding was reduced to mere 19.81%. Armed with such an overwhelming shareholding in the Company, Mr. Motihar then proceeded to take absolute control of the Board of Directors of the Company. On 29th September 2012, he gained control by engineering a change in the composition of the Board in his favor in the ratio 2:1. The majority voting rights that Mr. Motihar secured from the changed composition of the Board was used later on 11th February 2013, to close down the operation of the laboratory. The laboratory was the only asset of the Company, and with the closure, the Company became practically dead. Since then, the Company had no employees or business activities.

2. Charges in brief:

- 2.1 As per bank statement of the Company, in the beginning of the FY 2010-11, Rs. 1,48,00,000/- was fraudulently siphoned from the account of Company. The Respondent helped to cover up this transaction.
3. The relevant issues discussed in the Prima Facie Opinion dated 13th January 2023 formulated by the Director (Discipline) in the matter in brief, are given below: (only in respect of allegation 2.1 in which the Respondent had been held prima facie guilty)
 - 3.1 The Complainant had clarified that the amount of Rs. 85 lakhs and Rs. 62 lakhs (total alleged amount of Rs. 1.47 crores) had been received on 06.04.2010 by the Company from the Department of Science and Telecom (DST) and Gujarat Industrial Development Corporation (GIDC) respectively and against the said transactions, the amount of Rs. 1,13,00,000/-, Rs. 20,00,000/- and 15,00,000/- (total amount of Rs. 1.48 crores) had been transferred by the Company to KPL on 09.04.2010, 07.05.2010 and 08.05.2010 respectively.
 - 3.2 From SBI's bank account statement of the Company, it was evident that the said alleged amounts of Rs. 1,13,00,000/-, Rs. 20,00,000/- and 15,00,000/- (total amount of Rs. 1.48 crores) had been transferred by the Company to KPL through 3 different cheques. However, from the ledger account of KPL for FY 2010-11 maintained in the books of Company as provided by the Respondent at Rule 8(5) stage, it was noted that no such alleged amount of Rs. 1.48 crores transferred to KPL was reflected in the said ledger account despite the same amount appearing in the bank statement for the relevant period.
 - 3.3 Moreover, from SBI's ledger account maintained in the books of Company for FY 2010-11, it was also surprising to note that the alleged amount / transactions of Rs. 1.47 crores received

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m/s

by the Company from DST and GIDC and alleged transfer of amount of Rs. 1.48 crores to KPL are not reflected in the same.

- 3.4 Further, based on various submissions and documents available on record, it was coming out that KPL had become the parent Company of the Company (i.e., Helvetica Industries Private Limited) pursuant to shareholders' agreement dated 07.04.2007 entered between both companies. However, no disclosures which were required to be given / disclosed in compliance with AS-18 (Related Party Disclosures) had been disclosed in the audited financial statements of the Company for FY 2010-11 in respect of alleged transfer of funds by the Company to KPL.
- 3.5 Moreover, the Respondent kept silent and had not provided any submissions in respect of the instant allegation. Thus, in the absence of any submission from the Respondent in the instant matter and based on various documents available on record, the actual nature of the alleged transfer of Rs 1.48 crores by the Company to KPL was not ascertainable.
- 3.6 The total size of balance sheet of the Company was Rs. 4.85 crores as on 31.03.2011, and thus, the alleged transfer of Rs. 1.48 crores was a material amount looking at the overall balance sheet size of the Company.
- 3.8 Accordingly, the Respondent *prima facie* **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation.
- 3.9 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 13th January 2023 opined that the Respondent was *prima facie* **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Clause of the Schedule to the Act, states as under:

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

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

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

3.10 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 09th June 2023. The Committee on consideration of the same, concurred with the reasons given against the charge(s) and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent was GUILTY of Professional Misconduct falling within the meaning of Clause (7) of Part - I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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	26 th August 2019
2.	Date of Written Statement filed by the Respondent	24 th October 2019
3.	Date of Rejoinder filed by the Complainant	24 th December 2019
4.	Date of Prima Facie Opinion formed by Director (Discipline)	13 th January 2023
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	03 rd August 2023
6.	The Balance Sheet of the Company for the FY 2008-09 submitted by the Respondent	24 th September 2025
7.	Written Submissions filed by the Complainant after Prima Facie Opinion	16 th October 2025

