

**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/G/17/22/DD/82/2022/DC/1779/2023]**

**In the matter of:**

**Ms. Kamna Sharma, Dy. ROC,  
NCT of Delhi & Haryana,  
Ministry of Corporate Affairs,  
4th Floor, IFCI Tower,  
61, Nehru Place,  
New Delhi 110019**

**.....Complainant**

**Versus**

**CA. Rupal Kumar Jain (M. No. 503081)  
301, Chaudhary Complex 9,  
V S Block, Madhuban Road,  
Shakarpur,  
Delhi 110092**

**.....Respondent**

**MEMBERS PRESENT:**

**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 P Kinare, Member (In person)  
CA. Satish Kumar Gupta, Member (In person)**

**DATE OF FINAL HEARING : 19<sup>th</sup> November 2025**

**PARTIES PRESENT:**

**Authorized Representative of Complainant : Mr. Vijaysimha Reddy (Through VC)  
Respondent : CA. Rupal Kumar Jain (Through VC)  
Counsel for the Respondent : CA. C.V. Sajan (Through VC)**

1. **Background of the Case:**

- 1.1 Certain Chinese Directors or individuals/ shareholders/ entities in the involved companies have engaged dummy persons as subscribers to MOA & Directors and registered these companies with RoC, NCT of Delhi & Haryana by using forged documents/ falsified addresses/ signatures, Director Identification Number (DIN) obtained by furnishing false/ forged document to MCA and companies/ Chinese individuals or entities directly or indirectly connected with these companies are found to be engaged in illegal/ suspicious activities, money laundering, tax invasion and non-compliance of various provisions of laws and prima facie they disregarded the interest of the nation.
- 1.2 Certain professionals have connived with these companies/ their directors/subscribers to MOA and Chinese individuals who are acting behind these companies and professionals have knowingly incorporated these companies and also assisted in running of these companies for illegal/ suspicious activities in violation of various laws and further certified various reports/ e-forms filed with Ministry of Corporate Affairs on MCA 21 Portal with false information or by concealing the material facts/ information to hide the real identity of Chinese person behind the companies particularly at the time of incorporation by certifying professional and auditors knowingly filing financial statements without attaching the annexure of Borrowing/ Loan & Advances/ Investments/ Inventories and Notes to accounts for hiding material information.
- 1.3 It was also stated that professionals including Chartered Accountants are duty-bound to discharge their duties as per law and certify/ verify documents/ e-forms or give certificates/reports after due diligence so that compliance with the provisions of the law shall be ensured. However, they have failed to discharge their duties and had wilfully connived with Directors/ Company/ Shareholders / Chinese individuals in certifying E-forms knowingly with false information/ documents/ false declaration/ omitting material facts/ information in said Company.

2. **Charges in brief:**

- 2.1 The Respondent was the Statutory Auditor of M/s. Keikaku India Private Limited (hereinafter referred as **the Company/KIPL**) for the financial Years 2017-18 and FY 2018-19 and he had been alleged to have discharged his professional duties with

negligence as he had given audit report concealing material facts that the Company was rotating funds for suspicious activities in the garb of selling household goods including needlework box, screwdriver set etc. with the help of Respondent.

3. **The relevant issues discussed in the Prima Facie Opinion dated 21<sup>st</sup> October 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1 From the perusal of the information and documents on record, it was noted that M/s Keikaku India Private Limited was incorporated on 20/06/2017 and that the Respondent was the first auditor of the Company. It was further noted that the Complainant had placed on record a copy of E-form AOC-4 for the FY 2017-18 and E-form AOC-4 XBRL for the FY 2018-19. A copy of the statement on oath of one of the Directors, Mr. Hardik Yadav, dated 10/12/2020, had also been brought on record by the Complainant to support her claim, the relevant abstract of which are discussed in the next paragraph.

3.2 Upon perusal of statement of Oath of Mr. Hardik Yadav dated 10/12/2020 in the matter of M/s Keikaku India Private Limited, it was noted as under:-

"1. *When did you join as Director of the Company Keikaku India Private Limited? What is the date of incorporation of Keikaku?*

*Ans: I joined the company as a Director Cum promoter on 19/06/2017 and resigned on 09.04.2019. The company got incorporated in 2017.*

...

3. *How are you connected with the subject company, Keikaku India Private Limited?*

*Ans: I worked with Yoha Chemicals P Ltd in the year 2016 to 2017 in Sales Department. It was controlled by Chinese people. The company did not work and it was shut down. The communication with the staff members was therein wechat. During these chat Ms. Meilin, who was also an employee in Yoha Chemicals P Ltd, proposal for further job by giving name and number of Mr. Joy. He was a Chinese person. Mr. Joy asked me to come to Gurgaon for discussion. He told that they have another company named Miniso where I*

was offered a manager post and I consented. The job was in Gurgaon, which was not even set up at that time.

After one or two weeks he called me again and asked me whether I can become a Director in the company, Miniso. He offered 40,000 to 50,000 for the job and told me that I have to come only for one or two days in a week only for signatures and can do other jobs in meanwhile. I consented to the offer. After one month Mr. Joy came with another Chinese girl (name not known). He told me that I will have to invest with them in the company, Miniso in a way to put my share in the company. I refused after consenting with my family.

Again we met and told me that I remain Director only and cancelled my investment plan. He told me that we have a contract of Directorship is only for two or three years and after that I have to work in the same company. I consented. Starting salary of my directorship was Rs. 40,000/- and the last salary drawn by me was 65,000/- (tenure was from June, 2017 to April 2019). Mr. Joy asked me copy of my personal documents like Aadhar, PAN, Driving license, photos.

Mr. Joy called me the first day to sign papers relating to agreement. I asked him to send me copy of agreement before signing but they refused and told me that they got another Director for the same. I agreed to sign the documents then. I signed the documents. The documents did not contain the name of the company and I was not aware of the name of the company.

...

6. What happened after your signatures were taken on the agreement? How many employees were there overall? Does the office exist as on date.

Ans. Their office opened at 11th Floor Welldone Tech Park, Sona Road, Gurgaon. I visited the office. They made me to sign on papers every time I visited the office.

Overall there were almost 50 employees in the corporate office. But the subject co. and miniso were same co. to my knowledge.

The office exist in the current period same place.

