

BOARD OF DISCIPLINE

(Constituted under Section 21A of the Chartered Accountants Act 1949)

**FINDINGS OF THE BOARD OF DISCIPLINE UNDER RULE 14 (9)
READ WITH RULE 15(2) OF THE CHARTERED ACCOUNTANTS
(PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER
MISCONDUCT AND CONDUCT OF CASES) RULES, 2007**

File No: PR/G/522/22/DD/391/2022/BOD/812/2025

CORAM: (PRESENT IN PERSON)

CA. Rajendra Kumar P, Presiding Officer
Ms. Dolly Chakrabarty, Government Nominee
CA. Priti Savla, Member

IN THE MATTER OF:

Shri S. K. Yadav, Additional Director
Serious Fraud Investigation Office (SFIO)
Ministry of Corporate Affairs (MCA), Government of India
2nd Floor, Pt. Deendayal Antodaya Bhawan
CGO Complex, Lodhi Road
New Delhi – 110003..... Complainant

Versus

CA. Piyush Kumar Rastogi (M. No. 084917)
of M/s Rastogi & Donald
19-C DDA Flats Masjid Moth I
Greater Kailash III
New Delhi – 110048.....Respondent

Date of Final Hearing : 08th December 2025
Place of Final Hearing : ICAI Bhawan, New Delhi

PARTY PRESENT (IN PERSON):

Respondent : CA. Piyush Kumar Rastogi
Counsel for Respondent : Shri. Arun Saxena, and Shri. Rahul Singh, Advocate

FINDINGS:

BACKGROUND OF THE CASE:

1. The Ministry of Corporate Affairs (MCA), vide its letter dated 19th July 2017, directed the Serious Fraud Investigation Office (SFIO) to investigate the affairs of Webworks Trade Links Private Limited (WTLPL) along with its four group companies, namely Adds Book Marketing Private Limited (ABMPL), Aage Infra Ventures Private Limited (AIVPL), Aarvanss CC Infra Private Limited (ACIPL), and Sage FMCG India Limited (SFIL).



2. Pursuant to the said direction, SFIO carried out an investigation into the affairs of the above-mentioned companies and submitted its Investigation Report dated 12th June 2020. The investigation covered the business activities, financial transactions, and related matters of WTLPL and its group entities.
3. The investigation revealed that while the group companies were engaged in different segments of business, Webworks Trade Links Private Limited was operating a Ponzi scheme in the guise of digital marketing schemes. It was observed that WTLPL commenced its operations in September 2016 and introduced various user plans and schemes. The management of the company, acting in connivance with one another, induced members of the public to subscribe to these plans, thereby deriving undue advantage and wrongful gains.
4. It was further revealed that the funds collected under these schemes were misappropriated and siphoned off, which was prejudicial to the interests of the company and injurious to the interests of the public at large. As per the analysis of bank transactions, WTLPL had collected approximately Rs. 270 Crore up to February 2017.
5. The investigation also noted that the Respondent, who was a partner of M/s. Rastogi & Donald, was handling work related to WTLPL on behalf of the firm, which acted as the statutory auditor of WTLPL for the period from 05th September 2016 to 31st March 2017, and of another group company, ABMPL, from 14th November 2016 to 08th February 2017. The Respondent was also engaged in providing services relating to the filing of Service Tax and TDS returns of WTLPL.
6. The Director (Discipline) vide his Prima Facie Opinion dated 25th March 2025, held the Respondent Guilty in respect of the allegation made out in the instant complaint.

CHARGE ALLEGED:

7. It is alleged that the Respondent in connivance with the Directors of WTLPL namely Anurag Garg and Sandesh Verma facilitated & actively participated in fraudulent activities and siphoning off the funds of WTLPL by arranging and facilitating the layering of funds.

BRIEF OF PROCEEDINGS HELD:

8. The details of the hearing fixed and held in the instant matter are given as below:

| S. No. | Date of Hearing | Status of hearing |
|--------|--------------------------------|-----------------------------|
| 1. | 18 th August 2025 | Part Heard and Adjourned. |
| 2. | 27 th October 2025 | Part Heard and Adjourned. |
| 3. | 08 th December 2025 | Matter Heard and Concluded. |

SUBMISSION OF THE PARTIES:

9. The Respondent, vide email dated 22nd July 2025, filed his written submissions. The Respondent submitted that his appointment as Statutory Auditor of Webworks Trade Links Private Limited was for a limited duration and that he resigned before commencement of the audit, as the company did not provide the requisite books of account or financial statements. He stated that he neither conducted any audit procedures nor issued or signed any audit report and therefore had no knowledge of the financial affairs of the company.