5. **Written Submissions filed by the Respondent: -**

5.1 The Respondent vide letter dated 03.08.2023 has made the following submissions: -

a) The Company had issued the following three cheques to M/s. KPL on 31.03.2010 totalling Rs.1,48,00,000/-; duly recorded in books of accounts for F.Y. 2009 –10:

Ch. No. 993749 D/o. State Bank of India, Hyderabad	Rs. 1,13,00,000
Ch. No. 905073 D/o. State Bank of India, Hyderabad	Rs. 15,00,000
Ch. No. 905072 D/o. State Bank of India, Hyderabad	Rs. 20,00,000

- b) These Cheques cleared in F.Y. 2010-11, hence appearing in bank statement of that year; complainant ignored F.Y. 2009-10 records.
- c) The closing balances of M/s. KPL amounting to Rs.44,61,886.78 and State Bank of India amounting to Rs.3,91,421.57 are appearing in the financial statements and the same tallies with the closing balances as per the books of accounts. These financial statements have been duly signed by the Complainant as Managing Director. Said balance of Rs. 44.62 lakh due to M/s. KPL has also been mentioned in the CARO report submitted for the F.Y. 2009-10.
- d) SBI account was operated and cheques were signed by Complainant himself and all the above three cheques were signed and issued by him only. It is very surprising that he has pretended ignorance about issue of these cheques on 31/03/2010 and mislead the Disciplinary Directorate on this issue.
- e) Similarly, the loan of Rs.85,00,000 was received by way of cheque during the fag end of F.Y. 2009-10 by the Company from Department of Science & Telecom (DST). The same was recorded as loan received from DST on 31/03/2010 in the books of the Company and duly declared as 'Loan Liability' in the Balance Sheet as on 31/03/2010. Schedule 3 of the Balance Sheet clearly shows this loan liability in the name of DST. The cheque was deposited in the bank and it got cleared in April 2010, next financial year.
- f) The facts and evidence establish that the Complainant has made false accusations out of frustration and reasons best known to him.
- g) Although the Complainant did not raise the issue, the Disciplinary Directorate observed non-disclosure of related party transactions as per AS-18 in the financial statements. The Directorate cannot add new issues to the complaint filed in Form - I, and hence cannot form a *prima facie* opinion on unraised matters.

5.2 Pursuant to the Directions of the Committee in the hearing held on 23.09.2025, the Respondent vide email dated 24.09.2025 provided the Balance Sheet of the Company for the financial year 2008-09.

6. Written Submissions filed by the Complainant: -

The Complainant vide e-mail dated 16.10.2025 has made the following submissions: -

6.1 In April, 2010, the Company received Rs. 1,48,00,000/- in its bank accounts. This amount came from two sources. First, Rs. 85,00,000/- came as a project-specific soft loan from the Department of Science & Technology (DST), Government of India. This loan was for

research on "Enantioselective synthesis of the drug Pregabalin". Second, Rs. 62,00,000/- came from the sale of GIDC land owned by the Company.

- 6.2. These funds were received by the Company in its bank accounts. The DST loan was sanctioned on 01.04.2010. The cheque was deposited on 06.04.2010. This is admitted by the Respondent himself in his submission dated 03.08.2023.
- 6.3. Within three days of receiving these funds, suspicious and baseless transfers began from the Company to KPL (a holding company owned by Anil Motihar). On 09.04.2010, Rs. 1,13,00,000/- was transferred to KPL through Cheque No. 993749. On 07.05.2010, Rs. 15,00,000/- was transferred through Cheque No. 905073. On 08.05.2010, Rs. 20,00,000/- was transferred through Cheque No. 905072. Total outflow to KPL was Rs. 1,48,00,000/-.
- 6.4. The above transfers of Rs. 1.48 crores were not disclosed in the audited financial statements. The Respondent issued clean audit reports for both FY 2009-10 and FY 2010-11. He certified that the financial statements showed a 'true and fair view', which was not actual position of affairs of the Company.
- 6.5. The auditor's responsibility is independent and statutory under the Companies Act, 1956, the auditor is appointed by the shareholders and not by the management.
- 6.6. An Auditor is a watchdog and when presented with obvious red flags, he must raise a red flag. The immediate siphoning of a government project loan to a related party is not a subtle irregularity. It is a glaring alarm bell.
- 6.7. The Respondent saw this red flag but remained silent. He certified the accounts as showing a true and fair view and failed in his fundamental duty as a watchdog.
- 6.8. The Respondent's audit duties are prescribed by statute, Accounting Standards, and Standards on Auditing. These prescribe the specific manner in which an audit must be conducted. It specifies duties regarding fraud detection, related party transactions, and disclosure.
- 6.9. The Respondent did not perform his duties in the prescribed manner. By failing to follow mandatory procedures, his audit regarding this transaction