11. *Next what happened?*

*Ans. In the month January, 2019 I came to know that I was not a director in Miniso but a director in some other company. Mr. Joy and Hanif Mohammad (the second director) had worked together for 4 years in Bangalore. Hanif was another director in Keikaku. This I came to know lately.*

...

13. *What is the main object of the subject company:*

*Ans. The subject company does not do anything. Whatever work is done is done by Miniso. The office of Miniso and Keikaku were in the same premises and the workers used to work interchange. An accountant Mr. Roshan Rajput (Phone Number 9250709029, 9654170072) used to call me for signatures. Mr Vincent Zhao (Phone number 9654838386) was also a chinese accountant and he was working for Miniso.*

...

27. *What is the project they are dealing?*

*Ans. Ladies bag, Perfumes, etc, all from Chinese. There were of Miniso. Only Miniso do the work. Miniso is a foreign company. Keikaku is the super franchise of Miniso. Miniso cannot open stores directly."*

3.3 Upon perusal of the financial statements of the Company, it was noted that the Respondent had qualified the Audit reports on the financial statements of the Company for FY 2017-18 and FY 2018-19. It was noted that the Respondent had indeed expressed a qualified opinion in respect of the nature and sum of Current Liabilities i.e., Trade Payables, Other Current Liabilities and Short Term Provisions amounting Rs.146.23 crores against the total balance sheet size of Rs. 141.57 crores in FY 2017-18 and that for Rs. 76.27 crores against the total balance sheet size of Rs. 71.14 crores in FY 2018-19.

3.4 Further, it was noted that the Respondent had brought on record huge volume of his working papers as well as additional documents pertaining to both years before the Directorate. It was also noted that at the stage of Rule 8(5) of CA Rules, 2007 for documents sought from the Respondent in respect of "Copy of confirmation(s) received in respect of trade receivables as shown in Financial Statement for financial year 2018-19", the Respondent submitted that there were only two debtors as

reported in the financial statement - Liugeliu Private Limited and Miniso Life Style Private Limited:

### Sundry Debtors

S. No.	Name	Amount
1.	Liugeliu Private Limited	6,90,53,986.52
2.	Miniso Life Style Private Limited	58,25,88,871.77
	<b>Total</b>	<b>65,16,42,858.29</b>

The Respondent further clarified that the sums, so reported, were on account of sale of goods and fixed assets to these parties. He argued that the sales made to these parties can be verified from the invoices raised by the Company. The Respondent further submitted that the Miniso Life Style Private Limited was the brand owner and had entered into the Franchise Agreement with the Company. During the financial year 2018-19, the business of the Company was taken over by Miniso Lifestyle Private Limited.

Further, the Liugeliu Private Limited was a related party having common directors during the year, the transaction among the two related parties were reported in accordance with provisions of AS-18, Related Party Disclosures issued by the ICAI. The Respondent further submitted that no confirmations were received from these two parties and the Respondent has mentioned in the audited financials that the balance reported is subject to reconciliation. During the course of audit, the copy of ledger of M/s Keikaku India Private Limited (Company) in the books of said two debtors was received by the Respondent from the auditee. The Respondent checked the same on test basis and relied upon them.

3.5 Considering the submissions of the Respondent and the documents submitted by him, it was observed as under:-

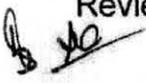
- a. That the sale of goods and sale of fixed assets are two distinct nature of transactions, while the former could give rise to debtors, later could give rise to 'other' current assets and not debtors. In fact, as per Division I of Schedule III to the Companies Act, 2013, there is no term like 'Sundry Debtors' in the prescribed format rather 'trade receivables' is used to signify the transaction in relation to sale of goods. It is noted that the trade receivables have been

reported at Rs. 65.16crore in the balance sheet (C-125) Hence, there was discrepancy in reporting the debts and misrepresentation of transaction.

- b. It is noted that on 17th July 2018, M/s. Miniso Life Style Private Limited had supplied goods to the Company. Further, on 22<sup>nd</sup> October, 2018 it entered into an agreement with the Company to purchase its business and on 8<sup>th</sup> December 2018, it purchased fixtures, assets including the goods supplied.
- c. On 25<sup>th</sup> July, 2017, the Company entered into two separate agreements i.e. Franchise Agreement and Inter-Corporate Loan Agreement with Miniso. The Company took right to deal in its branded goods and also a loan from Miniso of Rs. 5 crore pledging its inventory and all its shares. Subsequently, there is no information on record about the repayment of said loan. However, next year, both borrower and lender entered into an agreement wherein initiating from granting franchisee rights to borrower, the agreement closes with the fact that business of borrower will be taken over by the lender in a phased manner. Interestingly, there was no consideration agreed upon for transfer of business from one entity to another but invoices were drawn by borrower on lender transferring inventory as well as fixed assets. When the transferee company already had right over inventory and also on shares giving thereby right on all the assets including fixed assets, then it was difficult to comprehend as to why the lending company was purchasing them. Further, such transactions are supported by invoices but not by banking statements which points towards the allegation of the Complainant Department about rotation of funds on 25/07/2017.

Further to above, it was noted that the Respondent had taken a defense that he had expressed a qualified opinion on the said financial statements; hence, he had diligently performed his duty. However, on broader review of the nature of transactions being undertaken, as discussed above, it was questionable as to whether expression of qualification in respect of current liabilities was a sufficient indicator for stakeholders to raise an alarm and caution them before relying on the financial of the Company and its business.

- 3.6 Further, it was observed that the Respondent had also placed on record Interim Review Report of M/s Keikaku India Private Limited as on 15/03/2018 issued by him,



wherein certain abstracts were found worth consideration as reproduced here-under:-

"Observation-3

A difference has been observed in the intercompany balances between the Keikaku India Private Limited and Miniso Lifestyle Private Limited. The mutual agreement between the 2 companies stipulates for providing the interest on the loan amount @ 6.50 p.a. The provision for such interest and corresponding deduction of tax at source has not been made in the book of accounts on periodical basis. The said loan has been repaid partly.

Suggestion:

It is advised to make the provision for the interest payable and deduct the tax at source on the same. ....

Observation-5

The "Sundry Creditors" are showing a debit balance of INR 6.19 MM. The account is in the nature of payments to be made to various parties for the goods purchased or services received by the KIPL. The account should generally have a credit balance.

