

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/4/2019/DD/65/2019/BOD/829/2025

CORAM: (PRESENT IN PERSON)

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

IN THE MATTER OF:

CA. Poonam Chand Soni (M. No.054403),
Proprietor- P.C Soni & Co.
Room No.844, Marshall House, 33/1, N.S Road,
Kolkata.....

Complainant

Versus

CA. Khushboo Jajodia (M. No.303137)
Partner- M/s. PBMN & Co.,
No.61, Burtolla Street, 1st Street,
Kolkata.....

Respondent

Date of Final Hearing : 22nd December 2025
Place of Final Hearing : ICAI Bhawan, Kolkata

PARTIES PRESENT (IN PERSON):

Complainant : CA. Poonam Chand Soni
Respondent : CA. Khushboo Jajodia
Counsel for Respondent : CA. Ayush Jain

FINDINGS:

BACKGROUND OF THE CASE:

1. The Respondent firm allegedly committed professional misconduct by accepting an illegitimate appointment as statutory auditor of M/s BLJ Plylam Marketing (P) Ltd. and M/s Summi Commercial (P) Ltd. (hereinafter referred to as "**Companies**") for FY 2016-2017, despite the Complainant firm already holding the position lawfully from FY 2014-15 to FY 2018-19. It is the case of the Complainant that the companies attempted to remove the Complainant firm by filing Form ADT-2 on false grounds to avoid fee

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payments, which the Regional Director rejected, thereby confirming the Complainant's continued auditor ship.

2. It is also the case of the Complainant that the companies had previously engaged in a similar unlawful appointment by naming M/s RASS & Co. as auditors, which led to compounding proceedings with the Regional Director to mitigate penalties and despite being aware of these facts, the Respondent allegedly accepted the appointment without obtaining a No-Objection Certificate (NOC) from the Complainant, violating Clause 8 of Part 1 of the First Schedule of the Chartered Accountants Act, 1949. It is also the case of the Complainant that M/s RASS & Co. had no valid authority to issue an NOC since their earlier appointment was void ab initio and the Respondent, having received copies of the compounding orders and ADT-2 rejection, knowingly disregarded this fact.
3. It is also the case of the Complainant that the Respondent's conduct raises serious concerns about professional integrity, as they purportedly audited both companies, including reporting under CARO and on internal financial controls, within a single day as they were appointed on 21/12/2017 and signed all reports by 22/12/2017 and the Complainant contends that such haste indicates collusion with the companies to facilitate wrongful removal of the legitimate auditor.
4. It is also the case of the Complainant that the companies, guided by the Respondent, systematically orchestrated these actions to unlawfully displace the Complainant from the statutory audit role and as such the Complainant requested to take necessary action against the Respondent for professional misconduct, emphasizing the deliberate disregard for statutory and ethical obligations
5. The Director (Discipline) vide its Prima Facie Opinion (PFO) dated 26th June 2025 held the Respondent Guilty in respect of the allegation made out in the instant complaint for the reasons as recorded in the said PFO.

CHARGE ALLEGED:

6. The Respondent committed professional misconduct by knowingly accepting an invalid appointment as statutory auditor for the companies despite being aware of the compounding order (dated 18/12/2017) that exposed the companies' prior illegal removal of the Complainant firm. Moreover, the Respondent is accused of colluding with the companies to facilitate their wrongful actions by (a) relying on an improper NOC from M/s RASS & Co. (whose own appointment was void) and (b) fraudulently completing the audit, including CARO reporting and internal financial control assessments, within one day, an implausible timeframe suggesting premeditated misconduct to aid the companies in circumventing statutory obligations.

BRIEF OF PROCEEDINGS HELD:

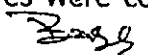
7. The details of the hearings fixed and held in the said matter are given below:

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S. No.	Date of Hearings	Status of hearings
1.	15 th October 2025	Part Heard and Adjourned.
2.	22 nd December 2025	Matter Heard and Concluded.

BRIEF SUBMISSIONS OF THE RESPONDENT:

8. In his written statement dated 05th November 2025, the Respondent submitted that the allegation under Clause (9) regarding accepting the audit appointment without ensuring compliance with Sections 139 and 140 of the Companies Act, 2013 is incorrect both on facts and in law. The Respondent clarifies that the appointment was accepted only after the Regional Director issued a Compounding Order dated 18.12.2017, which had a legal effect of regularizing the prior lapse by the company in not obtaining approval for the removal of the earlier auditor.
9. The effect of the compounding is curative and retrospective. Once an omission is compounded under Section 454 of the Companies Act, the penal consequences come to an end, and therefore, as of 21.12.2017, the Respondent's appointment was fully valid. The Respondent also stated that he did not know, actual or constructive, of any rejection of Form ADT-2. Since the MCA21 portal does not reflect RD rejection orders or compounding orders unless specifically uploaded, it was unrealistic to expect the Respondent to infer any non-approval. Instead, he relied on valid and facially correct corporate records, such as a duly passed Board Resolution, ADT-1, and consent letters, all indicating compliance. As per the ICAI Code of Ethics, the duty of the incoming auditor is only to "ascertain" compliance based on available records, not to conduct an independent investigation beyond what is accessible. The Respondent was not denied any records, no information was concealed, and the filings of M/s RASS & Co. were all in order and unrejected. Thus, the Respondent acted diligently, carefully, and without any negligence or collusion.
10. On the allegation under Clause (8) regarding failure to communicate with the correct previous auditor, the Respondent submits that he complied with the Code of Ethics by sending the mandatory communication to M/s RASS & Co., who, according to public filings and ADT-3, was the immediate past auditor. The company itself represented RASS & Co. as the outgoing auditor and never disclosed any issue regarding M/s P.C. Soni & Co. The financial statements for FY 2015-16 were also signed by RASS & Co. and accepted by the ROC, further confirming their position as the predecessor auditor. The Respondent states that identifying RASS & Co. as the previous auditor was a reasonable and bona fide professional decision, based on filed and unrejected records and absence of any contradictory information on MCA. Therefore, Clause (8) cannot apply, as the Respondent did not intentionally omit communication and acted based on the only available and reliable records.
11. Regarding the allegation under Clause (2) of Part IV relating to bringing disrepute to the profession, the Respondent submits that there is no evidence of bad faith, collusion with the company, falsification of any records, or compromise of independence. The audit was carried out strictly in accordance with the Standards on Quality Control and Standards on Auditing, and all procedures were completed properly before signing. No



