

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2026-2027)]

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

Findings under Rule 18(17) read with 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/194/2022-DD/138/2022-DC/1691/2022]

In the matter of:

**Sh. G.C. Yadav, Registrar of Companies,
Kerala and Lakshadweep, Ministry of Corporate Affairs,
First Floor, Company Law Bhavan, B.M.C. Road, Thrikkakara,
Kochi 682021 Kerala**

.....Complainant

Versus

**CA. Rajib Kumar De (M. No. 055527)
Flat 1101, 11th Floor,
Serenity Building, Plot 549 CB,
11th Road, Chembur East,
Mumbai 400071**

.....Respondent

MEMBERS PRESENT:

**CA. Prasanna Kumar D, Presiding Officer (In person)
CMA Chandra Wadhwa, Government Nominee (In person)
CA. Mahesh Shah, Government Nominee (In person)
CA. Satish Kumar Gupta, Member (In person)
CA. Hans Raj Chugh, Member (In person)**

**DATE OF FINAL HEARING : 20th March 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026**

PARTIES PRESENT:

Respondent : CA. Rajib Kumar De (Through VC)

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1. **Background of the Case:**

- 1.1 The Complainant submitted that **M/s Inditrade Fincorp Limited** formerly known as **M/s JRG Fincorp Limited** (hereinafter referred to as the "**Company**") was involved in providing Micro financing loans using digital platform / mobile apps by entering into agreement with the service providers, in connivance with the Key Managerial Personnel i.e., Company Secretary and Chartered Accountants.
- 1.2 The Companies as service providers were authorised vide agreement to identify the prospective customers verifying their eligibility, collection of information / documents / KYC, conducting due diligence, collecting pre-disbursement documents, arranging execution of the loan agreement, assisting with collections / recovery of principal and interest payments and attending service requests or product related queries for the retail loans offered by the Company.
- 1.3 It is further stated that under the agreement, the Companies as service providers were providing loan as little as Rs. 500/-, having shorter repayment period and much higher rate of Interest ranging between 14%-20% as processing fees and 1% per day as standard interest rate from the debtors, wherein the interest were compounded on a weekly or fortnightly basis.
- 1.4 The Complainant has also stated that they have received complaints from the debtors that the Service Providers harassed the debtors mentally and physically for recovering the loan. Thus, as per the Complainant Department providing loan as little as Rs. 500 was a tool to collect the KYC details of the debtors for misuse. It is further stated that the entire operation of these loans was carried by Chinese national, and crores of rupees were transferred to the shell companies from the Company.

2. **Charges in brief:**

- 2.1. The Respondent who was working as Principal Officer of the Company has connived with the management of the Company for providing Micro finance loans (extending loans) by using digital platforms / mobile applications till 31/03/2021 by entering into agreement with service providers. It is further alleged that the said loan operations were

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carried by Chinese Nationals and crores of rupees were transferred to shell companies from this Company.

3. **The relevant issues discussed in the Prima facie opinion dated 24th November 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1. On perusal of facts and submissions of the parties on record, it was firstly noted that the Company was incorporated on **6th September, 2007** and was registered as NBFC on **04th February, 2008** in the name of 'JRG Fincorp Limited' as per the Certificate of Registration (no. N-16.00181) issued by the RBI on **29th November, 2021** in lieu of the earlier certificate issued on **3rd December 2019** in the name of Inditrade Fincorp Private Limited.
- 3.2. Accordingly, the Company had started the business of Non-Banking Financial Institution and started granting loans on a PAN India basis under the regulations of RBI. However, as per the Respondent, "with the digitalised era being promoted by the Government of India, the RBI had also encouraged digital delivery of loans. In lieu of the same, the Company came out with various products, one of which was Micro Digital Loan." In this regard, the Respondent had brought on record the Report of the Working Group on digital lending including lending through online platforms and mobile applications issued by RBI on 18th November, 2021, stated to be in furtherance of digital lending initiatives and roadmap. However, on perusal of the same, it was noted that even though outsourcing of the said activities was permitted by RBI, the thrust of the report was to enhance customer protection and to make the digital lending ecosystem safe and sound.
- 3.3. Further, the Respondent had stated that the Company, in compliance with the RBI circular dated 09.11.2017, "Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs", had entered into service agreements with various service providers for outsourcing its activities of providing a digital platform for financing to borrowers.

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- 3.4. In this regard, the Respondent had also stated that the Company had never outsourced its material functions such as credit decisions, due diligence, KYC compliance, etc., and was issuing loans to customers by directly crediting them to their bank accounts. In this regard, to further examine the correctness of the statement given by the Respondent, the copy of the service agreements entered into with the entities providing digital platforms for lending of digital micro loans was specifically called for from him at the Rule 8(5) stage. On perusal of the service agreements brought on record by the Respondent, it was noted that the Company had entered into service agreements with various service providers.

Further, certain clauses which were part of agreement were worth noting, which were stated as below:

3. *In case of M/s. UU Cash Technology, payment of said rate of return was stated to commence from the date of confirmation confirmed by both the Parties.*
5. *In case of M/s. Magic Bird Technology Pvt Ltd., 23% p.a. on the full co-operation amount was subject to a minimum of assured return of Rs. 11,50,000/- per quarter of three months or such higher amount arrived at by applying the rate of 23% on the amount funded in Escrow Disbursement Account.*

The minimum assured return was to commence from 1st May, 2020 for a period of three months upto 31st July, 2020 and thereafter for every three months period collected at the beginning of the three months until termination of the agreement.

6. *In case of M/s. Water Elephant Technologies Pvt. Ltd., the guaranteed rate of return was to be payable in instalments of three months at a time in advance. The guaranteed rate of return was to be remitted from the collection account or be paid by other payment mode.*
7. *In case of M/s. Fintopia Technology India Pvt. Ltd., the guaranteed rate of return was to be payable in instalments of three months at a time in advance. The guaranteed rate of return was to be remitted from the collection account or be paid by other payment mode.*

- 3.5. It was noted that the clause relating to the rate of return was specified in Schedule III to the agreements entered into between the Company and various service providers. Further, other important clauses of the service agreements such as engagement of the service provider, identification of qualifying borrowers, roles and responsibilities of the

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parties, and termination of the agreement—had also been considered in order to understand the nature of the relationship between the parties, as well as their respective roles in providing 'digital loans' to borrowers.