Suggestion:

Please allocate and record transactions under the appropriate accounting head. This shall enable us to suggest proper set of statutory compliances pertaining to these balances.

Observation-6

The "Sundry Debtors" are showing a credit balance of INR 13.88 MM. The KIPL is predominantly having cash sales. Therefore it cannot have sundry debtors. The ledger accounts pertaining to various stores have been opened under the head sundry debtors instead of the accounting head branch/ division.

Suggestion:

Please allocate and record transactions under the appropriate accounting head. This shall enable us to suggest proper set of statutory compliances pertaining to these balances. For accounting transactions with the various branches/ stores it is advisable to use the proper accounting principles for branch accounting. ....

Observation-8

*In accordance with the provisions of the Companies Act, 2013 the KIPL is required to maintain a record pertaining to all the assets owned by it. It can be equally used to maintain identification of each asset which can serve the purpose exercising proper control over the fixed assets. It contains the asset details such as date of purchase, cost, purchase date, salvage value, depreciation rates, its specifications, other identification details and location etc.*

**Suggestion:**

*Such records is mandatorily required in terms of Companies Act, 2013 hence should be maintained in proper format and at the earliest.*

**Observation-9**

*On examination of the books of accounts it was observed that the appropriate inventory details were not found on record. The location wise and item wise bifurcation of the inventory items was not made in the books. The appropriate value of the inventory can also not be determined due to lack of proper inventory control systems.*

**Suggestion:**

*It is advised to maintain proper records for the inventory records for the inventory items, containing the location, value and items-wise details of inventory.*

**Observation-10**

*On examination of the books of accounts it was observed that the nomenclature of the ledger accounts is not appropriate. Duplicate or more than one ledger accounts have been opened in the books of account for similar set of expenditure or income items.*

**Suggestion:**

*It is advised to maintain proper accounts head and have a standardised nomenclature pattern for better compilation and analysis of the information.*

**Observation-11**

*On examination of the books of accounts it was observed that appropriate classification of the assets purchased and expenses made during the review*

*period is not done. It has been observed that some assets purchased have been charged to revenue account and revenue expenses have been capitalised.*

**Suggestion:**

*It is advised to maintain proper accounts classification for better compilation and analysis of the information."*

On perusal of points raised by the Respondent in the Interim Review Report as on 15/03/2018 based on examination of books of accounts and records maintained by the Company, it was noted as under:-

- a. There were intercompany balances between the Keikaku India Private Limited and Miniso Lifestyle Private Limited and the Companies were also charging interest on loan @ 6.50 p.a. However, neither such interest nor the TDS thereon was accounted for in the books of the Company.
- b. The "Sundry Creditors" are showing a debit balance of INR 6.19 MM. The account should generally have a credit balance.
- c. The "Sundry Debtors" are showing a credit balance of INR 13.88 MM. The KIPL is predominantly having cash sales. Therefore, it cannot have sundry debtors.
- d. The Company is not maintaining records pertaining to all the assets owned by it which is mandatorily required as per provisions of the Companies Act, 2013.
- e. The appropriate inventory details were not found on record. There was lack of proper inventory control systems.
- f. The nomenclature of the ledger accounts is not appropriate.

3.7 In light of the above, it was evident that there were material non-compliances prevailing in the books of accounts and records maintained by the Company as on 15/03/2018 and that the Respondent was fully aware of the same. Further, the Assets side and Liabilities side could not be matched as per the matching concept due to various discrepancies as discussed hereinabove. Further, the Respondent was communicating with "rahulagarwal.india@miniso.com", i.e., an employee/official of the Miniso domain, from March 23, 2018 while he was the auditor of the Company. The Respondent had also placed on record various other emails exchanged between him and other officials of Miniso, namely Mr. Anil Suri, Mr. Hemant Kumar, Ms. Priyanka Pasricha and Mr. Roshan Lal, which showed his involvement in the Company through Miniso. The said contention was further

corroborated by the statement of Mr. Hardik Yadav, Director of M/s Keikaku India Private Limited, dated 10/12/2020, recorded on oath by the Complainant Department, wherein he had clearly stated that the Company (M/s Keikaku India Private Limited) was not doing anything and that all the work was being carried out by Miniso. The office of Miniso and Keikaku were in the same premises and common workers were working for them. In other words, it was observed that all invoices and agreements were entered into only to create transactions in the books. When the Respondent was communicating with the Company's officials through email IDs of Miniso and was aware that the Company could generate only cash sales while still reporting huge debtors, the Respondent could not have saved his skin by stating that he was oblivious of the said transactions and circumstances of the Company. Thus, on an overall review of the facts and documents produced on record by the parties vis-à-vis the chronological sequence of events with regard to the relationship between M/s Miniso Life Style Private Limited and M/s Keikaku India Private Limited, the misconduct on the part of the Respondent was clearly evident.

3.8 In light of the above, it was viewed that even though the Respondent, being an independent auditor and continuously working for the Company since its inception both as statutory auditor as well as interim review auditor, had failed to report the lapses as observed by him in his Interim Review Report. On the contrary, he had opted to report lack of evidence to express a qualified opinion, that too only in respect of current liabilities. In other words, it appeared that he had tried to create a ground to save his skin by expressing qualification, but that too could not be accepted as the items subject to qualification were even bigger in size than that of the balance sheet. Thus, the impact was both material and pervasive. It was, accordingly, viewed that the Respondent should have given an adverse or disclaimer of opinion as per the Standard on Auditing "SA 705 – Modification to the Opinion in the Independent Auditor's Report". The Respondent should have refrained from stating that the financial statements gave a true and fair view as stated under the "Opinion" paragraph at page 2 of his Independent Auditor's Reports dated 30<sup>th</sup> October, 2018 and 28<sup>th</sup> June, 2019.

3.9 In light of the above, it was viewed that such kind of negligence on the part of the Respondent spoke volumes about his conduct while performing his professional

duties as an auditor of the Company. Further, non-reporting of such material and serious issues in his audit reports for two continuous years despite being completely aware of the same also hinted at the involvement of the Respondent with the management of the Company in helping them in their illicit motive, which was highly unbecoming of a Chartered Accountant.