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7. **Brief facts of the Proceedings:**

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

S.No.	Date of meeting(s)	Status
1.	18 th August 2023	Oath taken by Respondent
2.	23 rd September 2025	Part heard and adjourned
3.	09 th October 2025	Part heard and adjourned at the request of Complainant
4.	16 th October 2025	Hearing concluded and decision taken

7.2 On the day of hearing on 18th August 2023, the Committee noted that the Counsel for the Complainant and Respondent along with Counsel was present in person and appeared before it. Being first hearing of the case, the Respondent was put on oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges and then charges against the Respondent were read out. On the same the Respondent replied in the affirmative and pleaded Not Guilty to the charges levelled against him. In the absence of the Complainant and in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a later date. With this, the case was part heard and adjourned.

7.3 On the day of hearing on 23rd September 2025, the Committee noted that the Respondent along with his counsel and Counsel for Complainant were physically present. Thereafter, the Committee enquired from Respondent that since the composition of the Committee had changed subsequent to the last hearing in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Respondent submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard. The Counsel for Complainant stated that he wants Prima Facie Opinion and written submissions of the Respondent to proceed with the matter. Therefore, the Committee acceding to the request of counsel for Complainant, directed the office to provide the same to Complainant. The Committee noted that the allegation against the Respondent was that Rs. 1.48 crore was fraudulently siphoned off from the company's bank account during the financial year 2010-11, when the Respondent was the auditor. The Respondent clarified that the amount was received from Gujarat Industrial Development Corporation (GIDC) and the Department of Science and

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Technology (DST) as loans for specific purposes. The funds were recorded in the company's books as unsecured loans and were used to repay a loan to Key Pharma Limited (KPL). The Respondent provided detailed references to the financial statements and bank records to substantiate the transactions, including the receipt and payment of funds.

The Respondent further explained that the financial statements for 2009-10 included proper disclosures of the transactions, and the cheques issued were recorded in the previous year's accounts. The Respondent also stated that AS-18 disclosures were not mandatory for small companies at the relevant time. Additionally, the Respondent submitted that the Director (Discipline) did not request specific documents related to the earlier financial years during the formation of the Prima Facie Opinion. With this, the case was part-heard and adjourned.

7.4 On the day of hearing on 9th October 2025, the Committee noted that the Counsel for the Complainant and Respondent along with his counsel were present in person and appeared before it. The counsel for Complainant requested additional time to prepare written submissions, citing delays in receiving the complete set of documents. The Committee noted that the documents had already been sent to the Complainant after acceptance of PFO by it, and thereafter it was also shared with the Complainant once again pursuant to the request received from him in the last hearing. The Committee expressed concerns about the delay but granted the Complainant a final opportunity to submit their written submissions before the next hearing to be scheduled on 16th October 2025. With this, the case was adjourned at the request of the Complainant.

7.5 On the day of hearing on 16th October 2025, the Committee noted that the Counsel for the Complainant and Respondent along with his counsel were present in person and appeared before it. The Committee noted that the Complainant alleged that funds meant for scientific research, received from the Department of Science and Technology (DST), were diverted to KPL as a loan and subsequently converted into equity shares, contrary to the shareholders' agreement. It was argued that the Respondent failed to flag this transaction and disclose it under AS 18, which governs related party transactions. The Complainant further claimed that the transaction was backdated to manipulate financial records and facilitate the diversion of funds.

The Respondent countered that all transactions were duly recorded in the books of accounts and signed by the Complainant, who was the Managing Director of Helvetica Industries. It was emphasized that the funds were accounted for as unsecured loans and later converted into equity shares, as per the shareholders' agreement. The Respondent also argued that AS 18 was not applicable to the entity, as it fell under SME exemptions, and no criminal complaint

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had been filed to substantiate the allegations of siphoning. The Committee noted that the funds were recorded in the financial statements and signed by the Complainant, indicating awareness of the transactions. The Committee also observed that the applicability of AS 18 was not conclusively established, and allegation of non disclosure of AS 18 particulars was not made in the original complaint made by the Complainant. Further the Committee also observed that the Complainant admitted to non-inclusion of AS 18 disclosures as allegation in the original complaint.