Further, it was noted that the Company had opened an escrow account called 'disbursement account' wherein the Company had disbursed the agreed-upon amounts ranging from Rs. 70 lakhs to Rs. 5 crore in tranches and that the service provider had guaranteed a rate of return on the said amounts ranging from 16% to 23%. Further, the service provider had also undertaken to bear the expenses relating to bank charges/fees of the 'disbursement account', extraction of CIBIL report charges, all costs and expenses in connection with the collection of loans disbursed, besides marketing for the bank's product i.e., digital loan, identifying the qualified borrowers, receipt of loan applications, their review as per the instructions of the Company, ensuring that all documents were collected for compliance with RBI guidelines, managing, collecting and receiving payments from loanees, maintaining confidentiality of customers' data and being liable for unauthorised use of data, follow-up with borrowers in case of overdues, and issuing legal notices. In return, the service provider would receive its fee, which was defined as the amount deposited over and above the guaranteed rate of return. All the risk up to the guaranteed rate of return was to be borne by the service provider.

- 3.6. In this regard, it was also pertinent to note the following paragraphs/extracts of Service Agreement entered into by the Company with the service provider, which reads as under:

7.1 The Service Provider shall be entitled to receive Service Provider Receivables as servicing fees, i.e., all amount deposited in the Collection Account which are over and above the Guaranteed Rate of Return and other agreed charges as specified in the Schedule III, and that the Service Provider Receivables shall be paid to the Service Provider in the manner specified herein.

8.2 Parties hereby agree that, notwithstanding anything contained to the contrary, any treatment of the Guaranteed Rate of Return was to be solely borne by the Service Provider.

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From the above information, it was noted that the service provider was entrusted with all the responsibilities in respect of the 'digital loan' segment of the Company, including disbursement of the loan as well. It was observed that there was nothing on record which signified that the Company was effectively controlling the loans disbursed through the digital platform. Thus, it raised a question on the assertion made by the Respondent in respect of the business model adopted, that the service providers were only providing technical assistance and customer outreach services to the Company. In view of the facts and circumstances, it appeared that the service providers had stepped into the shoes of the lender and were controlling the entire digital lending process.

Moreover, the service providers had not only guaranteed the rate of return on the loan amount transferred to the escrow account, but had also undertaken to bear various expenses in relation to multiple activities involved and had also undertaken the risk involved in the said business till the guaranteed rate of return accrued to the Company.

In other words, all risk till the guaranteed rate of return was borne by the service provider in return for the excess amount in the escrow account.

It was also noted that Schedule IV to the Agreement, 'General Terms and Conditions', laid down broad parameters for granting loans to qualified borrowers. It was noted that though various conditions were laid down for providing loans to the qualified borrowers, it was silent on the interest rate to be charged or the model/parameters to determine the said rate, except for the fact that the said interest would accrue on a daily basis.

It was viewed that from the above analysis, it was clear that the service provider had guaranteed a rate of return to the Company, which was effective from the date the agreement was confirmed between the parties, and had also undertaken to bear all the risk involved. Such conditions in themselves increased the interest rate of the digital loans granted to the borrowers, as alleged by the Complainant, and also contradicted the submission of the Respondent regarding the higher rate of interest charged by the NBFC being on account of defaults made by some of the customers. It was noted that the Complainant had informed the various nature of charges that were being levied by various service providers of the Company, which further strengthened the observations discussed above:

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S. No	Service Provider	Guaranteed Rate of Return	Processing Fee	Interest	Penal Interest
1	M/s. Dhaniram Technology India Private Limited	16%	14.5% to 16.5%	32.48%	1%
2	M/s. Tghy Trustrock Pvt.Ltd.	16%	20%	32.85%	3%
3	M/s. UU Cash Technology Pvt. Ltd.	16%	11.8% to 15%	35.4%	1%
4	M/s. Shinebay Technology India Private Limited	18%	16% to 17%	35%	1%
5	M/s. Magic Bird Technology Pvt Ltd.	23%	Not Available	Not Available	Not Available
6	M/s. Water Elephant technologies Pvt. Ltd.	20%	17.5%	36%	1%
7	M/s. Fintopia Technology India Pvt. Ltd.	20%	16.5%	36%	5%
8	M/s. Kushiro Financial Services Pvt. Ltd.	18%	14% to 15%	36.5%	1%

It was noted that the Respondent had failed to provide relevant justifications in the context of the factors mentioned above and thus had failed to justify the higher rate of interest being charged from the borrowers of digital loans.

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- 3.7. Further, it was noted that the Respondent had argued that the borrowers were aware of the terms and conditions of the loans being granted to them and that they were at free will to accept the said terms or not. Regarding the 'Terms and Conditions' of loans granted to the borrowers and their disclosure, reference had been made to Clauses 3.2 and 4 of the Agreement.

From Clauses 3.2 and 4 of the Agreement, it was evident that the consent of the borrower to the terms and conditions of the loans being granted was required to be taken digitally. However, the Respondent had failed to bring on record any copy of display on the digital platform as to the manner in which the terms and conditions of the loans were displayed to the borrower before he accepted the same to obtain the loan. Considering the inbuilt understanding between the Company and the service provider regarding the guaranteed rate of return, and also the fact that interest would accrue on a daily basis, proper disclosure of terms and conditions was an important practice to maintain business ethics, which the Respondent had failed to demonstrate in respect of any of the said service providers.

Moreover, it was noted that while permitting NBFCs to outsource their activities to manage risk, the RBI had also advised certain mandates to NBFCs for adopting the said model in its Directions issued vide RBI/2017-18/87 DNBR.PD.CC.No.090/03.10.001/2017-18 dated November 9, 2017, "Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs", which provided for the following:

2. **Activities that shall not be outsourced** NBFCs which choose to outsource financial services shall, however, not outsource core management functions including Internal Audit, Strategic and Compliance functions and decision-making functions such as determining compliance with KYC norms for opening deposit accounts, according sanction for loans (including retail loans) and management of investment portfolio. However, for NBFCs in a group/ conglomerate, these functions may be outsourced within the group subject to compliance with instructions in Para 6. Further, while internal audit function itself is a management process, the internal auditors can be on contract.