3.10 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 21<sup>st</sup> October 2022 opined that the Respondent was prima facie **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule and 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:*

x                    x                    x                    x                    x                    x                    x

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

**Clause (2) of Part IV of the First Schedule:**

*"A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:*

x                    x                    x                    x                    x                    x                    x

*(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."*

3.11 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 09<sup>th</sup> 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 is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule and 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:**

4.1 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	03 <sup>rd</sup> January, 2022
2.	Date of Written Statement filed by the Respondent	13 <sup>th</sup> April, 2022
3.	Date of Rejoinder filed by the Complainant	21 <sup>st</sup> July, 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	21 <sup>st</sup> October, 2022
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	12 <sup>th</sup> April, 2024 & 09 <sup>th</sup> October, 2025

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

5.1 The Respondent, vide letter dated 12<sup>th</sup> April 2024 had, inter alia, made the submission which are given as under: -

- a) The Respondent was not involved in the incorporation of the company. Therefore, there was no case against the Respondent so far as the allegations related to incorporation of the company were concerned.
- b) KIPL was a genuine and separate Indian company that had 14 show rooms and four warehouses, and it was into Single Brand Retail Trade of a Chinese brand named MINISO, as its super franchisee, and further that the company functioned in compliance with all relevant laws.
- c) The Complainant had not adduced any further evidence other than the statement of Shri Hardik Yadav to demonstrate that the company KIPL was involved in any illegal or illegitimate business activities or whether there were any unlawful operations or transactions on their part.
- d) No authorities have formed any adverse views about the operations of Miniso or KIPL, questioning their legitimacy.

- e) Keikaku (KIPL) was incorporated as a hundred percent Indian company with Indian shareholders and directors. There was no relation of direct control of Miniso over KIPL. The Indian promoters of KIPL were willing to work as Franchisee of Miniso, according to the franchise terms.
- f) Since expansion of branch network and warehousing required capital which the Indian Company KIPL did not have and Miniso extended an inter-corporate loan according to the terms of a duly executed inter corporate loan agreement, which was accepted by KIPL promoters. These were matters of business decisions and were perfectly according to the law. The loan was duly returned by KIPL in year 2017-18 itself along with interest due. No authorities have found any illegality whatsoever in the arrangement of Franchise agreement or in the loan transaction, between KIPL and Miniso.
- g) According to the Franchise agreement between Miniso and Keikaku (KIPL), Miniso, operation and management of franchisee shall be strictly in compliance with the guidance and instructions provided by the Franchisor from time to time and the modalities had also been specified. Accordingly, the opening of email accounts of the Franchisee team also within the Franchisor's domain name was agreed up on. Further Franchisor's top management required information about franchisee operations.
- h) Since KIPL was already operating 14 show rooms and four warehouses, and because KIPL owed significant amount to Miniso on account of Trade Payable, Miniso decided to terminate the Franchise and to acquire the existing business of KIPL.
- i) A new agreement of termination of franchise and Business Transfer was entered into between KIPL and Miniso on 22<sup>nd</sup> Oct 2018. The said business transfer agreement was executed eventually and assets in KIPL that were agreed to be acquired by Miniso from KIPL were sold by KIPL to Miniso vide Invoice No 290 dated 8<sup>th</sup> December 2018 for Rs.18.87 Crores. Further, inventories were sold by KIPL to Miniso vide Invoice No 289 dated 8<sup>th</sup> December 2018 for Rs.33.82 Crores. This arrangement and transaction also were not in violation of any law. No authorities have found any irregularity with respect to these transactions. There was no averment or substantiation of the complainant to question the validity of these transactions.

- j) There is no dispute on the accuracy of the balances in the name of both the parties included in Sundry Debtors. Therefore, the explanations provided by the Respondent could not be and have not been challenged by anyone. So, there was no room for insinuations, if any intended, with respect to the genuineness or accuracy of amounts of sundry debtors of Rs.65,16,42,858.29/- in the Balance sheet of KIPL as at 31-03-2019, the same were duly realized by KIPL through proper banking channel.
- k) Respondent did not find any irregularity in the structure, commercial terms, or transactions, in the whole scheme of things between KIPL and Miniso, according to the best of professional judgment as an auditor.
- l) The nature of receivable was "Sundry Debtors" on account of sale of assets/inventory. Presenting the amount receivable on account of sale of inventory and fixed assets with the description "Sundry Debtors" under "Other Current Assets" would have been misleading. Therefore, the company decided to present the same under Trade Receivable.
- m) The presentation in the instant case although was at variance with the guidance in the Guidance Note, in the circumstances of the case, the decision of the company was appropriate. There was no logic in raising a dispute on this presentation, which was a very insignificant point, from the larger point of view of the Financial Statements.
- n) The loan of Rs 5.00 Crores from Miniso was a separate transaction, and it was interest bearing. It was duly paid back in year 2017-2018 itself. There was no loan liability in the Balance Sheet of KIPL as at 31-03-2018. It was very much a matter of business expediency that the loan was to be secured with the pledge of shares and stock because the Indian Promoters of KIPL were totally independent from Miniso, and therefore the securities were created to safeguard own interest of Miniso.
- o) The predominant relation was that of franchisor and franchisee based on the agreement entered on 25<sup>th</sup> July 2017. Implementation of the new agreement in a phased manner was a matter of practical expediency, in view of the need to keep the operations of the show rooms going on, despite organizational changes. Hence there was no basis to find any fault with the agreements.
- p) An amount of Rs.5.00 Crores was paid by Miniso to KIPL through a Bank transfer on the strength of the agreement dated 25<sup>th</sup> July 2017. This amount was duly reflected in the bank accounts of both the parties as also in their books of accounts. This

amount was duly paid back by KIPL to Miniso within the year itself inclusive of another additional loan taken. These repayments also are in the Bank accounts of both the parties, as well as in their books of accounts. Taking a loan and its repayment is no rotation of funds by any stretch of imagination.