fraud, financial irregularity, or misstatement has ever been alleged or established. Hence, the charge of bringing disrepute is speculative, baseless, and unsupported by any facts. The Respondent prayed accordingly.

OBSERVATIONS OF THE BOARD:

12. At the outset, the first limb of the allegation pertains to the assertion that the Respondent knowingly accepted an invalid appointment as statutory auditor of the Companies, despite being aware of the compounding order dated 18th December 2017, which related to the prior removal of the Complainant firm. Upon a careful and conjoint reading of the record, it emerges that the Complainant was appointed as statutory auditor of the Companies for the Financial Year 2014–15 and had duly signed the financial statements for the said year. Thereafter, the Complainant was removed, and M/s RASS & Co. audited and signed the financial statements for the Financial Year 2015–16. Upon the resignation of M/s RASS & Co., the Respondent came to be appointed and signed the financial statements for the Financial Year 2016–17.
13. The compounding order dated 18th December 2017 unequivocally records that the Companies had removed the Complainant without obtaining prior approval of the Central Government, thereby attracting a violation of Section 140 (1) of the Companies Act, 2013. The said contravention was compounded upon payment of compounding fees of ₹50,000/- by M/s BLJ Pylam Marketing (P) Ltd. and ₹45,000/- by M/s Summi Commercial (P) Ltd. The legal effect of compounding, as is well settled, is that upon payment of the prescribed compounding fees, the statutory breach stands cured and the matter attains finality in the eyes of the law. Once the compounding order was passed, the defect arising out of the procedural irregularity in the removal of the Complainant ceased to survive.
14. It is of critical significance that the Respondent was appointed on 21st December 2017, i.e., after the passing of the compounding order. Consequently, on the date of the Respondent's appointment, the earlier illegality stood remedied, and no legal impediment survived either in respect of the removal of the Complainant or the consequential appointments thereafter. In such circumstances, the Board finds no merit in the contention that the Respondent accepted an invalid appointment. On the contrary, the appointment of the Respondent was legally tenable and valid in law, and the Respondent cannot be questioned for having accepted the same.
15. Following from the aforesaid conclusion, the second limb of the allegation, that the Respondent relied upon an improper No Objection Certificate (NOC) obtained from M/s RASS & Co., whose own appointment is alleged to be void, also fails. Once it is held that the compounding order cured the defect relating to the removal of the Complainant and validated the chain of subsequent events, the appointment of M/s RASS & Co. cannot be illustrated as void to vitiate the NOC issued by them. The Respondent has placed on record that she relied upon Form ADT-3 obtained after due enquiry from the Registrar of Companies, which reflected M/s RASS & Co. as the immediately preceding auditor. The Board further observes that, in terms of the applicable professional standards and ethical framework, the obligation cast upon an incoming auditor is to ascertain

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compliance based on available and accessible records, rather than undertaking an independent or investigative inquiry beyond such records. In that view of the matter, the reliance placed by the Respondent on the NOC issued by M/s RASS & Co. cannot be faulted, and the said NOC is held to be valid concerning the Respondent's appointment.

16. The third limb of the allegation pertains to the assertion that the Respondent fraudulently completed the audit, including reporting under CARO and the assessment of internal financial controls, within a single day, which is alleged to be an implausible timeframe suggestive of premeditated misconduct. The Board observed that the Complainant has failed to place on record any cogent material to demonstrate that the audit functions in question could not, as a matter of fact or law, be completed within such timeframe. On the contrary, having regard to advancements in technology and modern auditing tools, it cannot be summarily concluded that the completion of audit-related work within a short duration is per se impossible. The allegations in this regard rest solely on conjecture and presumption of the Complainant. It is a settled principle of law that a finding of guilt cannot be founded upon mere suspicion or hypothesis, in the absence of substantive and reliable evidence.
17. Upon an overall and comprehensive consideration of the representations, submissions, and documents on record, the Board is of the assessment that the Complainant has failed to substantiate, by cogent, corroborative, and conclusive documentary evidence, the charge of professional misconduct against the Respondent. The allegations that the Respondent knowingly accepted an invalid appointment, colluded with the Companies by relying on an improper NOC, and fraudulently completed the audit within an implausibly short timeframe, remain unproven. In the absence of legally sustainable evidence, the imputations levelled against the Respondent cannot be sustained.

CONCLUSION:

18. For the reasons recorded hereinabove, the Board records its finding that the Respondent is **Not Guilty** of Professional and Other Misconduct within the meaning of Items (8) and (9) of Part I and 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.
19. The Complaint stands disposed of in the above terms.

Sd/-

CA. Rajendra Kumar P
Presiding Officer

Sd/-

Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

Sd/-

CA. Priti Savla
Member

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy



बिष्णुनाथ तिवारी / Bishwa Nath Tiwari
वरिष्ठ कार्यकारी अधिकारी / Senior Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय चरितेदार अकाउंटन्स संस्थान
The Institute of Chartered Accountants of India
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ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

Date: 16-01-2026