5.1 Outsourcing Policy



An NBFC intending to outsource any of its financial activities shall put in place a comprehensive outsourcing policy, approved by its Board, which incorporates, inter alia, criteria for selection of such activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities"

It was noted that there was no evidence on record which indicated that loan was indeed being sanctioned by the Company. Further, it was noted that the Respondent had placed on record the Interest Rate Policy, Fair Practice Code and Grievance Redressal Policy but had failed to bring on record its 'Outsourcing Policy' to signify the practice adopted by the Company in selecting the service provider and thus ensuring fair play in such model.

Further, in his defence, the Respondent had argued based on RBI Circulars/Notifications issued on Nov 18, 2021, however, it was noted that the Respondent was appointed in February, 2021 and the Company had terminated the service agreements entered into with the service providers by March 3, 2021; then how the said circular/notification could be relied upon when the same had been issued thereafter. Hence, the argument based on said circular was not sustainable.

Moreover, it was noted that RBI had advised vide circular no. RBI/2019-20/258-DOR(NBFC)(PD)CC.No.112/03.10.001/2019-20 issued on June 24, 2020, "Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines".

- 3.8. It was observed that there was nothing on record that indicated that the aforesaid measures had been adopted by the Company while engaging a service provider in granting digital loans. Accordingly, it was viewed that there was a serious question on the business model adopted by the Company for digital loans, and it appeared that the Company had merely lent its NBFC license to such service providers in lieu of a high guaranteed return, by eventually passing all its major functions and risks to such service providers. As regards the association of the Respondent with the Company, it was noted that the Respondent had argued that he was associated with the Company as Manager/Principal Officer only since 02.02.2021, when the Company had already

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terminated agreements with many service providers. However, on perusal of the master data of the Company from MCA-21, it was noted that the Respondent was described as 'Director/Signatory' of the Company from the said date, indicating that he was holding a key position responsible for the management of its affairs. It was noted that:

- On one hand, he had produced on record an appointment letter asserting to be only a Manager of the Company, whereas the details on the MCA portal indicated that he was holding a significant position at that point in time. It was viewed that the Respondent had deliberately tried to underplay his role in the Company, which was not acceptable.
- Further, it was noted that even on the date of his appointment, there were at least three service providers who were working for the Company, and their agreements were terminated after a month of his appointment. In fact, as per the terms of the agreements, there was a cooling period of 60 days after termination of the agreements to settle the dues of the parties concerned.

Hence, the Respondent could not be considered as having no role in the entire business of the Company being run against RBI guidelines. In view of the facts and circumstances of the matter, it was also viewed that the Respondent could not escape from his liability by merely stating that he was not a part of the decision-making process, because he had agreed to become an active participant in running the wrongful business. It was further viewed that since the alleged misconduct was in relation to his duties as an employee of the organisation, he was held **Guilty** of professional misconduct falling within the meaning of Clause (1) of Part II of the Second Schedule read with Chapter II of the Council General Guidelines, 2008, which stated that a member of the Institute who was an employee was required to exercise due diligence and was not to be grossly negligent in the conduct of his duties.

- 3.9. With regard to the allegation that the entire loans were carried by Chinese Nationals and crores of rupees were transferred to shell companies, it was pertinent to mention the relevant paragraphs/extracts of the service agreements on record, which stated as under:

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"2.2. The parties had agreed that a separate escrow account would be opened with an escrow agent, being a bank mutually agreed upon by the parties, for the accounting purposes of loans disbursed through service providers and due collection of the same.

4.1. Upon execution of the Agreement, the parties were to open an escrow collection account with an escrow agent, being a bank mutually agreed by the parties ("Collection Account"), for depositing all the receivables collected under various General Terms and Conditions executed between the Lender, Qualifying Borrower(s), and the Service Provider. The Collection Account, for administrative and all other purposes, was to be jointly operated by the parties. The Collection Account was to be operated such that (a) the authorized signatory of the Lender was authorized to withdraw amounts, on a monthly basis, not exceeding or equal to the amounts due on the loans actually disbursed to each of the qualifying borrowers from time to time; and (b) the authorized signatory of the Service Provider was authorized to withdraw all amounts lying in the Collection Account over and above the amounts due, subject to confirmation from the lender."

From the above information, it was noted that the amount mutually agreed between the Company and the service providers had been transferred to an 'escrow account' opened with the banks, which could be jointly operated by either party. Hence, it appeared that while mentioning about the shell companies, the Complainant had been referring to the service providers, as they had the authority to jointly operate the account.

3.10. In this regard, it was also noted that all the service agreements, except the first agreement executed with M/s. Dhaniram Technology India Pvt. Ltd., entered into with the service providers had been signed by Chinese nationals, being the Director/CEO/Operating Directors of the said service provider companies, and the details of the signatories had been produced as below:

Service Providers	Name of the Signatories	Position in the Company

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UU Cash Technology	Mr. Jin Li	Director
Shinebay Technology India Pvt Ltd.	Kang Shen	Authorised Signatory
M/s. Tghy Trustrock Pvt. Ltd.	Mr. Yunsen Cheng	Director
M/s. Dhaniram Technology India Pvt Ltd	Not Available	Operational Director
M/s. Magic Bird Technology Pvt Ltd.	Shen Zhikun	CEO
M/s. Water Elephant technologies Pvt. Ltd.	Andy Lu, wenjie	Not Available
M/s. Fintopia Technology India Pvt. Ltd.	Xiyu Zhao	Country Manager
M/s. Kushiro Financial Services Pvt. Ltd.	Rohghua Liao	Director

Thus, from the above table, it was amply clear that the service provider entities associated with the Company were being controlled or managed by Chinese nationals, as they had signed the service agreements on behalf of the respective service provider entities.

Further, the Respondent had also failed to put forth documentary evidence to support his statement that the amount transferred to the escrow account had actually been disbursed to the borrowers, and had also failed to disclose the nature of control being exercised by them. The Respondent had not even produced the reports maintained/prepared by the NBFC to ensure that the amount so disbursed was actually used for the purpose of loan disbursement to the borrowers.

