CONFIDENTIAL
PR/G/351/2023-DD/506/2023/BOD/819/2025

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

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

FILE No: PR/G/351/2023-DD/506/2023/BOD/819/2025

CORAM:

CA. Babu Abraham Kallivayalil, Presiding Officer (Present in Person)
Dolly Chakrabarty, Government Nominee (Through VC)
CA. Pankaj Shah, Member (Present in Person)

IN THE MATTER OF:

Shri Ajay Pandit
Joint Textile Commissioner & Officer in Charge
Govt. of India, Ministry of Textiles
Regional office of the Textile Commissioner
A-2, 2nd floor, HHEC Building, Sec-2
NOIDA..Complainant

Versus

CA. Akshaya Goyal (M. No.079336)
B-239, Hari Marg, Malviya Nagar
JAIPUR..Respondent

Date of Final Hearing	:	06th July 2026
Place of Final Hearing	:	ICAI Bhawan, Jaipur
Date of Pronouncement of Judgment	:	27th July 2026

PARTIES PRESENT (IN PERSON):

Respondent	:	CA. Akshaya Goyal
Complainant Department	:	Mr. Dhanraj Meena, Assistant Director

FINDINGS:

BACKGROUND OF THE CASE:

1. The present matter arises out of allegation concerning the implementation of a Yarn Bank Project sanctioned under the Integrated Scheme for Power loom Sector Development (ISPSD) by the Office of the Textile Commissioner, Government of India. The Respondent, who was serving as a Director of M/s Kreative Weavers Co-operative

Society Ltd., Jaipur had obtained approval for the project with the objective of ensuring the availability of yarn to small weavers through a Special Purpose Vehicle (SPV). For implementation of the project, the Government of India released financial assistance of Rs. 50.00 Lakh, which was deposited in an escrow account maintained with the State Bank of India, Gandhi Nagar Branch, Jaipur.

2. The Complainant alleged that despite having undertaken to utilize the funds strictly in accordance with the objectives and operational guidelines of the Yarn Bank Scheme, the Respondent failed to implement the project and instead mis-utilized the corpus fund. It was alleged that no meaningful steps were taken to operationalize the scheme for the benefit of the intended beneficiaries and that the funds were withdrawn from the escrow account without the prior approval of the Government of India. Consequently, the Government cancelled the project and initiated recovery proceedings to recover the sanctioned amount.

3. According to the Complainant, while a substantial portion of the sanctioned amount was recovered through invocation of the bank guarantee, an outstanding balance of Rs. 23.64 Lakh remained unpaid. It is further alleged that despite repeated requests and the issuance of a legal notice, which was returned with the postal endorsement "Refused", the Respondent did not refund the outstanding amount. In view of the alleged violations, the M/s Kreative Weavers Co-operative Society Ltd and the Respondent were blacklisted from availing benefits under future Government schemes, and the Complainant sought disciplinary action against the Respondent on the ground that his conduct was unethical and amounted to professional misconduct unbecoming of a Chartered Accountant.

4. It is, however, noted from the records that during the pendency of the disciplinary proceedings, the Respondent remitted the outstanding amount of approximately Rs. 23.64 Lakh to the Complainant department through a Demand Draft dated 03rd February 2024, thereby discharging the outstanding financial liability. The present proceedings, therefore, primarily concern the professional and ethical implications of the Respondent's alleged conduct in relation to the implementation of the Government-funded project.

CHARGE ALLEGED:

5. The allegation against the Respondent is that, while serving as one of the Director of M/s Kreative Weavers Co-operative Society Ltd., he failed to comply with the terms and conditions governing the Yarn Bank Project sanctioned under the Integrated Scheme for Power loom Sector Development (ISPSD). It is alleged that the Respondent unauthorizedly withdrew and misused Government funds amounting to Rs. 50 Lakh from the designated escrow account instead of utilizing them for the intended objectives of the scheme. The Complainant further alleges that despite repeated requests and the issuance of legal notices, the Respondent neither refunded the outstanding amount nor responded to the communications, thereby deliberately avoiding his obligations under the scheme. According to the Complainant, such

conduct reflects a wilful disregard of the responsibilities entrusted to the Respondent in relation to the implementation of a government-funded project and is unethical, amounting to professional misconduct unbecoming of a Chartered Accountant.