Thereafter, the Committee, on considering the documents on record and the oral and written submissions of the parties to the case vis-à-vis facts of the case, concluded the hearing in the case and decided on the conduct of the Respondent.

8. **Findings of the Committee:-**

8.1 The Committee noted that the Respondent has referred the provisions of Rule 12 of the Chartered Accountant (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules 2007 which indicate time limit of 7 years on entertaining complaint or information in respect of any misconduct alleged to have been committed by the member of the Institute and the subject allegation raised by the Complainant pertain to the period which was more than seven years old and hence need not be entertained in view of provision of Rule 12. The Committee observed that said objection of the Respondent had already been dealt by the Director (Discipline) in Prima Facie Opinion formed under Rule 9 of the Chartered Accountant (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules 2007. In respect of issue relating to applicability of Rule 12 raised by the Respondent, it appears that the Rule 12 is attracted in a situation / circumstance where on account of time lag, the Respondent faces any difficulty in securing proper evidence for his / her defense and it does not ipso facto render the complaint / information as not maintainable. However, in the instant matter, at Rule 8(5) stage, the Respondent vide his letter dated 06.03.2020 submitted the required documents viz., minutes of the Board Meetings of the Company, TDS Certificate, Ledger Accounts, details of Bank Accounts of the Company, extract of shareholders' agreement along with copy of audited financial statements and audit reports of the Company for relevant years. Therefore, the plea of the Respondent is not maintainable, and the case has been dealt with on merits of the facts / documents on records.

8.2 After dealing with preliminary objections of the Respondent, the Committee noted that there is one allegation against the Respondent in which has been held Prima Facie Guilty and has been explained in para 2.1 above. Based upon various documents on record and submissions of the parties, the Committee noted that the Respondent had audited the Financial Statements and had signed the audit report(s) of the Company, as Statutory Auditor for the F.Y. 2008-09, 2009-10, 2010-11 and 2011-12. The allegation raised by Complainant had in his complaint, are related to financial statements of the Company for F.Y. 2010-11, which were also signed by the Complainant as Managing Director of the Company.

8.3 On perusal of submissions of the Respondent, it is evident that the Company had issued following cheques to Kee Pharma Ltd. on 31/03/2010:

Ch. No. 993749 D/o. State Bank of India, Hyderabad	Rs. 1,13,00,000
Ch. No. 905073 D/o. State Bank of India, Hyderabad	Rs. 15,00,000
Ch. No. 905072 D/o. State Bank of India, Hyderabad	Rs. 20,00,000
TOTAL	Rs.1,48,00,000

8.4 The Committee noted the submissions of the Counsel for the Complainant, wherein he submitted that an amount of Rs.1.48 crore was transferred by the Company to M/s. KPL and said amount was siphoned off without proper disclosure. He submitted that the bank balance of Helvetica as on 31/03/2010 was Rs. 3.65 lakh and a cheque of Rs.1.48 crore was shown as issued on that same date, which raises suspicion of backdated transactions to manipulate financial statements. He further submitted that Respondent failed to detect or report this in his audit report. Thereafter, he submitted that Respondent did not comply with Accounting Standard (AS) 18, *Related Party Disclosures*, which requires disclosure of related party transactions between holding and subsidiary Companies. The Respondent failed to disclose that the Company and M/s. KPL were related parties.

8.5 The Committee noted that the Respondent has brought on record ledger accounts of M/s. KPL and State Bank of India, Hyderabad as appeared in the books of the Company for the F.Y. 2009-10. In view of these ledger accounts, the Committee observed that these three cheques had been recorded by the Company in its books of accounts in FY 2009-10 correctly on 31/03/2010. Further, on perusal of said ledger account, the Committee noted that outstanding balance of M/s. KPL was Rs. 44,61,886.78 and bank balance (SBI) was Rs.3,91,421.57 as on 31/03/2010.

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8.6 Thereafter, the Committee perused the audited Financial Statements of the Company for the F.Y. 2009-10 audited by the Respondent and observed that closing balances of M/s. KPL was amounting Rs.44,61,886.78 and State Bank of India amounting to Rs.3,91,421.57 which correctly matching with closing balances as appeared in books of accounts of the Company. It is also apparent that the Respondent has mentioned this balance of Rs. 44.62 lakh due to M/s. KPL in the CARO for the F.Y. 2009-10.