Hence, in the absence of these documents, it appeared that there existed a possibility of transfer of money through the escrow account in favour of the service providers, wherein there was no clarity as regards its end use. Therefore, the allegation of the Complainant that the amount was transferred to shell companies could not be ruled out at this stage, after considering the instant facts and observations.

- 3.11. With regard to the instant matter, it was also pertinent to mention that all the service agreements entered into by the Company with the service providers during 08.07.2019 to 13.03.2020 were suddenly terminated all together as on 07.01.2021 and 01.03.2021. For the reason of termination, they had referred to Clause 15 of the service agreement.

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From Clause 15 of the service agreement, it was observed that various reasons including termination on mutual agreement were stated for the termination of the agreement in the clause referred. However, it was not clear as to what was the actual reason for the instant termination of the service agreements across all service providers. It raised suspicion as to why all the service agreements entered into were terminated collectively on 07.01.2021 and 01.03.2021, and that too without specifying the specific reason for such termination.

- 3.12. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 24th November, 2022 opined that the Respondent was Prima Facie **Guilty** of Professional Misconduct falling within the meaning of Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act, states as under:

Clause (1) of Part II of the Second Schedule:

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

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

- 3.13. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 07th December 2022. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Clause (1) of Part – II 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:**

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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	28 th February 2022
2.	Date of Written Statement filed by the Respondent	27 th May 2022
3.	Date of Rejoinder filed by the Complainant	---
4.	Date of Prima Facie Opinion formed by Director (Discipline)	24 th November 2022
5.	Written Submissions filed by the Respondent after PFO	28 th March 2023, 06 th October 2024
6.	Written Submissions filed by the Complainant after PFO	04 th March 2023, 12 th April 2023

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

5.1 The Respondent vide letter dated 28th March 2023, inter-alia, made the submissions which are given as under:-

- i. That he has been working as Manager of Inditrade Fincorp Limited (IFL) and designated as Principal Officer, having joined on 2nd February 2021. The digital lending business of IFL had already commenced prior to his joining and was closed on 2nd March 2021, within one month of his joining.
- ii. That he had no role in starting the digital lending vertical and was not a party to any service agreements entered into between IFL and its service providers. It is contended that most service agreements were either already terminated or were terminated within one month of his joining, and no new service agreements were executed after his appointment.
- iii. That the complaint filed by the complainant Shri G. C. Yadav, ROC Kerala is not valid as the same is made without due authorization of rank not below the level of Under Secretary in the Government of India or due resolution thereof.
- iv. That he has been wrongly alleged to be involved in entering service agreements and that such allegations are baseless and unsupported by proof. It is submitted that the complaint does not elaborate any specific role of the Respondent and only alleges that

the company executed agreements with service providers, including those allegedly operated by Chinese nationals.

- v. That outsourcing of certain functions such as digital marketing, application processing, and collections is permitted under RBI guidelines, and that core lending functions such as credit decision-making, KYC, and loan disbursement remained under the control of IFL. The Respondent clarified that loans were disbursed directly from IFL's bank accounts to customers and not to service providers, and that service providers only facilitated technology and collection support.
- vi. That escrow accounts were jointly operated, and no funds could be transferred without authorization of IFL. Service providers were prohibited from diverting funds. The Respondent denied that service providers controlled the entire lending business or that IFL transferred its business or license to them.
- vii. That funds were transferred to shell companies. The Respondent submitted that there is no system record indicating transfer of funds to such entities and that loan disbursements were made to actual customers.
- viii. That service providers were companies registered under the Companies Act, and IFL relied on their registration details and documentation to verify their legitimacy. It is further submitted that upon receiving information about FIRs against certain service providers, IFL terminated the agreements as a precautionary measure.
- ix. That he was not involved in the execution of service agreements, was not employed during the period of alleged transactions, and had no role in the alleged activities. The Respondent denied that Chinese nationals carried out loan operations or that funds were routed to shell companies through escrow accounts.
- x. That no evidence has been provided to show his involvement, consent, connivance, or negligence in the alleged activities. It is submitted that Inditrade Fincorp Limited (IFL) started a new vertical of digital lending in the financial year 2019–2020 to cater to very short-term loan requirements and expand its lending business.
- xi. That the digital loans were provided for short tenures of up to 30 days with a nominal processing fee and interest rate of about 30–36% per annum (around 1.5% per month) through software applications sourced from service providers, based on digital credit evaluation of customers.
- xii. That the interest rates and processing fees were subject to compliance with the Fair Practices Code under RBI Master Directions, 2016 and the RBI circular dated 24th June 2020 relating to loans sourced by banks and NBFCs over digital lending platforms.

- xiii. That interest and processing fees charged are in accordance with RBI Master Directions and remain reasonable, and that RBI does not prescribe a ceiling on interest rates but requires NBFCs to determine rates based on cost of funds, risk profile, tenure and other factors through a transparent internal policy.
 - xiv. That the RBI Master Directions require NBFCs to disclose interest rates, risk gradation approach and rationale for charging different rates to borrowers in application forms, sanction letters and on their websites.
 - xv. That the RBI also provides that although interest rates are not regulated, excessive rates may be considered unsustainable and NBFCs must adopt internal principles and procedures for determining interest rates and charges while ensuring transparency under the Fair Practices Code.
 - xvi. That IFL has adopted a Fair Practices Code approved by its Board of Directors in compliance with RBI Master Directions. It is further submitted that IFL made necessary disclosures to customers who availed digital loans and the process required borrowers to apply through digital platforms hired by the Company.
 - xvii. That the Company harassed borrowers or charged unjustified or excessive interest and stated that the digital loan journey of a customer has been documented and annexed.
 - xviii. That charging a processing fee is permitted under RBI Master Directions applicable to NBFCs and similar charges are also levied by scheduled banks for loan processing and documentation.
 - xix. That the processing fee charged by the Company is illegitimate was described as incorrect and contrary to the Company's right to conduct its business. It is further submitted that the processing fee is part of the terms of short-term lending and cannot by itself be treated as a criminal or illegal activity.
- 5.2 The Respondent vide letter dated 06th October 2024, inter-alia, made further submissions which are given as under:
- i. That an affidavit had been submitted to affirm his association with the Company/its holding companies/its subsidiary companies prior to being appointed as its Manager, and his consequent role therein.
 - ii. That there were no lists of defaults made by the Company during the period of his association with the Company.

