



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-I (2025-2026)]]

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

**ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949
READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF
INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF
CASES) RULES, 2007.**

[PR/162/2022/DD/126/2022/DC/1968/2025]

In the matter of: -

Mr. Arvind Kumar Agarwal
Karta, Arvind Kumar Agrwal HUF
A-76, Anandam World City,
Infront of Aishwarya Kingdom,
Gad Colony, Kachna, Raipur,
Chhattisgarh – 492007

.....Complainant

Versus

CA. Monika Bhadani (M. No. 304748)
Chartered Accountants
108 A, Block C,
Bangur Avenue,
Kolkata (West Bengal) - 700055

.....Respondent

MEMBERS PRESENT: -

1. **CA. Prasanna Kumar D, Vice President, ICAI & Presiding Officer (Through VC)**
2. **Ms. Rani S. Nair, IRS (Retd.) (Government Nominee) (Through VC)**
3. **CA. Chandrashekhar Vasant Chitale, Member (In Person)**
4. **CA. Vishnu Kumar Agarwal (Through VC)**

Date of Hearing : 22.01.2026

Date of Order : 05.02.2026

1. That vide findings dated 22nd December 2025 issued under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion



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that **CA. Monika Bhadani (M. No. 304748)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (9) of Part I of the First Schedule and Items (7) of Part-I and Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said findings, an action under Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to her thereby granting her an opportunity of being heard in person / through video conferencing and to make her written & verbal representation before the Committee on 22nd January 2026.
3. The Committee noted that on the aforesaid date of the hearing held on 22nd January 2026, the Respondent was neither present nor any adjournment request was received from her end. The Committee noted that on earlier occasion also, when an opportunity was given to her to present her case on 20th January 2026, she was not present at that time also. The Committee accordingly decided to proceed with the case on the basis of documents available on record. The Committee noted that the Respondent vide her letter dated 6th January 2026 has also provide her under mentioned written submission on the findings of the Committee:
 - i. That the irregularity alleged against her was neither intentional nor deliberate. The same occurred inadvertently and without any mala-fide intent.
 - ii. That the present lapse is an isolated instance and does not reflect her unblemished professional conduct.
 - iii. That she assures that the said irregularity shall not be repeated in future under any circumstances.
 - iv. That she has taken adequate corrective steps and adopted several internal checks to ensure strict compliance with all provisions of the Chartered Accountants Act, Rules, Regulations, and the Code of Ethics.
 - v. That she shall continue to exercise greater care, caution, and diligence in discharge of her professional responsibilities.
 - vi. That she requested the Committee to take a lenient and sympathetic view in her matter.

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4. The Committee noted that Disciplinary Committee has found Respondent Guilty in respect of Allegation no. 1, 3, 5 and 6 as under:
- 4.1 Allegation 1: Acceptance of Audit Assignment and Signing of Financial Statements of the subject Company by the Respondent without being validly appointed as auditor thereby violating the provision of Section 139(8) of the Companies Act 2013:

The first allegation levelled by the Complainant is that the Respondent had accepted the audit assignment and signed the financial statements of the subject Company for FY 2020-21 without being validly appointed as an auditor in violation of Section 139(8) of the Companies Act, 2013. The Committee noted that Section 139(8) provides that any casual vacancy in the office of an auditor shall be filled by the Board within thirty days of its occurrence, and if the vacancy arisen due to resignation of the previous auditor, such appointment shall also be approved by the members at a general meeting convened within three months of the Board's recommendation. In the present case, the previous auditor resigned on 15.09.2021, the Respondent was appointed by the Board on 23.11.2021, and she signed the financial statements on 29.11.2021, while her appointment was proposed to be approved by the members only in the AGM to be held on 31.12.2021. Even if the Respondent's contention that the Company was granted a one-month extension by the Registrar is accepted, the Committee noted that the Respondent had already signed the financial statements prior to her approval by members of the Company. Accordingly, the Committee opined that the Respondent accepted the appointment and commenced the audit and signed the financial statements before being validly appointed as auditor of the subject Company, thereby violating Section 139(8) of the Companies Act, 2013.

- 4.2. Allegation 3: Misreporting in CARO Report:

In respect of instant allegation, the Committee noted that the Respondent in her written statement has stated that when any new audit is assigned to her firm, it is a general practice to use the Report / Financial Statement of any other company and carry out relevant changes therein. In the instant case also, since it was a new audit, the errors were committed by her clerical staff and during her review, she had carried out necessary changes but the same could not be saved which resulted in the CARO report mentioning some irrelevant points which were required to be deleted. In this regard, the Committee noted that even if the clerical staff prepared the draft, the ultimate responsibility for the correctness and accuracy of the audit report, before signing the same, rests solely with the statutory auditor. The Committee viewed that signing the report by the Respondent without going through its content reflects on the casual approach and gross negligence on the part of Respondent.