- q) The Respondent never admitted that there was any rotation of funds in the instant case. The Basis of opinion of the Respondent was restricted to not obtaining balance confirmation from certain parties and other supporting audit evidence from parties of other liabilities.
- r) Claim made by Shri Hardik Yadav that both the companies operated from one place is disproved from the different addresses used by the companies available in the records, and from the fact that physical verification of addresses had been done by authorities concerned for registration and compliance.
- s) The interim business plan of Miniso in F.Y. 2017-18 and F.Y. 2018-19 to go the franchisee route because of the restrictions it had during those times to go on its own, led to creation of KIPL and its operations which were perfectly legal, and no authorities have found anything adverse.
- t) The observation that the Respondent was working "*both as statutory auditor as well as interim review auditor*" was reflection of poor understanding of the profile and the manner of conducting the duty by a statutory auditor. It is once again reiterated that the Respondent had not undertaken any other assignment than the statutory and tax audit of KIPL. The interim review report was a communication of the Respondent with those charged with governance or their representatives to bring to their attention of the points to be corrected. There was no contradiction between the two entirely different aspects, i.e. between the points covered in the interim review and those dealt in the audit report, because there was no relation between the two.
- u) Only three issues were faced by the Respondent as pending points, at the time of issuing the audit report. The first was non availability of balance confirmations which was considered as a necessary audit procedure by the Respondent in the circumstances of the case. The second issue was absence of details of parties who deposited franchise deposits and security deposits amounted to Rs.52.51 Crores as at 31-03-2018 and Rs.75.74 Crores as at 31-03-2019. The third point was absence of details of measurement of employee liability Rs.87.96 Lakhs and Rs.21.84 Lakhs as on 31-03-2018 and 31-03-2019 respectively. Considering all the three points, contents in the basis of qualification was created in the audit report.

5.2 Further, the Respondent, vide letter dated 09<sup>th</sup> October 2025 had, inter alia, made the submission which are given as under: -

**A. There is no truth in the allegation of "rotation of funds"**

1. The Respondent denied this by submitting documentary proof of genuine retail business involving multiple household items sold through a chain of stores.
2. Evidence on record proved the following:
  - Existence of 19 retail outlets supported by lease deeds, bills, and fixed asset records.
  - Genuine GST returns, purchase bills, and financial operations reflected in bank and accounting records.
  - Proper employment, salary, and compliance with statutory laws like TDS, ESI, PF.
  - Existence and handling of inventory, warehousing, and logistics records substantiating retail operations.
3. The Respondent highlighted contradictions in the complainant's statements and confirmed that all bank and financial records were duly signed by authorized directors.
4. No findings were made by the Director-Discipline on the allegation of suspicious activities.
5. The Director-Discipline's observation regarding invoices not being supported by banking statements was rebutted in detail.
6. Additional evidence and explanations showed:
  - All loans were repaid before 31<sup>st</sup> March 2018; no lender-borrower relation existed after that.
  - Purchase and repayment transactions were regular and lawful business dealings.
  - Termination of franchise on 22<sup>nd</sup> October 2018 was due to change in FDI policy.
  - Sales invoices issued were in compliance with termination agreements.
  - Receivables were properly accounted as sundry debtors and most amounts were collected before audit conclusion.

7. Franchise deposits were third-party receipts, not public funds; duly refunded after franchise termination.
8. The alleged date of rotation (25<sup>th</sup> July 2017) merely reflected execution of lawful agreements, not any fund circulation.

**B. Need and legal basis of termination of franchise**

1. Termination agreement dated 18<sup>th</sup> October 2018 was valid and legal.
2. Clause 17.5 of the franchise agreement permitted mutual termination; the 22<sup>nd</sup> of October 2018 business transfer was executed under this clause.

**C. Validity of Going Concern assumption as on 31<sup>st</sup> March 2019**

1. Despite franchise termination, the company continued operating certain stores.
2. It retained fixed and intangible assets along with inventories, proving continuity.
3. Records of F.Y. 2019-2020 confirmed recovery of receivables and payment of liabilities before audit completion.

**D. Whether Franchise deposits were public deposits**

1. As per Rule 2(1)(c)(xii)(c) of Companies (Acceptance of Deposits) Rules 2014, such security deposits are exempt.
2. Franchise deposits were received as security against franchisee services.
3. The auditor qualified the opinion only due to incomplete evidence but not because they were public deposits.

**E. Employee benefits and compliance with AS-15**

1. The company accounted for employee benefits and defined contribution plans correctly.
2. There were no defined benefit plans in employment contracts.
3. Hence, no deficiency existed in accounting of employee benefits.

**F. Allegation that bank statements were not provided**

1. Though retention is not mandatory, the auditor had obtained and submitted bank statements
2. List of all bank accounts was furnished, proving complete audit scrutiny.

**G. Allegation of non-cooperation in investigation**

1. The first ROC notice was not received; the second was duly replied with acknowledgment.
2. Respondent cooperated with IT and ED investigations; no adverse findings were made.
3. No adverse reports exist from MCA, and FDI approval for Miniso confirms clean records. Allegations against the auditor were therefore baseless.

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

- 6.1 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/remark
1	10 <sup>th</sup> August, 2023	Adjourned at the request of Respondent.
2	23 <sup>rd</sup> April, 2024	Part heard and adjourned.
2	28 <sup>th</sup> May, 2024	Deferred
4	03 <sup>rd</sup> June, 2024	Deferred
5	20 <sup>th</sup> June, 2024	Deferred
6	15 <sup>th</sup> July, 2024	Part heard and adjourned.
7	21 <sup>st</sup> August, 2024	Deferred
8	18 <sup>th</sup> September, 2024	Adjourned at the Request of the Respondent.
9	18 <sup>th</sup> September, 2025	Part heard and adjourned
10	30 <sup>th</sup> September, 2025	Part heard and adjourned.
11	15 <sup>th</sup> October, 2025	Adjourned at the Request of the Complainant.
12	29 <sup>th</sup> October, 2025	Adjourned at the Request of the Complainant.
13	19 <sup>th</sup> November, 2025	Hearing concluded and decision taken.

- 6.2 On the day of first hearing held on 10<sup>th</sup> August 2023, the Committee noted that the Respondent vide email dated 04/08/2023 has sought adjournment due to his pre-occupation. The office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him. The Committee acceded to the request of Respondent and in the absence of the Complainant, adjourned the matter to a later date.

6.3 On the day of hearing held on 23<sup>rd</sup> April 2024, the Committee noted that the Complainant and the Respondent along with Counsel were present through Video conferencing mode. Thereafter, they made a declaration that there was nobody present except them from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form.

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 against him and then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him.

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.

6.4 On the day of hearing held 28<sup>th</sup> May 2024, 03<sup>rd</sup> June 2024 and 20<sup>th</sup> June 2024, Consideration of the subject case was deferred by the Committee.