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- iii. That no report had been sent to the Company with regard to the details of inspection carried out by RBI, together with a copy of the Inspection Report, if any, for the period 10th March to 12th March 2022.
- iv. That a copy of the applicable RBI circulars had already been submitted on 28.03.2023 vide written statement.
- v. That no charge sheet had been filed by the Complainant Department in respect of the matter under consideration in which the Respondent was either an accused or a witness.

6. **Rejoinder of the Complainant:**

6.1 The Complainant vide letter dated 04th March 2023, inter-alia, made the submissions which are given as under:-

- i. That M/s. Inditrade Fincorp Limited, formerly known as JRG Fincorp Limited, was involved in micro financing using digital platforms/mobile apps till 31.03.2021 by entering into agreements with service providers in connivance with Key Managerial Personnel including the Company Secretary and Chartered Accountants.
- ii. That the service provider companies were authorized through agreements to identify prospective customers, verify eligibility, collect information, documents and KYC details, conduct due diligence, collect pre-disbursement documents, arrange execution of loan agreements, assist in collections and recovery of principal and interest payments, and attend service requests or product related queries for retail loans offered by the company.
- iii. That digital lending service providers were providing micro-loans as small as Rs. 500 with shorter repayment periods and much higher interest rates. The service providers typically charged processing fees ranging from 14% to 20% of the loan amount and a standard interest rate averaging around 1% per day. The interest rates were also compounded on a weekly or fortnightly basis.

6.2 The Complainant vide letter dated 12th April 2023, inter-alia, made further submissions which are given as under:-

- i. That the relevant abstract of inspection report under the Companies Act 2013, details of action taken under Sections 7(5), 7(6), 7(7), 447 and 448 of the Companies Act:
 - copies of documents or forms uploaded on MCA21 certified by the respondent,

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- evidence substantiating illegal or suspicious activities of the company,
 - copy of statements recorded from key managerial personnel,
 - documentary evidence showing transfer of funds to shell companies,
 - Audited financial statements with auditor and director reports for FY 2019-20 and 2020-21, and any other supporting evidence.
- ii. That the report was prepared based on an inspection ordered by the Ministry following a complaint by Shri Nethaji Salab Sundaram to the Hon'ble Finance Minister alleging a large financial scam and possible money circulation schemes by the company.
- iii. That the inspection was conducted based on the complaint of Shri Nethaji Salab Sundaram alleging a large financial scam by the company, and a copy of that complaint is enclosed.
- iv. That the company was involved in micro-financing using digital platforms or mobile apps until 31.03.2021 through agreements with various service providers. Approval has been sought to refer the matter to RBI for detailed examination and further instructions are awaited.
- v. That the inspection report recommended referring the matter to RBI since the company is a Non-Systemically Important Non-Deposit Taking NBFC registered with RBI under Registration No. N.16-00181 dated 04.02.2008. After approval from the Ministry of Corporate Affairs, the matter will be referred to RBI for examination and necessary action.
- vi. That the order has been forwarded to the Directorate/Ministry for appropriate action and further steps will be taken after directions are received. These service provider companies were registered with other ROC offices; the matter has been referred to the Ministry to order an inquiry against those companies.
- vii. That the inspection report states that the company was involved in micro-financing through digital platforms or mobile apps until 31.03.2021 through agreements with various service providers.
- viii. That the service providers and their charges included processing fees ranging from approximately 11.8% to 20%, interest rates ranging from about 32.48% to 36.5%, and penal interest up to 5%.
- ix. That the Service providers were authorized to identify customers, verify eligibility, collect documents, conduct due diligence, arrange loan agreements, assist in collections and recovery, and handle customer service queries.

- x. That the mobile app-based lending involved micro-loans as low as Rs. 500 with short repayment periods, high interest rates, processing fees between 14% and 20% of the loan amount, and interest rates averaging about 1% per day, sometimes compounded weekly or fortnightly.

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

- 7.1. 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
1.	20 th April 2023	Part heard and Adjourned (Oath taken by Respondent)
2.	23 rd April 2024	Adjourned at the request of Complainant Department.
3.	17 th May 2024	Adjourned due to paucity of time.
4.	28 th May 2024	Part-heard and adjourned.
5.	14 th June 2024	Adjourned at the request of both parties.
6.	15 th July 2024	Part-heard and adjourned.
7.	29 th August 2024	Adjourned at the request of Complainant Department.
8.	13 th October 2025	Adjourned due to paucity of time.
9.	20 th March 2026	Hearing Concluded and Finding Reserved.
10.		Decision Taken.

- 7.2. On the day of first hearing held on 20th April 2023, the Committee noted that the Respondent and his Counsel Shri Nakul Grover, Advocate were present in person from the ITO Office, ICAI Bhawan, New Delhi. The Committee noted that on behalf of the Complainant Department, Mr. M. Jayakumar, ROC, Kerala was present through Video Conferencing Mode. 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 whether he pleads guilty. The charges as contained in prima facie opinion were also 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. The

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Committee also directed the Respondent to submit further submissions, if any, within the next 7 days, with a copy to the Complainant.

Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date. With this, the hearing in the matter was partly heard and adjourned.

- 7.3. On the day of the hearing on 23rd April 2024, the Committee noted that, the Complainant Department vide email dated 22nd April 2024, sought an adjournment on the ground that the present matter contains voluminous documents due to which the Department's representative has sought time for preparation of the present case.

The Committee looking into the grounds of natural justice acceded to the adjournment request made by the Complainant Department, and accordingly, the hearing in the case was adjourned at the request of the Complainant Department. The office was directed to inform the Respondent accordingly.

- 7.4. On the day of the hearing on 17th May 2024, the consideration of the case was adjourned due to paucity of time.

- 7.5. On the day of the hearing on 28th May 2024, the Committee noted that the Respondent was not present, but the Counsel for the Respondent was present before it through video conferencing. However, the Complainant was not present before it when the case was taken up for hearing.

The Committee further noted that at the time of the last hearing held in the case on 17th May 2024, the hearing in the case was adjourned due to paucity of time. Prior to that, the case was fixed for hearing on 23rd April 2024 wherein the hearing in the case was adjourned at the request of the Complainant Department. The Committee noted that only the first hearing in the case was held on 20th April 2023. Where in the Respondent was administered on Oath. Subsequent thereto, there had been a change in the composition of the Committee which was duly intimated to the Counsel for the Respondent who was present before the Committee. Thereafter, the case was taken up for hearing.