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4.3 Allegation 5 pertains to two related issues regarding UDINs. In respect of the first leg, the Committee noted that the Respondent in her written statement had not submitted any specific defense and also observed that as per Q. 24 of FAQ on UDIN for practicing Chartered Accountants, generation of separate UDINs for Standalone Financial Statements and Consolidated Financial Statements is mandatory. In the instant matter, the Respondent had generated a single UDIN (21304748AAAABZ9907) for both the Standalone Financial Statements and the Consolidated Financial Statements. Furthermore, it was seen that the Respondent, in respect of Dauji Farms Private Limited, an associate company of the subject Company, had also generated a single UDIN for its Consolidated as well as Standalone Financial Statements for FY 2020-21. By using a single UDIN for both Standalone and Consolidated Financial Statements, the Respondent failed to comply with the prescribed ICAI Guidelines and defeated the fundamental purpose of UDIN, which is to ensure the authenticity of each document signed by a Chartered Accountant and to prevent its misuse. The Committee further observed that UDIN generation is a mandatory requirement under ICAI's Council decision effective from 1st July 2019, and any deviation amounts to non-compliance with the directions issued by the Institute in exercise of its statutory powers, demonstrating lack of due diligence and negligence in maintaining professional standards. The Committee opined that the Respondent, being a practicing Chartered Accountant, was expected to be fully aware of the mandatory guidelines and ensure strict adherence thereto.

In respect of the Second leg of instant allegation, the Committee observed that the Audit Reports of the subject Company bear the UDIN 21304748AAACAA7776, which, upon verification from the ICAI UDIN Portal, was actually found to be generated for the Audit Report of Dauji Farms Private Limited for the same financial year. This establishes that the Respondent, while certifying and signing the Audit Report of the subject Company, incorrectly mentioned a UDIN belonging to another entity, namely Dauji Farms Private Limited.

4.4 Allegation 6 pertains to Violations of Guidance Note on Audit of Consolidated Financial Statements and Incorrect Application of CARO:

The Committee noted that in respect of the instant allegation, the Respondent had not submitted any specific defense. As per Section 129(3) of the Companies Act, 2013, every company having subsidiaries, associates, or joint ventures is required to prepare Consolidated Financial Statements (CFS) in addition to standalone accounts, which must reflect the financial position and performance of the company and its associates as a single economic entity. The Respondent, as statutory auditor, was responsible for auditing these Consolidated Financial Statements and issuing a report in accordance



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with Section 143 and prescribed Standards on Auditing. However, by using the same report for both Standalone Financial Statements and Consolidated Financial Statements, the Respondent failed to recognize and report on the consolidated position of the group. The omission to mention the associate company and its financial results demonstrates that the Respondent did not verify or consider the consolidation adjustments as required. The subject Company had an associate company, namely Dauji Farms Private Limited, and accordingly, the Respondent was required to issue Consolidated Financial Statements of the subject Company along with Standalone Financial Statements of each of these companies. However, in her Consolidated Financial Statements, the Respondent had not included the figures of its associate company, and her Audit Report on the Consolidated Financial Statements failed to express an opinion on the group, i.e., the subject company and its associate company, instead replicating the report issued for Standalone Financial Statements with minimal changes, often failing even to replace the word 'Standalone' with 'Consolidated'. It is apparent that the Respondent was grossly negligent while issuing the audit report on the Consolidated Financial Statements, thereby violating the provisions of the Companies Act, 2013, SA-700, and the Guidance Note on Audit of Consolidated Financial Statements, as well as failing to adhere to the audit report format relevant for Consolidated Financial Statements, reflecting gross negligence and lack of due diligence.

In respect of the second leg of the instant allegation, the Committee, on perusal of the proviso to Para 3 of CARO-2016 issued by MCA, noted that CARO was not applicable to auditors' reports on Consolidated Financial Statements. Further, it was noted that overall reporting under CARO-2016 was applicable/valid up to F.Y. 2019-20, while for F.Y. 2020-21, CARO-2020 came into place vide notification dated 25-02-2020 of MCA. The Committee observed that the Respondent, even in respect of Standalone Financial Statements of the Company for the year ended 31-03-2021, had given reporting under CARO-2016, while she was required to give reporting under CARO-2020. Thus, it is apparent that the Respondent adopted a very casual approach while issuing the audit report on the financial statements of the Company for the year ended 31-03-2021 and did not exercise due diligence.