6.5 On the day of hearing held on 15<sup>th</sup> July 2024, the Committee noted that the authorized representative of the Complainant through VC and the Respondent along with Counsel were present in person and appeared before it. The Committee noted that the Respondent was put on oath on 23.04.2024. The Committee also noted that the Respondent had filed Written Statement dated 12<sup>th</sup> April 2024.

Thereafter, the Committee asked the Counsel for the Respondent to make submissions. The Committee noted the submissions of the Counsel for the Respondent which, inter alia, are given as under –

- The subject Company is Indian Company, and all the Directors of the Company are also Indian.
- Miniso Lifestyle Private Limited is 100% Chinese Company and entered into franchise agreement with the Company.
- There was no common bank account, office staff and infrastructure of these ~~de~~ Companies.

- The Respondent had submitted Interim Review Report dated 15/03/2018 to the Management of the Company, wherein he had raised many issues/discrepancies and same were rectified by the Company before 31/03/2018.
- Adverse opinion was not required as there were no material omissions in Financial Statements of the Company.
- Respondent is no longer associated with Company after year 2021.

The Committee asked the authorised representative of the Complainant to make submissions. He stated that the Investigation Report in respect of subject Company was submitted to the Ministry of Corporate Affairs. The Committee directed the authorised representative of the Complainant to update the Committee about status of the case filed against the Company (if any). With this, the case was part heard and adjourned.

6.6 On the day of hearing held on 21<sup>st</sup> August 2024, Consideration of the subject case was deferred by the Committee.

6.7 On the day of hearing held on 18<sup>th</sup> September 2024, the Committee noted that in the captioned case, the Respondent vide mail dated 10.09.2024 had sought an adjournment on account that his Counsel was unwell and could not appear on the date of the hearing.

Acceding to the above request of the Respondent, the Committee adjourned the captioned case to a future date. The Committee also directed the office to inform the Respondent to appear before it at the time of next listing and in case of his failure to appear, the matter would be decided ex-parte based upon the documents and materials available on record. With this, the case was adjourned to a future date.

6.8 On the day of hearing held on 18<sup>th</sup> September 2025, the Committee noted that the Respondent along-with his Counsel and Complainant were present through VC and appeared before it.

The Committee enquired from the Respondent/Counsel for the Respondent that since the composition of the Committee had changed subsequent to the last hearing held on 15/07/2024 in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel of the Respondent opted for de-novo hearing and accordingly the Respondent was administered on Oath.

Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against them.

The Committee directed the Respondent/Counsel for the Respondent to make the submissions. Since he was unwell, the Counsel for Respondent requested for adjournment of the matter. The Committee, acceding to the request of the Counsel for the Respondent, adjourned the case to a future date.

- 6.9 On the day of hearing held on 30<sup>th</sup> September 2025, the Committee noted that the Respondent along with counsel and authorized representative of Complainant were present through VC and appeared before it.

The Complainant stated that KIPL was involved in suspicious activities, including fund rotation, dummy directorship, and improper financial reporting. The Complainant relied on the statement of Mr. Hardik Yadav, a former Director of KIPL, who claimed that the company was not operational and was used for signing fake vouchers.

The Counsel for Respondent refuted the allegations, emphasizing that the audit was conducted in compliance with professional standards and that the qualifications in the audit report were appropriate given the circumstances. The Respondent submitted that the franchise deposits were legitimate commercial transactions and that the termination of the franchise agreement was a result of policy changes allowing Miniso to directly operate in India. The Respondent contended that the allegations lacked substantive evidence of wrongdoing. The Committee noted the submissions of the parties and instructed the Respondent to file further written submissions/clarifications if any on the points discussed in the hearing. With this, the matters was part-heard and adjourned.

- 6.10 On the day of hearing held on 15<sup>th</sup> October 2025 and 29<sup>th</sup> October 2025, the Committee noted that Respondent had sought adjournment. Acceding at the request of Respondent, the Committee adjourned the subject case.

- 6.11 On the day of final hearing held on 19<sup>th</sup> November 2025, the Committee noted that authorized representative of the Complainant and Respondent along with counsel was present through VC and appeared before it.

The Authorised Representative of the Complainant made submissions in response to the Respondent's reply dated 9th October, stating that the original complaint pertained to suspected rotation of funds between companies. It was submitted that during the inquiry stage, a notice was issued to the Respondent seeking clarification on qualifications made in the audit reports for the financial years 2018 and 2019, but no response was received at that time. It was stated that although the Respondent had issued qualified audit opinions citing lack of sufficient audit evidence, detailed bank statements and ledger records had now been furnished, raising questions as to how such documents were unavailable at the time of audit. It was further submitted that had the Respondent replied during the inquiry stage, the matter may not have escalated to disciplinary proceedings.

The Counsel for the Respondent submitted that the initial notice was not received by the Respondent due to a communication issue and that a prompt and comprehensive reply was furnished upon receipt of subsequent communication. It was clarified that the documents submitted later were selective and responsive to specific queries and did not constitute complete audit working papers, which had already been placed on record before the Committee as part of the proceedings.

The Counsel for the Respondent explained that the audit qualifications were based on professional judgment regarding insufficiency of specific audit evidence, particularly in relation to the nature of significant franchise deposits and the absence of certain agreements and balance confirmations. It was submitted that although extensive audit procedures were performed and documents examined, including bank statements, ledgers, and reconciliations, the absence of conclusive evidence on the classification of deposits warranted a precautionary qualification.

The Counsel for the Respondent submitted that subsequent to the balance sheet date and prior to signing of the audit report, substantial amounts were realized and repayments were made, supported by bank statements and schedules placed on record. It was contended that the genuineness of transactions, going concern status, and overall integrity of the business had been adequately examined and substantiated. The Counsel for the Respondent submitted that the Respondent had

cooperated with multiple regulatory authorities and complied with all summons and inquiries. The Committee noted the submissions of the parties.

6.12 Based on the documents/material and information available on record and the oral and written submissions made by the Respondent, and on consideration of the facts of the case, the Committee concluded the hearing in subject matter and took the decision on the conduct of the Respondent.

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

7.1 The Committee noted that there is one charge against the Respondent in which he has been held Prima Facie Guilty as explained in para 2.1 above. The Committee further noted the written submissions of the Respondent as detailed in Para 5 above.