On being asked by the Committee to defend their case, the Counsel for the Respondent presented the Respondent's line of defence, inter-alia, reiterating the written submissions made by him on the Prima Facie Opinion.

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On consideration of the submissions made by the Counsel for the Respondent, the Committee posed certain questions to him which were responded to by him.

Thus, on consideration of the submissions and documents on record, the Committee directed the Respondent to provide the following documents/submissions within next 10 days with a copy to the Complainant Department to provide their comments thereon, if any –

1. An Affidavit to affirm the association of the Respondent with the Company/its holding Companies/its Subsidiary Companies prior to being appointed as its Manager and his consequent role therein.
2. The list of defaults made by the Company during the period of his association with the Company.
3. Details of Inspection carried out by RBI together with the copy of the Inspection Report, if any.
4. Copy of applicable RBI Circulars
5. Details of Charge sheet filed by the Complainant Department in respect to the matter under question in which the Respondent is either one of the accused or a witness.

Looking into the nature of charges alleged against the Respondent, the Committee also directed the Respondent to be present before it at the next date of hearing in the case. With the above, the hearing in the case was part heard and adjourned.

- 7.6. On the day of the hearing on 14th June 2024, the Committee noted that, the Respondent vide email dated 13th June 2024 mentioned that his Counsel Mr. Nakul Grover, Advocate is unavailable on the date of hearing, and he is unwell and had to undergo a cardiac related stress test at Breach Candy Hospital, Mumbai. The Committee further noted that the authorized representative of the Complainant Department also vide email dated 14th June 2024 sought adjournment mentioning that they need 14 days' time to file reply on the written submissions filed by the Respondent.

Looking into the grounds on which adjournment was sought by the parties to the case and keeping in view the principle of natural justice, the Committee acceded to the request of both the parties to the case for adjournment.

Accordingly, the hearing in the case was adjourned at the request of the Complainant Department as well as Respondent.

7.7. On the day of the hearing on 15th July 2024, the Committee noted that the Authorized representative of the Complainant Department and the Respondent along with his Counsel was present before it through video conferencing.

The Committee further noted that in compliance of the direction given at the time of hearing held in the case on 28th May 2024, the Respondent vide email dated 10th June 2024 submitted his response which was shared with the Complainant Department also. However, counter submissions on the same were not provided by the Complainant Department.

During the present hearing in the case, the authorised Representative of the Complainant Department sought some more time to file their reply in the instant case. Keeping in view the request made by the authorized representative of the Complainant Department, the Committee directed the authorized representative of the Complainant Department to provide their submissions on or before 24th July 2024 on the following with a copy to the Respondent to provide his comments thereon, if any: -

1. Response on the written submissions made by the Respondent on the Prima Facie Opinion.

With the above, the hearing in the case was part heard and adjourned to provide a final opportunity to the Complainant Department to substantiate their case before the Committee.

7.8. On the day of the hearing on 29th August 2024, the Committee noted that, the Counsel for the Complainant Department vide email dated 28th August 2024 followed by the Complainant Department's email dated 28th August 2024 sought adjournment from the hearing in the case due to ill health of Shri Daya Sindu Shreehari N.S., CGC, the authorized representative nominated by ROC, Kerala.

Keeping in view the principle of natural justice, the Committee acceded to the request of the Complainant Department for adjournment. Accordingly, the hearing in the case was adjourned at the request of the Complainant Department to provide a final opportunity to the Complainant Department to substantiate their case before the Committee.

7.9. On the day of the hearing held on 13th October 2025, the Consideration of the case was adjourned due to paucity of time.

7.10. On the day of the hearing held on 20th March 2026, the Committee noted that, the Respondent was present through VC and appeared before it. However, the Complainant was not present despite the fact that notice of the hearing was duly served upon him. Thereafter, the Committee noted that the case was part heard and the Respondent was already on oath. The Committee enquired from 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, by taking all submissions already on record. The Respondent submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

The Respondent refuted the allegations, stating that he joined M/s Inditrade Fincorp Limited, an NBFC, on February 2, 2021, long after the alleged fraudulent activities occurred. He emphasized that he had no involvement in the incorporation of any entities. The Respondent also highlighted that the company had ceased its digital microloan business in March 2021, and that the RBI had conducted inspections without finding any violations.

The Respondent denied any involvement with the holding company or its subsidiaries, stating that he was not a key managerial personnel and had not signed any financial statements for M/s Inditrade Fincorp Limited. He reiterated his compliance with all relevant regulations and guidelines, including those issued by the RBI, and emphasized that the allegations against him were not supported by evidence. The Committee noted the submissions of the Respondent.

Based on the documents and material available on record and after considering the oral and written submissions made by both the parties, the Committee concluded the hearing in the matter and judgment was reserved.

With this, the hearing in the case was concluded and the judgment was Reserved.

7.11. At the meeting held on 25th July 2026, the Committee noted that the subject case was heard by it at length in the presence of the Respondent, and the hearing was concluded at its meeting held on 20th March 2026 and the Findings was reserved. The Committee further considered the material on record including submissions of the parties. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

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

- 8.1 Before dealing with merits of the case, the Committee noted that the respondent raised preliminary objection regarding Rule 3(2) and 3(3) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 stating that the complaint filed by the complainant Shri G. C. Yadav, ROC Kerala is not supported by proper authorisation or due resolution thereof.
- 8.2 The Committee noted Rule 3(2) and 3(3) '**Procedure for filing complaint**' of the Chartered Accountants Rules, 2007 which read as follows: -

"(2) A complaint filed by or on behalf of the Central Government or any State Government, shall be authorized by an officer holding a post not below the rank of a Joint Secretary or equivalent and shall be signed by an officer holding a post not below the rank of an Under Secretary or equivalent in the Central or State Government, as the case may be.

(3) A complaint filed by or on behalf of any statutory authority, such as Reserve Bank of India or Securities and Exchange Board of India, shall be authorised by an officer holding a post equivalent to the post of Joint Secretary in the Government of India and shall be signed by an officer holding a post not below the rank of an Under Secretary or equivalent in the Central or State Government, as the case may be."