5. The Committee concurred with the reasoning as contained in the findings dated 22nd December 2025 holding the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (9) of Part I of the First Schedule and Items (7) of Part-I and Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949,-
6. Keeping in view the facts and circumstances of the case and the material on record including written submissions of the Respondent on the findings of the Committee, the



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Committee ordered that the Respondent, CA. Monika Bhadani (M. No. 304748) be Reprimanded along with a fine of Rs. 1,00,000/- (Rupees One Lacs Only) to be paid within 60 days of receipt of this Order.

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Sd/-

(CA. Prasanna Kumar D)
PRESIDING OFFICER

Sd/-

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

Sd/-

(CA. Chandrashekhar Vasant Chitale)
MEMBER

Sd/-

(CA. Vishnu Kumar Agarwal)
MEMBER

DATE: 05.02.2026

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

मैनु गुप्ता / Manu Gupta

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक विभाग / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – I (2025-2026)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

Ref. No. – [PR/162/2022/DD/126/2022/DC/1968/2025]

In the matter of:

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.... Complainant

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CA. Monika Bhadani (M. No. 304748)
Chartered Accountants
108 A, Block C, Bangur Avenue,
Kolkata (West Bengal) - 700055

.... Respondent

MEMBERS PRESENT: -

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

DATE OF FINAL HEARING : 08-09-2025
PLACE OF FINAL HEARING : Noida

PARTIES PRESENT:

Complainant : Shri Arvind Kumar Agrawal
(through video conferencing)

1. **BRIEF OF THE DISCIPLINARY PROCEEDINGS: -**

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

On the day of first hearing held on 10th July 2025, the Committee noted that the Complainant was present through VC however, no response was received from the Respondent. Thereafter, the Complainant was put on oath. Considering that the case was listed for the first time and that the Respondent was not present, the Committee decided to give one more opportunity to the Respondent. Accordingly, the matter was **Part Heard & Adjourned**.

ii) **Brief of the Disciplinary Proceedings held on 24th July 2025**

On the day of hearing held on 24th July 2025, the Committee noted that the Complainant was present through VC however no response was received from the Respondent. The Complainant requested the Committee for early disposal of the case stating that the Respondent was not present in the earlier hearing also. On consideration of other relevant factors, the Committee decided to give one more opportunity to the Respondent. Accordingly, the matter was **Part Heard & Adjourned due to non-availability of the Respondent**.

iii) **Brief of the Disciplinary Proceedings held on 20th August 2025**

On the day of hearing held on 20th August 2025, the Committee noted that the Complainant was present through VC however, no response was received from the Respondent. Thereafter, the Complainant made his detailed submissions. The Committee also posed questions to the Complainant. The Committee also directed office to send



one final notice to the Respondent for ensuring her appearance before the Committee. With this, the matter was Part Heard & Adjourned.

iv) Brief of the Disciplinary Proceedings held on 8th September 2025

On the day of final hearing held on 08th September 2025 the Committee noted that the Respondent was not present. However, the Complainant was present through VC. Thereafter, the Complainant made his detailed submissions. The Committee also posed questions to the Complainant. Thereafter, the Committee perused the Prima Facie Opinion and found that Respondent was held Prima Facie Guilty in respect of six out of total seven allegation (Allegation No. 1,3,4,5,6 & 7).

The Committee thereafter deliberated on all relevant documents available on record in respect of instant case along with detailed written and verbal submissions of the parties. After due deliberations and keeping in view the facts and circumstances of the case, material on record the Committee decided to conclude the hearing holding the Respondent **Not Guilty** in respect of Allegation no. 4 (pertaining to Cash-in-hand of Rs. 1,72,032.50/- as standing in the financial statement for FY 2019-20 being shown as due from Complainant in the Financial Year 2020-21 under the head "Short Term Loan and Advances") and Allegation No. 7 (pertaining to genuineness of audit on the ground that the Audit was performed by the Respondent staying in Kolkata whereas the Registered office of Co. was in Neora- Raipur). However, the Respondent was held **Guilty** in respect of Allegation No. 1, 3, 5 and 6 (Pertaining to validity in appointment of the Respondent as an auditor, multiple misreporting in CARO Report, UDIN Discrepancies and violation of provisions of Companies Act, 2013, SA-700 and Guidance Note).