7.2 The Committee noted the submissions of the representative of the Complainant Department made during the hearing, wherein he has submitted that their complaint was regarding suspected fund rotation, and in year 2021, the Complainant Department had issued a notice to the auditor (Respondent) seeking clarification on his qualified audit opinions for Financial Year 2018 – 2019, but no reply was received for the same. He further submitted that the Ministry of Corporate Affairs directed that a complaint also be filed against the Respondent before the Disciplinary Committee of the ICAI. He further stated that in his reply dated 9<sup>th</sup> October 2025, the Respondent has produced detailed explanations along with bank statements, ledger accounts and other documents, which raises a question as to how such evidence are available now, when he had earlier claimed lack of sufficient evidence while issuing qualified opinions on the financial affairs of the Company. Thereafter, he submitted that had the Respondent replied at the inquiry stage to the notice, then matter may not have escalated to these proceedings. The Authorized Representative of Complainant Department finally submitted that since the reply is filed before the Disciplinary Committee pursuant to the subject case, the Committee may decide the matter on merits of the matter, and he has nothing further to comment in this case.

7.3 The Committee noted the submissions of the Counsel for the Respondent made during the hearing in response to submissions of the Authorized Representative of the Complainant, wherein he submitted that the Respondent had not intentionally failed to respond to the first notice of the Complainant as it was never received by the

Respondent. The Respondent submitted that he replied promptly upon receipt of the second notice from the Complainant. The reply dated 9<sup>th</sup> October 2025 substantially reproduces the explanations and documents earlier filed before the Complainant. These documents also form part of the Prima Facie Opinion of the Director (Discipline). He further submitted that issuance of a qualified audit report/opinion, does not imply that no documents were available during audit. The Respondent submitted nearly 1,900 pages of audit working papers maintained by him were submitted to the Director (Discipline) at Prima Facie stage of the case. The audit qualification was limited to current and other liabilities and the major issue concerned franchise deposits reflected as other current liabilities. Party-wise details of franchise deposits, including names, amounts, and modes of receipt, were fully reported in audit reports. Balance confirmations from certain parties were not received, but balances were substantially verified through ledgers, reconciliations, and other audit procedures. The qualifications were therefore precautionary in nature and in compliance with auditing standards. Allegations of suspicious transactions/rotation of funds remained unsubstantiated due lack of evidence.

- 7.4 In view of above submissions of the parties and related documents on record, the Committee noted that the allegation of the Complainant is that the Company was rotating funds for suspicious activities in the garb of selling household goods including needlework box, screwdriver set etc with the help of Respondent, who was the Statutory Auditor of the Company for Financial Years 2017-2018 and 2018-2019. The Committee noted the Complainant has brought on record the Audit Report(s) of the Company for Financial Years 2017-2018 and 2018-2019 certified by the Respondent.
- 7.5 On perusal of various documents brought on record by the Complainant and the Respondent, the Committee observed that the Respondent Firm, was appointed as the Statutory Auditor of the Company in accordance with applicable provisions of the Companies Act, 2013. The Respondent had neither been associated/ concerned in any capacity in the matter of incorporation/ registration of the Company with Complainant Department nor with its Promoters/ Directors for the same.
- 7.6 The Committee noted that there were no proceedings initiated against the Respondent or his firm before any other forum/ investigating agency/ Courts. The investigation has been initiated by the Enforcement Directorate, Income Tax

Department (Investigation) and Complainant Department against the Company. The Respondent has been called upon by these institutions/ agencies to provide the information or documents collected by Respondent or his audit team during the course of audit. The Respondent has duly responded to all the notices/ summons issued to him calling upon the information and documents.

- 7.7 Upon perusal of the financial statements of the Company, the Committee observed that the Respondent has qualified the Audit reports of the Company for F.Y. 2017-18 and F.Y. 2018-19 and had made qualification as under :-

**For FY 2017-18**

"Qualified Opinion

*We draw attention to note 5, 6 and 7 of the standalone financials as at March 31<sup>st</sup>, 2018 which describes the nature of other current liabilities i.e. trade payables, other current liabilities and short term provisions amounting to INR 146.23 crore. The amounts reported pertains to the purchases made by the company, services received by the company, other sums received by the company and provisions in respect of services. We could not obtain confirmations and other corroborative audit evidence from the auditee to ascertain the nature and amount of the sums reported therein.*

*Due to lack of sufficient audit evidence substantiating the nature and purpose of the amounts reported. We qualify our audit report as to the natures and sums reported under the head current liabilities."*

**For FY 2018-19**

"Qualified Opinion

*We draw attention to note 5, 6 and 7 of the standalone financials as at March 31<sup>st</sup>, 2019 which, describes the nature of other current liabilities i.e. trade payables, other current liabilities and short term provisions amounting to INR 76.27 crore. The amounts reported pertains to the purchases made by the company, services received by the company, other sums received by the company and provisions in respect of services. We could not obtain confirmations and other corroborative audit evidence from the auditee to ascertain the nature and amount of the sums reported therein.*

*Due to lack of sufficient audit evidence substantiating the nature and purpose of the amounts reported. We qualify our audit report as to the nature and sums reported under the head current liabilities.”*

- 7.8 In view of the above, the Committee noted that the Respondent had expressed a qualified opinion in respect of current liabilities i.e., trade payables, other current liabilities and short-term provisions amounting Rs.146.23 crores which has been reduced to Rs. 76.27 crores in F.Y. 2018-19. The Committee, further, noted that the Respondent has brought on record his working papers as well as other documents pertaining to both financial years before it, which are tabulated as under:-

Date	Event
20/06/2017	The Company M/s Keikaku India Private Limited was incorporated (Spice MOA , Spice AOA , Certificate of Incorporation
14/07/2017	The Respondent issued letter addressed to the Board of Directors of M/s Keikaku India Private Limited furnishing necessary certificates and consent for being appointed as the Statutory Auditor of the Company for the FY ending on 31/03/2018
21/07/2017	Letter through which Respondent was appointed as Statutory Auditor of the Company for the Financial Year ending 31/03/2018
25/07/2017	Franchise Agreement executed between M/s Miniso Life Style Private Limited and M/s Keikaku India Private Limited
25/07/2017	Inter-Corporate loan agreement executed between M/s Keikaku India Private Limited (as Borrower) and M/s Miniso Life Style Private Limited
15/11/2017	Email from the Respondent addressed to <a href="mailto:rahulagarwal.india@miniso.com">rahulagarwal.india@miniso.com</a> with attachments with respect to terms of engagement for Miniso Life Style and Keikaku India
23/03/2018	Copy of email from CA. Gaurav Kapoor, partner of the Respondent Firm, addressed to Rahul Agarwal ( <a href="mailto:rahulagarwal.india.india@miniso.com">rahulagarwal.india.india@miniso.com</a> ) and Cc: <a href="mailto:vincent.zhao@miniso.com">vincent.zhao@miniso.com</a> and <a href="mailto:roopaljainca@gmail.com">roopaljainca@gmail.com</a>