- 8.3 The Committee noted that the complaint was duly authorised by Regional Director (SR), Ministry of Corporate Affairs, Chennai, who is a Joint Secretary level officer and signed by officer, viz. Shri G. C. Yadav, ROC, Kerala who is above the rank of Under Secretary. In view of the above, the procedural objection raised by the Respondent is not tenable. Accordingly, the Committee proceeded to consider the matter on merits.
- 8.4 The Committee noted the contention of Complainant Department that Respondent, while acting as Principal Officer of **M/s Inditrade Fincorp Limited** formerly known as **M/s JRG Fincorp Limited**, connived with the management in facilitating micro finance loans through digital platforms by entering into arrangements with service providers, wherein

loans of small amounts were extended with high processing fees and excessive interest rates, borrowers were allegedly harassed for recovery, and the entire operations were stated to be controlled by Chinese nationals with funds being routed to shell companies from this Company.

- 8.5 The Committee noted that the Company was involved in providing Micro financing loans using digital platform / mobile apps by entering into agreement with the service providers. It was further noted that service providers were authorised vide agreement to identify the prospective customers verifying their eligibility, collection of information / documents / KYC, conducting due diligence, collecting pre-disbursement documents, arranging execution of the loan agreement, assisting with collections / recovery of principal and interest payments and attending service requests or product related queries for the retail loans offered by the Company.
- 8.6 The Committee noted that under the agreement, the service providers were providing loan as little as Rs. 500/-, having shorter repayment period and much higher rate of Interest ranging between 14%-20% as processing fees and 1% per day as standard interest rate from the debtors, wherein the interest were compounded on a weekly or fortnightly basis. It is also noted that they have received complaints from the debtors that the Service Providers harassed the debtors mentally and physically for recovering the loan. Thus, as per the Complainant Department providing loan as little as Rs. 500 was a tool to collect the KYC details of the debtors for misuse. Relevant details about the service provider and details related to service agreement are reproduced as under: -

S. No.	Service Provider	Service Agreement entering date	Amount	Guaranteed Rate of Return	Service Agreement Termination Date
1.	M/s. Dhaniram Technology India Private Limited	08.07.2019	70 Lakh	16%	01.03.2021
2.	M/s. Tghy Trustrack Pvt. Ltd.	06.09.2019	1 Crore	16%	07.01.2021

3.	M/s. UU Cash Technology Pvt. Ltd.	28.11.2019	1 Crore	16%	01.03.2021
4.	M/s. Shinebay Technology India Private Limited	24.12.2019	5 Crore	18%	07.01.2021
5.	M/s. Magic Bird Technology Pvt Ltd.	21.04.2020	3 Crore	23%	07.01.2021
6.	M/s. Water Elephant technologies Pvt. Ltd.	17.01.2020	5 Crore	20%	07.01.2021
7.	M/s. Fintopia Technology India Pvt. Ltd.	10.01.2020	2 Crore	20%	01.03.2021
8.	M/s. Kushiro Financial Services Pvt. Ltd.	22.11.2019	1 Crore	18%	Not Available

8.7 The Committee noted that, the Respondent joined M/s Inditrade Fincorp Limited, an NBFC, as Manager and Principal Officer on 02nd February, 2021, while digital lending business of the Company commenced on July 9, 2019 and from the above table it was observed that out of 7 agreements, 4 agreements were terminated in January 2021 and rest were terminated in March 2021.

8.8 The Respondent submitted his appointment letter dated 02nd February 2021 and the Form DIR-12 to support his claim that his Role was that of a "manager". He further submitted that he discharged his duties under the direct "supervision, control and direction of the Board of Directors" implying he was a professional employee rather than a member of the Board itself. The relevant extracts of appointment letter of Respondent are as follows: -

"We are pleased to inform you that the Board of Directors at its meeting held on 02nd February, 2021 has appointed you as the Manager of Inditrade Fincorp Limited (Formerly known as JRG Fincorp Limited) under the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 for a period of three years commencing from 2nd February, 2021 till 1st February 2024, subject to the approval of the Members in

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the ensuing general meeting of the Company on an annual remuneration of upto Rs. 70,00,000/- (Rupees Seventy Lakhs only).

*Your appointment is subject to the provisions of Sections 196, 197 and 203 the Companies Act, 2013 read with the relevant rules made thereunder and other applicable laws governing the Company. **While you are in the service of the Company, you will adhere to the Companies policies and practices, IT Security Practice and Procedures as prescribed by the Company.** You will be responsible for the proper care of all property, hardware, software and other related valuables entrusted to you."*

Based on the letter of appointment and Form DIR-12 submitted by the Respondent, the Committee noted that the Respondent was appointed solely in the capacity of "Manager" of the Company for a fixed tenure and remuneration, under supervision, control and direction of the Board of Directors. It was further viewed that the terms of appointment clearly indicate an employer-employee relationship and do not establish that the Respondent was appointed as, or functioned in the capacity of, a member of the Board of Directors. Further, no material has been placed on record to demonstrate that the Respondent participated in the decision-making process of the Board or exercised powers akin to those of a Director.

8.9 The Committee noted the contention of the Complainant Department that in the financial statements of the alleged Company, the Respondent was shown as a Key Managerial Personnel (KMP) under Related Party. In this regard, the Respondent submitted that he was not a Key Managerial Personnel and had not signed any financial statements of the Company. The Committee is of the view that the liability of a KMP is often assessed based on the extent of their influence over the direction of the Company. However, in the present case, the role of the Respondent was that of manager of the Company which is reflected in Form DIR-12.

8.10 The Committee noted that although there was no regulatory cap on the rate of interest to be charged by the Company being an NBFC, the RBI, vide Notification No. DNBS.204/CGM (ASR)-2009 dated January 2, 2009, had prescribed that NBFCs were required to adopt a Board-approved interest rate model based on relevant factors, such

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as cost of funds, margin, and risk premium, and ensure proper disclosure of such rates to borrowers as well as in the public domain to prevent charging of excessive interest. The Respondent has stated that the borrowers were aware of the terms and conditions of the loans being granted to them and that they were at the free will to accept the said terms or not.