2. CHARGES IN BRIEF

The Committee noted that in the Prima Facie Opinion dated 16.12.2024 formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held Prima Facie Guilty in respect of six allegation (Allegation No. 1, 3, 4, 5, 6 & 7). He was held **Prima Facie Guilty** of Professional Misconduct falling within the meaning of Item (9) of Part I and Item (2) of Part IV of the First Schedule and Items (7) of Part-I and Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949 as under:

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Item (9) of Part I of First Schedule states as under: -

"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

(9) accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of section 225 of the Companies Act, 1956 or sections 139 to 141 of the Companies Act, 2013 or any other law pertaining to appointment of auditors for the time being in force in respect of such appointment have been duly complied with.

Item (2) of Part IV of First Schedule states as under: -

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

(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."

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

"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"

Item (1) of Part II of Second Schedule states as under: -

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

(1) Contravenes any of the provisions of this Act or the regulations made thereunder, or any guidelines issued by the Council"

3. BRIEF BACKGROUND OF THE MATTER AND ALLEGATIONS: -

In the instant case, the Complainant and his wife were reported to be the Directors of a Private Limited Company, namely Malti Foods Private Limited (hereinafter referred to as **subject Company**) holding major stake in the Company. In F.Y. 2018-19 Mr. Jitendra Kumar Sharma and Ms. Rashmi Sharma through their Company '**Dauji Farms Private Limited**' (hereinafter referred to as '**DFPL**') became major shareholders in the Company. On 11.08.2020 Mr. Jitendra Kumar Sharma and Ms. Rashmi Sharma were appointed as directors in the company while the Complainant and his wife resigned from their directorship w.e.f. 26.08.2020. Post resignation of Complainant, a dispute arose between the former and current management of the Company. It is noted that in F.Y.



2020-21 due to resignation of previous Statutory Auditor, namely CA. Sanjay Bilthare, there was casual vacancy in the company and to fill such vacancy the Respondent was reportedly appointed as the Statutory Auditor of the Company vide Board Resolution passed in Board's meeting held on 23.11.2021. The Committee noted that in the Prima Facie Opinion dated 16th December 2024, Director (Discipline) had held Respondent Prima Facie Guilty in respect of following six allegations (Allegation No. 1,3,4,5,6 & 7):

Allegation No. 1: The Complainant alleged that the Respondent had accepted the audit assignment and signed the financial statement of the Company without being validly appointed as the auditor of the subject Company in terms of Section 139(8) of the Companies Act, 2013. It is stated that the Respondent had signed the financial statements of the Company for FY 2020-21 on 29.11.2021 even before approval of her appointment by the members of the subject Company in the EGM/ AGM proposed to be held on 31.12.2021.

Allegation No. 3: The Complainant has alleged that the Audit report issued and signed by the Respondent was in contradiction with the corresponding financial statements of the subject Company for the FY 2020-21, which has been detailed as below:

- That even though no Company was ever merged with the subject Company, however the Respondent in her report on CARO has stated about merger.
- That even though the subject Company had no stocks or inventory, however the Respondent in her report on CARO has stated that physical verification of inventories has been conducted at reasonable intervals.
- That as per Note 9 of the financial statement of the subject Company, loans were granted to 3 people, however in CARO reporting it was mentioned that loans were granted to 6 people.
- Though the subject Company was not required to maintain Cost Records U/s 148 (1) of the Companies Act, 2013, however Respondent in her CARO has reported about maintenance and reviewing of Cost Records.
- That though the Company was not registered with PF/ESI, nor the company had manpower, however the Respondent in her CARO has reported about regularity in depositing of statutory dues.
- Although Section 197 of the Companies Act, 2013 is not applicable to Private Limited Companies, however, the Respondent in her CARO has reported on Managerial remuneration being provided in accordance with requisite approval mandated by Section 197.

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Allegation No. 4: The Complainant has alleged that an amount of Rs. 1,72,033/- which was show under Cash-in-hand in the financial statements of the subject Company in FY 2019-20, has been shown as recoverable from Complainant in the FY 2020-21. Complainant has alleged that this is a fraud committed by the present management for which there was neither any notes / remarks in the Balance Sheet nor any adverse remarks in Auditor's Report.