	(Respondent) containing observations after interim review of the accounts data of M/s Keikaku India Private Limited
17/07/2018	5 Invoice(s) issued by M/s Miniso Life Style Private Limited to M/s Keikaku India Private Limited for supply of goods/ assets
22/10/2018	Business Transfer Agreement executed between M/s Miniso Life Style Private Limited and M/s Keikaku India Private Limited
30/10/2018	The Respondent signed Independent Auditor's Report for the FY 2017-18 wherein he has submitted qualified opinion on Other Current Liabilities
30/10/2018	Letter issued by the Respondent and addressed to the Chief Financial Officer, M/s Keikaku India Private Limited with respect to engagement of the Respondent to conduct statutory audit and tax audit for the FY 2018-19
01/11/2018	Letter issued by the Respondent and addressed to the Board of Directors of M/s Keikaku India Private Limited furnishing of necessary certificates and consent for being appointed as statutory auditor of the Company for FY 2018-19
26/11/2018	Copy of Resolution for appointment of Respondent Firm as auditor of the Company till conclusion of next AGM to be held in the year 2019
08/12/2018	2 Invoice(s) issued by M/s Keikaku India Private Limited to M/s Miniso Life Style Private Limited for sale of fixtures/ goods/ other assets
28/06/2019	The Respondent signed Independent Auditor's Report for the FY 2018-19 wherein he has submitted qualified opinion on Other Current Liabilities

7.9 On the basis of above, the Committee was of the view that Respondent was the Statutory Auditor of the Company, and he had issued the Audit Report(s) with qualification, wherever it was necessary. As far as rotation of funds are concerned,

the Complainant has not established the role of the Respondent as alleged by it. Furthermore, Authorised Representative of the Complainant Department during the hearing has submitted that the Complainant Department had issued a notice to the auditor (Respondent) seeking clarification on his qualified audit opinions for Financial Year 2018 – 2019, but no reply was received for the same. He further submitted that the Ministry of Corporate Affairs directed that a complaint also be filed against the Respondent before the Disciplinary Committee of the ICAI. He further stated that in his reply dated 9<sup>th</sup> October 2025, the Respondent has produced detailed explanations along with bank statements, ledger accounts and documents, which raises a question as to how such evidence are available now, when he had earlier claimed lack of sufficient evidence while issuing qualified opinions on the financial affairs of the Company. Thereafter, he submitted that had the Respondent replied at the inquiry stage, then matter may not have escalated to these proceedings.

7.10 In view of papers/documents brought on record by the Respondent, the Committee was of the view that the Company and M/s. Miniso Lifestyle Private Limited (hereinafter referred as **Miniso**) are two separate entities registered under the Companies Act 2013. Further, these both corporates entered into franchise agreement dated 25<sup>th</sup>. July 2017 and for business transfer through agreement dated 22<sup>nd</sup> October, 2018. The Committee noted that business transfer was due to change in FDI policy announced by GOI dated 13<sup>th</sup> January, 2018 and consequent FEMA notification by RBI in March, 2018. In pursuance thereto, Miniso became entitled to operate in retail business independently following liberalisation of retail sector of foreign brands. Therefore, inventory and fixed assets were transferred which is supported by invoices.

7.11 On the basis of above noted facts and findings and documents on record and in view of submissions the parties, the Committee is of the opinion that business transactions entered into between the Company and Miniso were duly documented and recoded in books of accounts of the Company. As for as rotation of funds between these two Companies, there is no single evidence on record, which could establish this fact. Moreover, the Respondent as Statutory Auditor of the Company has performed his professional duties with due care and he as sufficient working

papers with him, which are produced by him before the Committee for expressing qualified opinion on the financial affairs of the Company.

The Committee noted that the Respondent conducted the statutory audit of Keikaku India Private Limited for the financial years 2017-18 and 2018-19, and issued qualified audit opinions for both years, citing the lack of balance confirmations and insufficient evidence for certain liabilities, particularly franchise deposits. The Committee finds that the Respondent exercised professional judgment in qualifying the audit reports, as the absence of balance confirmations and detailed evidence regarding franchise deposits warranted such qualifications under the applicable auditing standards, including SA 500 and SA 705. The Respondent's audit working papers, comprising over 2000 pages, demonstrate that he undertook a thorough examination of the company's financial records, including bank statements, ledgers, invoices, and agreements.

The Committee reviewed the allegations of fund rotation and suspicious activities raised by the Complainant. The Respondent has provided detailed explanations and evidence to refute these allegations, including bank statements, franchise agreements, and records of transactions. The Committee finds no substantive evidence to support the claim that the company was engaged in fund rotation or suspicious activities; and the same could not be established conclusively. The Committee also noted that the Respondent's audit qualifications were limited to the sufficiency of evidence for certain liabilities. The Respondent's audit qualifications were consistent with the principles of reasonable assurance and professional skepticism, as outlined in the auditing standards. The Committee noted that the Respondent's judgment in qualifying the audit reports was based on the evidence available at the time of the audit and does not constitute professional misconduct.

- 7.12 In view of the above findings, the Committee held the Respondent **NOT GUILTY** of Professional and Other Misconduct within the meaning of Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

8 **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 7.1 to 7.12 as given above	<b>NOT GUILTY</b> - Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule.

9 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 and Other Misconduct within the meaning of Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

10 **Order**

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.

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: 11<sup>th</sup> February 2026

PLACE: New Delhi

  
सीए अंशुल कुमार / CA. Anshul Kumar  
सहायक निदेशक / Assistant Director  
अनुशासनात्मक विभाग / Disciplinary Directorate  
भारतीय सचिवी लेखाकार संस्थान  
The Institute of Chartered Accountants of India  
आई.सी.ए.आई. भवन, फ्लैट-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)  
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)