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10. The Respondent further submitted that the allegations against him are founded on statements recorded during investigation, which, according to him, were obtained under coercion and are therefore inadmissible and legally untenable. He contended that the provisions of Section 143(12) of the Companies Act, 2013, were not attracted in his case, as no audit work was initiated. He asserted that his role was limited to rendering advisory services relating to TDS and Service Tax compliances and that he had no involvement in the business operations, financial transactions, or management decisions of the company.
11. The Respondent also denied reliance on statements made by third parties, including Mr. Kuldeep Thakur and Mr. Anurag Garg, contending that such statements, in the absence of corroborative evidence, cannot be used to fasten liability upon him. He relied upon judicial precedents to submit that an auditor cannot be treated as a detective and cannot be held liable in the absence of established negligence or misconduct. He denied that his conduct brought disrepute to the profession and submitted that the complaint does not disclose specific or substantiated charges against him. He accordingly prayed for dismissal of the prima facie opinion and sought an opportunity to defend himself before the appropriate forum.
12. The Complainant, vide letter dated 14th August 2025, received on 22nd August 2025, filed a rejoinder refuting the submissions made by the Respondent and reiterating the averments contained in the original complaint. The Complainant submitted that the Respondent's claim of lack of knowledge regarding the affairs of Webworks Trade Links Private Limited is contradicted by his own sworn statement dated 15th January 2020, wherein he admitted that the business model of the company resembled a banned prize chit and money circulation scheme.
13. The Complainant further submitted that despite having such knowledge, the Respondent failed to comply with his statutory obligation under Section 143(12) of the Companies Act, 2013, to report the suspected fraud to the Central Government. It was also contended that the reason stated by the Respondent for his resignation in Form ADT-3, namely "pre-occupation with work," was misleading and inconsistent with his subsequent admission that the resignation was due to non-compliance by the management with his suggestions. According to the Complainant, this amounted to a false declaration attracting the provisions of Section 448 of the Companies Act, 2013.
14. The Complainant also disputed the Respondent's allegation that his statement was made under coercion, submitting that the statement was never retracted or challenged over a period of five years, thereby indicating that it was given voluntarily. It was further alleged that the Respondent facilitated the diversion of funds from WTLPL by introducing entry operators and certain companies, namely Sunlit Tradex India Pvt. Ltd., Madhuri Dresses Pvt. Ltd., and Prime Real Build Pvt. Ltd., which were allegedly used for layering and laundering of funds. The Complainant submitted that the Respondent's role in these transactions is supported by statements of other witnesses and documentary material.
15. The Complainant concluded that the conduct of the Respondent demonstrates concealment of material facts, false declarations, failure to report suspected fraud, and active involvement in diversion of funds. According to the Complainant, such conduct amounts to gross negligence, professional misconduct, and "other misconduct" under the Chartered Accountants Act, 1949, and constitutes a serious breach of professional standards and ethical obligations.

OBSERVATIONS OF THE BOARD:

16. At the outset, the Board noted that despite of the opportunities given to the Complainant, the Complainant chose not to appear before the Board for the reasons best known to them. Hence, the Board took up the hearing of the instant matter *ex-parte*.
17. The Board after thorough review of documents on record and deliberations on the matter observed that the Respondent neither conducted any audit nor signed any financial statements of the company and had already resigned from the position of Statutory Auditor.
18. It was further noted that the Respondent's professional engagement with the company was limited to tax-related work and that he had no role in the audit of financial statements or in certifying the accounts. Further, the Board's attention was also drawn to the fact that a subsequent auditor, namely CA. Arun Ahuja of M/s. Pooja Arora and Associates, was appointed after the Respondent's resignation.
19. Upon consideration of the submissions made and the documents placed on record, it is noted that the Respondent did not audit the financial statements of the Companies under question and resigned on 30th January 2017 prior to the commencement of any audit procedures or preparation of financial statements. In the absence of any audit engagement or certification of accounts by the Respondent, the provisions of Section 143 (12) of the Companies Act, 2013, are not attracted to the Respondent.
20. Accordingly, based on the facts on record and the submissions advanced by the parties, the board is of the considered opinion that the Conduct of the Respondent does not establishes other misconduct under Item (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949

CONCLUSION:

21. Thus, in conclusion, in the considered opinion of the Board, the Respondent is '**Not Guilty**' of Other Misconduct falling within the meaning of Item (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Board passed an Order for closure of the case in terms of the provisions of Rule 15 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.
22. Ordered Accordingly. The Case stands disposed of.

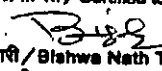
Sd/-
CA. Rajendra Kumar P
Presiding Officer

Sd/-
Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

Sd/-
CA. Priti Savla
Member

Date :16-01-2026

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


विश्वनाथ तिवारी / Bishwa Nath Tiwari
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अनुशासनात्मक निदेशालय / Disciplinary Directorate
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