Allegation No. 5

(1st Leg): The Complainant has alleged that Respondent has mentioned the same UDIN 21304748AAABZY9907 in both Consolidated Financial Statement (C-55 & C-57) as well as Standalone Financial Statements (C-40 & C-41) of the subject Company for FY 2020-21 which is in violation to the ICAI guidelines, as per which separate UDINs are required to be generated for Standalone and Consolidated Financial Statements.

(2nd Leg) – It is alleged that in both the Audit Reports accompanying Standalone (C-36) & Consolidated Financial Statements (C-52) of subject Company for FY 2020-21, UDIN of Dauji Farms Private Limited (which is 21304748AAACAA7776) has been incorrectly mentioned by the Respondent.

Allegation No. 6: The Complainant has alleged that the Independent Auditor's Report on the Consolidated Financial Statements of the subject Company for the FY 2020-21 was not prepared in compliance with Guidance Note on Audit of Consolidated Financial Statement, Standard on Auditing (SA) 700 since the Consolidated Financial Statement was prepared without including the details of Dauji Farms Pvt Ltd which is an Associate Company of the subject Company. Moreover, it is noted that she has given exactly the same Audit Report on the Consolidated (C-49 to C-54) as well as Standalone financial statements (C-33 to C-36) except the word 'Standalone' is replaced with 'Consolidated' on the heading of the report and surprisingly in most of the places, she has failed to even replace the word 'Standalone' with 'Consolidated' thereby not only violating the provisions of Companies Act,2013, SA-700 and the Guidance Note on Audit of Consolidated Financial Statements but also failed to adhere to the Audit report format as relevant for Consolidated Financial Statements.

The Complainant has also alleged that CARO is not applicable on Consolidated Financial Statements as provided in proviso to para - 3 of CARO-2016 issued by MCA, however, the Respondent has given her reporting on CARO for Consolidated Financial

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Statement also, which is nothing but a "copy-paste" of Independent auditor's report on Standalone Financial Statement.

Allegation No. 7: In the instant allegation the Complainant has questioned the manner in which the audit was performed by Respondent as she stayed in Kolkata while Registered Office of the Company was in Neora, Raipur which is reported to be almost 900 to 950 kms away. The Complainant has questioned as to whether the Respondent came to Raipur, or that the books of accounts/ documents/ vouchers were sent to Kolkata.

4. **SUBMISSIONS OF THE RESPONDENT AND FINDINGS OF THE COMMITTEE:**

The Respondent through her Written Statement has inter-alia stated that there was an inadvertent mistake in her reporting which would not recur in future. Moreover, she had stated that all relevant documents had already been furnished and that she has no further documents available with her. She also requested that her inadvertent mistakes be pardoned, and the proceedings be dropped.

The Committee pursued all the documents available on record along with written & verbal submissions of the parties and deliberated as under:

4.1 **Allegation 1: - Acceptance of Audit Assignment and Signing of Financial Statements of the subject Company by the Respondent without being validly appointed as auditor thereby violating the provision of Section 139(8) of the Companies Act 2013.**

- 4.1.1 The first allegation levelled by the Complainant is that the Respondent had accepted the audit assignment and signed the financial statements of the subject Company for FY 2020-21 without being validly appointed as an auditor of the subject Company in violation to Section 139(8) of the Companies Act 2013. The Committee noted that Section 139(8) of Companies Act 2013 provides that casual vacancy should be filled by the Board within 30 days of occurrence of such casual vacancy. Moreover, the section also provides that if the casual vacancy is caused by resignation of the previous auditor, then such appointment is also required to be approved by the members in AGM / EGM convened within 3 months of Board's recommendation. The Committee noted the following provision of Section 139(8) of the Companies Act 2013:

Section 139(8) Any casual vacancy in the office of an auditor shall-

*(i) in the case of a company other than a company whose accounts are subject to audit by an auditor appointed by the Comptroller and Auditor-General of India, **be filled by the Board of Directors within thirty days, but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next annual general meeting; .***

4.1.2 In the present case, the Committee noted that the Complainant has alleged that Respondent has accepted the audit assignment and also signed the financial statement of the subject Company for the FY 2020-21 on 29.11.2021, which was even before approval of her appointment by the members of the subject Company in the AGM proposed to be held on 31.12.2021. Accordingly, the Complainant has alleged that her appointment and audit report is invalid and void-ab-initio. In respect of instant allegation, the Committee noted that the resignation by the previous auditor was made on 15.09.2021 whereas the Respondent was appointed by resolution passed in the Board Meeting held on 23.11.2021. The Respondent in her written submission has stated that the subject Company was granted extension of one month by Registrar on its application made to it requesting extension owing to non-availability of statutory auditors and thus the requirement of conducting General Meetings within three months of approval of Board of Directors of the Company was duly complied with by the subject Company.