8.7 Moreover, in view of bank statement (SBI) of the Company brought on record by the Complainant, the Committee noted that these cheques were en-cashed during next Financial Year i.e. 2010-2011 in the month of April/May 2010. In view of these noted facts, the Committee was of the view that there was no lapse/violation in accounting treatment of above three cheques issued to M/s. KPL amounting Rs. 1.48 Crores during the F.Y. 2009-2010 by the Company. Thus, the Committee held the Respondent **Not Guilty** in respect of this allegation.

8.8 Furthermore, the Committee noted that Financial Statements of the Company for Financial Year 2009-2010 and 2010 – 2011 had been duly signed by the Complainant as Managing Director of the Company. The Committee referred the following provisions of Companies Act, 1956:

"215. AUTHENTICATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(3) The balance sheet and the profit and loss account shall be approved by the Board of directors before they are signed on behalf of the Board in accordance with the provisions of this section and before they are submitted to the auditors for their report thereon." (emphasis added)

"217. BOARD'S REPORT

(2AA) The Board's report shall also include a Directors' Responsibility Statement, indicating therein-

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;*
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;*

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis" (emphasis added)

From the above provisions, it is amply clear that the responsibility of preparing and maintaining books of accounts and financial statements is of the Company / management of the Company only. Further, it is also clear that after preparation of such financial statements, once approved by Board of Directors, the same will be submitted to the auditor for his audit report thereon. In the instant matter, Complainant himself had prepared and authenticate the financial statements of the Company for the relevant period for which the Respondent was Statutory Auditor. Hence, the allegation levelled by the Complainant against the Respondent is clearly an act of afterthought and are biased thereby has no relevance as the Complainant was himself a party for preparation and authentication of Financial Statements of the Company.

8.9 The Committee further observed that the term "siphoning of funds" implies the unauthorised or fraudulent diversion of money without proper records. The Committee viewed that from the ledger account submitted by the Respondent, it is amply clear that the funds were transferred as part of a running account between Helvetica and KPL, and the repayment of loans was a legitimate financial activity. Further, the opening and closing balances of the said ledger account have been duly reflected in the respective financial statements. As such the transactions were recorded in the financial statements, and there was no evidence of fraudulent intent or illegal diversion. The Committee also observed that amount / transactions of Rs. 1.47 crores received by the Company from DST and GIDC have also been duly reflected in the books of accounts. Therefore the Committee concluded that the allegation of siphoning of funds was not substantiated, as the transactions were properly recorded and there was no evidence of fraudulent intent.

8.10 Thereafter, the Committee noted the submissions of the Respondent regarding related party disclosures as per AS 18, wherein the Respondent has submitted that though the complainant has not raised this allegation in his complaint and the Director (Discipline) has, on its own, made an observation that related party disclosure as required by AS-18 has not been made in the Financial Statements.

8.11 The Respondent submitted that AS 18 was not applicable to Helvetica during the financial year in question, as the company qualified as a SME entity under the guidelines issued by ICAI. The Committee examined the financial statements and noted that the transactions between Helvetica and KPL were recorded as unsecured loans. However, the relationship between the two companies was not disclosed in the financial statements as required under AS 18. The Committee considered the Respondent's argument that AS 18 was not applicable to Helvetica as a SME entity. The respondent provided evidence of ICAI guidelines that exempted such entities from adhering to AS 18 during the relevant financial year. The Committee also observed that the complainant did not explicitly allege non-compliance with AS 18 in the original complaint, and the Director (Discipline) did not request specific documents related to AS 18 during the investigation. While the transactions were recorded in the financial statements, however, given the exemption for Level 2 and Level 3 (SME) entities and the absence of a direct allegation in the complaint, the Committee concluded that the Respondent's actions did not constitute professional misconduct.

8.12 In view of the above, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct" falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

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
Para 2.1 as given above	Paras 8.2 to 8.12 as given above	NOT GUILTY - Clause (7) of Part I of the Second Schedule

9.1 In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Order

10. Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for Closure of this case against the Respondent.

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Sd/-

(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

Sd/-

(MS. DAKSHITA DAS, IRAS {RETD.})
GOVERNMENT NOMINEE

Sd/-

(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-

(CA. MANGESH P KINARE)
MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 05th January 2026

PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

Nisha Sharma
निशा शर्मा / Nisha Sharma
सचिव सदिक / Assistant Secretary
अनुग्रहालय नियोनाय / Disciplinary Directorate
पात्रीय समिति नियोनाय प्रबन्ध
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प.)
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