BRIEF OF PROCEEDINGS HELD:

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

S. No.	Date of Hearing	Status of hearing
1.	06th July 2026	Matter heard and concluded, Finding reserved.

SUBMISSIONS MADE BY THE RESPONDENT

7. The Respondent submitted that he has been a member of the Institute of Chartered Accountants of India since 1999 and has maintained an unblemished professional record throughout his career, with no previous complaints or disciplinary proceedings against him. He states that he is a first-generation entrepreneur who ventured into the textile business after serving in international corporate organizations for nearly twelve years. According to the Respondent, the financial assistance of Rs. 50 Lakh under the Yarn Bank Scheme was availed for the intended purpose, with the promoters also contributing their requisite share. He explains that although the project initially commenced operations, the outbreak of the COVID-19 pandemic severely affected the business, resulting in financial distress, loss of liquidity, deterioration of the Society's creditworthiness and ultimately the closure of its operations.

8. The Respondent further submits that there was never any intention to misappropriate or siphon off Government funds and that the delay in refunding the outstanding amount was solely attributable to the severe financial difficulties faced by the Society during and after the pandemic. He contends that a substantial portion of the sanctioned amount had already been recovered through the bank guarantee and bank account, while the remaining dues were subsequently repaid in full along with the applicable interest through demand drafts, the details of which were duly communicated to the Complainant as well as the Directorate. On this basis, the Respondent submits that the entire financial liability has been discharged and requests that his bona fide conduct, absence of dishonest intent and complete repayment of the Government dues be taken into consideration while adjudicating the present proceedings.

OBSERVATIONS OF THE BOARD:

9. Upon careful consideration of the complaint, the documents available on record and the submissions made by both the Complainant Department and the Respondent, it is observed that the primary allegation against the Respondent is that, while acting as a Director of M/s Kreative Weavers Co-op Society Ltd., he had unauthorizedly withdrawn funds from the escrow account maintained under the Yarn Bank Project without obtaining the approval/signature of the Government Nominee and thereby misused Government funds. However, the evidence available on record does not conclusively

establish that the Respondent had personally misappropriated or diverted the funds for any unauthorized purpose.

10. During the hearing, the representative of the Complainant Department stated that the funds were provided to the Society and not to the Respondent in his personal capacity. It was also acknowledged that there were other Directors in the Society and that the Respondent was managing the affairs of the Society from an operational perspective. The Complainant further admitted that no criminal proceedings had been initiated against the Respondent, no complaint had been made against the bank officials despite the allegation of unauthorized withdrawal and no specific evidence was available to establish that the withdrawn amount was utilized for any personal benefit or for any purpose other than the activities of the Society. The allegation of misuse was primarily because the withdrawal was allegedly made without the signature of the Government Nominee; however, the Complainant could not establish any direct evidence of dishonest intention or wrongful utilization of funds by the Respondent.

11. It is also significant to note that during the proceedings, the representative of the Complainant department acknowledged that the entire outstanding amount had already been received along with applicable interest and that there was no subsisting grievance against the Respondent. The Respondent explained that the delay in repayment occurred due to severe financial difficulties faced by the Society and its business operations, particularly due to the impact of the COVID-19 pandemic, which adversely affected the liquidity and functioning of the business. The Respondent further demonstrated that the repayment obligations towards various financial institutions had also been settled and that there was no outstanding liability remaining. These circumstances indicate that the issue was primarily financial in nature and arose due to business difficulties rather than any deliberate or dishonest intention on the part of the Respondent.

12. The Respondent has also maintained that the withdrawals from the escrow account were made while running the Society's operations and that the Government Nominee was kept informed regarding the transactions. While there may have been procedural lapses in complying with the requirement of obtaining the joint signature/approval of the Government Nominee, the material on record does not establish that such lapse was accompanied by any fraudulent intention, personal gain or misuse of funds by the Respondent. A mere procedural irregularity, without proof of dishonest conduct or misappropriation cannot by itself be sufficient to hold a Chartered Accountant guilty of professional misconduct.

13. Considering the totality of the facts and circumstances including the absence of any evidence establishing personal misuse of funds, the repayment of the entire outstanding amount along with interest, the absence of any criminal proceedings and the Complainant's own acknowledgment that no grievance remains against the Respondent, the Board is of the considered view that the allegations of misconduct are not substantiated by sufficient evidence. The Respondent appears to have faced

genuine financial and operational challenges and the delay in repayment cannot be construed as an act of dishonesty or professional misconduct.

14. Accordingly, the Board is of the opinion that the Respondent cannot be held Guilty of the alleged misconduct under the provisions of the Chartered Accountants Act, 1949 and therefore, the charges levelled against him are not proved. The Respondent is accordingly held **Not Guilty** of the alleged misconduct.

CONCLUSION:

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

16. Ordered accordingly. The case stands disposed of.

Sd/-
CA. Babu Abraham Kallivayalil
Presiding Officer

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

Sd/-
CA. Pankaj Shah
Member

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
चरण सिंह / Charan Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / 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.)