4.1.3 In the present case, the Committee noted that Section 139(8) of Companies Act 2013 provides that casual vacancy should be filled by the Board within 30 days of occurrence of casual vacancy. Moreover, the section also provides that if the casual vacancy has been caused by resignation of the previous auditor, the said appointment by the Board should also be approved by AGM convened within three months of Board's recommendation. In the instant case Committee noted following chronology of events:

- The casual vacancy arose due to the resignation of the previous auditor for the F.Y. 2020-21 on 15.09.2021.

- Thereafter, to fill the casual vacancy, the Respondent was appointed as the auditor of the Company for the F.Y. 2020-21 by the Board of Directors (**W-9**) in their meeting held on 23.11.2021 (**W-3**).

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- The Respondent signed the financial statements of the Company on 29.11.2021 (C-33 to C-48).
- The approval of Respondent's appointment was made by the members in AGM of the Company held on 31.12.2021 which is evident from the notice of such AGM dated 09-12-2021 available on record (C-14 to C-17) wherein agenda item no - 3 was found for proposed resolution to be passed in such AGM.
- The audited financials for the period ended 31-03-2021 (C-33 to C-62) signed by the Respondent on 29-11-2021 was also proposed to be adopted in such AGM under agenda item no. 1 (C-14).

From the aforesaid chronology of the events, the Committee noted that even if the contention of Respondent about extension of one month being provided to the subject Company by the Registrar, is accepted, then also the time limit of filling of casual vacancy by the Board is not met, which is a violation of Section 139(8).

Moreover, it is seen that the Respondent has also signed the financial statements of the subject Company for the FY 2020-21 on 29.11.2021 (C-33 to C-48) which is even before the approval of her appointment by the members of the subject Company in its annual general meeting or extraordinary general meeting proposed for 31.12.2021.

Accordingly, the Committee opined that the Respondent has not only accepted the appointment of the subject Company & started the audit of same but has also signed its financial statements before being validly appointed as the auditor of the subject Company in violation of Section 139 (8) of the Companies Act, 2013. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (9) of Part I of First Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation.

4.2 **Allegation 3: - Misreporting in CARO Report:**

In respect of instant allegation, the Committee noted that the Respondent in her written statement has stated that when any new audit is assigned to her firm, it is a general practice to use the Report / Financial Statement of any other company and carry out relevant changes therein. In the instant case also, since it was a new audit, the errors were committed by her clerical staff and during her review, she had carried out



necessary changes but the same could not be saved which resulted in the CARO report mentioning some irrelevant points which were required to be deleted. In this regard, the Committee noted that even if the clerical staff prepared the draft, the ultimate responsibility for the correctness and accuracy of the audit report, before signing the same, rests solely with the statutory auditor. The Committee viewed that signing the report by the Respondent without going through its content reflects on the casual approach and gross negligence on the part of Respondent. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation.

4.3 **Allegation 4: - Amount of Rs. 1,72,032/- which was shown under Cash-in-hand during 2019-20 were shown as recoverable from Complainant during 2020-21**

In respect of instant allegation, the Complainant has alleged that in the financial statements for the FY 2020-21, an amount of Rs. 1,72,033.50/- was shown under his name as short term loan with opening balance recorded as NIL, however, in the FY 2019-20, the same amount was appearing as 'Cash-in-hand' in the Balance Sheet of the subject Company. Complainant has alleged that this is a fraud committed by the present management for which there was neither any notes / remarks in the Balance Sheet or Directors' Report nor any adverse remarks in Auditor's Report. In respect of instant allegation, the Committee perused the copy of 'Confirmation of Accounts' letter dated 01-04-2021 being brought on record by the Respondent which was reportedly sent by Company to the Complainant requesting him to confirm his account in Company's book. On perusal of same the Committee noted that a debit entry of Rs.1,72,032.50 is made in the name of Complainant and corresponding credit was given to cash with following narration:

'Being cash of Rs.1,76,632.50' have not been received from previous management'

(Here the previous management is understood as the Complainant)

In this regard, the Committee viewed that the instant matter pertains to an internal issue between the erstwhile and the new management of the Company. The Auditor's responsibility is limited to verification of the books of account, and she was entitled to

rely on records and certifications provided by management. The Committee noted such amount was shown as Cash-in-hand during the financial year 2019–20, during which a different auditor was in place and the Complainant was serving as Director. In the subsequent year i.e., in FY 2020–21, there was a handover & takeover between the old management and the new management, and this amount of Rs. 1,72,032.50/- was classified as recoverable from the previous management (comprising of Complainant). The Committee noted that the Complainant also failed to bring on record any evidence or receipt of handing over of such cash to the new management. The Committee opined that Respondent being a new auditor had no reason to doubt this representation and accordingly, no lapse can be attributed to the Respondent in respect of instant allegation. Accordingly, the Committee decided to hold the Respondent **Not Guilty** of any Professional Misconduct in respect of instant allegation.