8.11 The Respondent further provided Interest Rate Policy, Fair Practice Code, and Grievance Redressal Policy in his submission and stated that Company maintained the same in line with RBI Master Directions. He submitted that RBI does not cap interest rates for NBFCs but requires transparent, Board-approved policies, which the Company had implemented. The Respondent submitted that the Company is a duly registered NBFC regulated by RBI and its lending activities, including digital lending, were conducted within the applicable regulatory framework. The Committee further noted that the Respondent emphasized that he had no involvement in the incorporation of any entities.

8.12 The Committee noted that, RBI had advised vide circular no. RBI/2019-20/258-DOR(NBFC)(PD)CC.No.112103.1 0.00112019-20 issued on June 24, 2020, 'Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines' advised for the following as under: -

"4. It must be noted that outsourcing of any activity by banks/ NBFCs does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them. Wherever banks and NBFCs engage digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

a) Names of digital/lending platforms engaged as agents shall be disclosed on the website of banks/ NBFCs.

b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the bank/ NBFC on whose behalf they are interacting with him.

c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the bank/ NBFC concerned.

d) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/disbursement of loans.

e) Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the banks/ NBFCs.

f) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

5. Any violation in this regard by banks and NBFCs (including NBFCs registered to operate on 'digital-only' or on digital and brick-mortar channels of delivery of credit) will be viewed seriously."

In respect of above, the Respondent submitted that the abovesaid compliances were implemented across all platforms of digital lending business operated by the Company. He also submitted that the details required under the Circular were properly elaborated on the application/website page of the Company and properly communicated to its service providers through email.

- 8.13 With regard to termination of Service Agreement suddenly, it was noted from Clause 15 of the Service Agreement reads as follows: -

"TERMINATION OF THE AGREEMENT

15.1. This Agreement may be terminated (a) **mutually by the Parties; (b) by either Party after giving 30 days' notice in writing or by email without causing any charges except as mentioned in this Agreement; or (c) due to default in payment of the Amounts Due to the Lender on or prior to the Satisfaction Date, which is not remedied within 15 (Fifteen) Business Days or such further period as the Parties agree, (d) due to breach of any term or condition mentioned under this agreement. (e) Violation of policies including fair conduct and outsourcing policies as made applicable on service provider by lender."**

From the above, the Committee noted that either of party or mutually, agreement may be terminated by giving 30 days' notice, accordingly, termination of Service Agreement in the extant case is as per terms of agreement.

- 8.14 The Respondent categorically denied any involvement in the alleged professional misconduct, asserting that he joined the relevant company only after the events in question had transpired. The Respondent submitted comprehensive written submissions, including supporting documents and agreements, which demonstrate that his association with the company commenced on 2nd February 2021, well after its incorporation and the alleged financial transactions. The Respondent further clarified that at no point did he sign any financial statements or act as a Key Managerial Personnel (KMP) of Inditrade Fincorp Limited, nor was he involved in the core business or management of the holding company.
- 8.15 Further, the Respondent submitted that upon receiving information about FIRs bearing Cr. No. 2465/2020, Cr. No. 2466/2020, etc., by PS Cyber Crime Station, Hyderabad against certain service providers, and consequent freezing of IFL's bank accounts, IFL, as a precautionary and preventive measure, terminated the concerned service agreements immediately upon becoming aware. These circumstances indicate that upon knowing the fact about alleged activities, the Company take appropriate action by discontinuing the outsourcing arrangements.
- 8.16 The Committee noted that the Respondent was not in employment during the period the business model was established and was not a signatory to any of the service agreements and actually facilitated the closure of the digital lending business shortly after joining. The Committee noted the Respondent had functioned only in a managerial capacity under the supervision and control of the Board of Directors. The Complainant Department has not provided any material evidence to establish that the Respondent had any direct role in the execution of the service agreements, authorised or controlled the alleged transactions, or participated in any decision-making process of the Board. The Committee also observed that mere designation as "Principal Officer" or appearance in corporate records, without evidence demonstrating active involvement or a direct nexus with the alleged misconduct, is insufficient to attribute professional liability to the Respondent.
- 8.17 The Committee also observed that the Respondent's role was limited to Inditrade Fincorp Limited, which operated independently and was not engaged in deposit-taking activities, but rather in micro-lending, as evidenced by the Respondent's submissions

and the absence of any adverse findings in the RBI inspection conducted in March 2022. The Committee noted the Respondent's assertion that the company complied with all relevant RBI regulations and no violation was reported.

- 8.18 The Committee further noted that the Complainant was not present during the hearing and did not provide any substantive evidence to refute the Respondent's claims or to establish a direct nexus between the Respondent and the alleged acts of misconduct. The absence of any specific allegation or documentary proof against the Respondent, reinforce that the charges are not maintainable. In light of the above observations, the Committee finds that the evidence on record does not substantiate the allegations of professional misconduct against the Respondent. The Respondent's submissions are supported by documentary evidence, and remain uncontroverted by the Complainant.
- 8.19 Further, while arriving at its Findings, the Committee also observed that in the background of the instant case the Complainant Department informed that the Company has connived with the management of the Company for provisioning of Micro finance loans (extending loans) by using digital platforms / mobile applications till 31/03/2021 by entering into agreement with service providers. It is further alleged that the said loan operations were carried by Chinese Nationals and crores of rupees were transferred to shell companies from this Company. However, no evidence of the involvement of the Respondent to that effect had been brought on record by the Complainant Department. The role of the Respondent was limited to being Principal Officer of the alleged company which was examined by the Committee.
- 8.20 Accordingly, upon consideration of the material available on record, the Committee held that the charges against the Respondent were not substantiated by sufficient evidence. In view of the above, the Committee held the Respondent '**Not Guilty**' of professional misconduct falling within the meaning of Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

9. Conclusion:

- 9.1 In view of the findings stated in above paras, vis-a-vis material on record, the Committee gives its charge wise findings as under:

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Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 8.1 to 8.20 as above	Not Guilty - Clause (1) of Part II of the Second Schedule

10. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949.

11. **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.

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Sd/-
(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

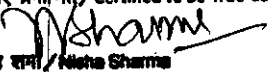
Sd/-
(CMA CHANDER WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026
PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

निशा शर्मा / Nisha Sharma
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अनुशासनात्मक विभाग / Disciplinary Directorate
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