4.4 Allegation 5 (1st Leg): - Same UDIN (21304748AAABZ9907) generated for both Standalone Financial Statements as well as for Consolidated Financial Statements in violation to ICAI Guidelines

- 4.4.1 The Committee noted that Respondent in her Written Statement had not submitted any specific defence in respect of instant allegation. In this regard, the Committee noted that as per Q. 24 of FAQ on UDIN for practicing Chartered Accountant, generation of separate UDINs for Standalone Financial Statements and Consolidated Financial Statements is mandatory while in the instant matter, it is apparent that the Respondent has generated single UDIN (21304748AAAABZ9907) in respect of both the Standalone Financial Statements (C-39 to C-41) & Consolidated Financial Statements (C-55 to C-57).

Moreover, it was also seen that the Respondent in respect of Dauji Farms Private Limited also which is an associate company of the subject company, had generated single UDIN for its 'consolidated' as well as 'stand-alone' financial statements for the F.Y. 2020-21. By using a single UDIN for both Standalone & Consolidated Financial Statements, the Respondent has not only failed to comply with the prescribed ICAI Guidelines but also defeated the fundamental purpose of UDIN — which is to ensure the authenticity of each document signed by a Chartered Accountant and to prevent its misuse. The Committee further observes that UDIN generation is a mandatory requirement under the ICAI's Council decision effective from 1st July 2019, and any deviation therefrom amounts to non-compliance with the directions issued by the Institute in exercise of its statutory powers. Thus, the Respondent's conduct

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demonstrates lack of due diligence and negligence in maintaining professional standards. The Committee is of the considered view that the Respondent, being a practicing Chartered Accountant, was expected to be fully aware of the mandatory guidelines and to ensure strict adherence thereto. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949 for generating and mentioning the same UDIN on standalone and consolidated financial statements of subject Company as well of its associate Company namely Dauji Farms Private Limited.

4.4.2. **Allegation 5 (2nd Leg): - Mentioning of UDIN of Dauji Farms Private Limited (21304748AAACAA7776) in the Audit Reports of the subject Company**

With respect to instant leg of the allegation, the Committee observed from the records that the Audit Reports of the subject Company bear the UDIN 21304748AAACAA7776, which, upon verification from the ICAI UDIN Portal, was actually found to be generated for the audit report of Dauji Farms Private Limited for the same financial year. This establishes that the Respondent, while certifying and signing the Audit Report of the subject Company, has incorrectly mentioned a UDIN belonging to another entity, namely Dauji Farms Private Limited. It is noted that ICAI, through its Guidelines for Mandatory Quoting of UDIN (effective from 1st July 2019), has clearly prescribed that each audit report, certificate, or attestation document shall have a separate and correct UDIN corresponding to that specific assignment. Further, the guidelines explicitly caution members against quoting an incorrect or unrelated UDIN, as it amounts to misrepresentation and violation of professional ethics. By quoting the UDIN generated for Dauji Farms Private Limited in the Audit Reports of subject company, the Respondent has failed to ensure the accuracy and validity of the UDIN used and acted in contravention of the ICAI's mandatory UDIN Guidelines, thereby compromising the integrity of the audit documentation process. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part-I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 for mentioning wrong UDIN of another Company in the Audit Report of the subject Company.

4.5 **Allegation 6: - Violation of provisions of Companies Act, 2013, SA-700 and the Guidance Note on Audit of Consolidated Financial Statements & also for failing**



to adhere to the Audit report format as relevant for Consolidated Financial Statements. Further, reporting under Companies (Auditor's Report Order), 2016 (CARO-2016) on Consolidated Financial Statements of the Company for the year ended 31-03-2021, even though CARO was not applicable to Consolidated Financial Statements

- 4.5.1 The Committee noted that in respect of instant allegation, the Respondent had not submitted any specific defense. The Committee noted that as per Section 129(3) of the Companies Act, 2013 every Company having subsidiaries, associates, or joint ventures is required to prepare Consolidated Financial Statements (CFS) in addition to standalone accounts. The Consolidated Financial Statements must reflect the financial position and performance of the company and its associates as a single economic entity. The Respondent, as statutory auditor, was responsible for auditing these Consolidated Statements and issuing a report in accordance with Section 143 and prescribed Standards on Auditing. However, by using the same report for both Standalone Financial Statements and Consolidated Financial Statements, the Respondent failed to recognize and report on the consolidated position of the group. The omission to mention the associate company and its financial results demonstrates that the Respondent did not verify or consider the consolidation adjustments as required.

The Committee noted that the subject Company had an associate Company namely Dauji Farms Private Limited, and accordingly, the Respondent was required to issue Consolidated Financial Statement of the subject Company along with Standalone financial statement of each of these Companies. However, it is noted that the Respondent in his Consolidated Financial Statement had not included the figures of its associate company. Respondent in her Audit Report on the Consolidated Financial Statement of the Company was required to express opinion on the group i.e. on the subject company as well as its associate company as a group. However, on perusal of the Independent Audit Report of the Respondent on the Consolidated Financial Statement of the Company for the year ended 31-03-2021, it is noted that the Respondent while giving opinion in her audit report has nowhere referred to the financial statements of its associate Company DFPL. Rather, it is noted that she has given exactly the same Audit Report on the Consolidated (C-49 to C-54) as well as Standalone Financial Statements (C-33 to C-36) except the word 'Standalone' is replaced with 'Consolidated' on the heading of the report and surprisingly at most of the occasions, she has failed to even replace the word 'Standalone' with 'Consolidated'. Thus, it is apparent that the Respondent has been grossly negligent while giving her audit report

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on the Consolidated Financial Statements of the Company not only violating the provisions of Companies Act, 2013, SA-700 and the Guidance Note on Audit of Consolidated Financial Statements but also failed to adhere to the Audit report format as relevant for Consolidated financial statements. It is viewed that this kind of reporting signifies the gross negligence and lack of due diligence on Respondent's part being auditor of the Company.

4.5.2 In respect of second leg of instant allegation, the Committee on perusal of proviso to para – 3 of CARO-2016 issued by MCA, noted that CARO was not applicable to auditor's report on Consolidated Financial Statements. Further, it is noted that even overall reporting under CARO – 2016 was applicable / valid upto F.Y. 2019-20 while for the F.Y. 2020-21 CARO-2020 came into place vide notification dated 25-02-2020 of MCA. The Committee observed that the Respondent, even in respect of Standalone Financial Statements of the Company for the year ended 31-03-2021 had given reporting under CARO-2016 while she was required to give reporting under CARO-2020. Thus, it is apparent that the Respondent has adopted a very casual approach while issuing the audit report on the financial statements of Company for the year ended 31-03-2021 and has not exercised due diligence. Accordingly, in respect of instant allegation, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule to the Chartered Accountants Act 1949.

4.6 **Allegation 7: - Auditing performed by staying in Kolkata whereas the Registered office of Company was in Neora-Raipur which was reportedly approximately 900 to 950 kms away.**

In respect of instant allegation, the Committee noted that the Complainant has questioned the manner in which the audit was performed by Respondent as she was staying in Kolkata while Registered Office of the Company was in Neora, Raipur which is reported to be almost 900 to 950 kms away. The Committee viewed that in a technical era, it is very easy to share documents by mail and other electronic mode and conduct audit remotely. Accordingly, in respect of instant allegation, the Committee decided to give benefit of doubt to the Respondent thereby holding her **Not Guilty** of any Professional and Other Misconduct.

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5 CONCLUSION

Thus, in the considered opinion of the Committee, the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (9) of Part I of the First Schedule and Items (7) of Part-I and Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. Prasanna Kumar D)
PRESIDING OFFICER

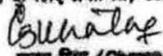
Sd/-
(Ms. Rani S. Nair, IRS (Retd.))
GOVERNMENT NOMINEE

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

Sd/-
(CA. Chandrashekhar Vasant Chitale)
MEMBER

Sd/-
(CA. Vishnu Kumar Agarwal)
MEMBER

DATE: 22.12.2025
PLACE: NEW DELHI

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

चरम सिंह / Chaman Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासन-सम्बन्धित निदेशालय / Disciplinary Directorate
भारतीय प्रशासकीय सेवाएं संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noide-201301 (U.P.)