

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/193/2022-DD/137/2022-DC/1702/2022]

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 (Kerala) - 682021

.....Complainant

Versus

CA. Naveen Kumar Jain (M. No. 408661)

<u>Present Address</u>	<u>Address as per PFO</u>
M/s Inditrade Capital Limited Unit No T1, B 5 th Floor, C Wing, Phoenix House, Mumbai (Maharashtra) - 400013	M/s Inditrade Capital Ltd. 204, 2nd Floor, B Wing, Phoenix House, Thane (Maharashtra) - 400013

.....Respondent

MEMBERS PRESENT:

CA. Prasanna Kumar D, President, ICAI, 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 : 25th March 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026

PARTY PRESENT:

Respondent : CA. Naveen Kumar Jain (Through VC)
Counsel for the Respondent : Adv. Avi Singh (Through VC)

1. **Background of the Case:**

- 1.1 **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 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 service providers were providing loan as little as Rs. 500/-, having shorter repayment period and much higher rate of Interest ranging between 14% to 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. 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 Complainant has alleged that Respondent who was working as Chief Financial Officer of 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 was further alleged that the said loan operations were 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 12th December 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 Complainant had brought on record the inspection report dated 07.07.2022, wherein it was stated that the Complainant namely Mr. Netaji Salab Sundaram had made a complaint vide an email dated 04.09.2020 to the office of Hon'ble Finance Minister regarding the financial scam in India by the subject Company. The said email had been forwarded to the Ministry of Corporate Affairs and consequently the Central Government had accorded approval under section 206(5) of the Companies Act, 2013 to carry out the inspection of books of accounts, and therefore the Registrar of Companies had been advised to examine the issues alleged against the Company. Pursuant to this, the ROC had conducted the inspection and, on finding certain suspicious findings, had filed this instant case against the Respondent.
- 3.2 Accordingly, the Company had been incorporated on **6th September, 2007** and had been 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. Accordingly, the Company had started the business of a Non-Banking Financial Institution and had 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 had come 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 the perusal of the same, it was noted that even though outsourcing of the said activities had been permitted by RBI, the thrust of the report had been to enhance customer protection and to make the digital lending ecosystem safe and sound.

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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 NBFC", had entered into service agreements with various service providers for outsourcing its activities of providing a digital platform for financing to borrowers.

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 had been issuing loans to customers by directly crediting their bank accounts, the various service agreements entered into by the Company with entities providing digital platforms for lending digital micro loans were reviewed. On the 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 the agreement were worth noting, which were stated as below:

" In case of

3. 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. M/s. Magic Bird Technology Pvt Ltd. 23% p.a. on the full co-operation amount 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 shall 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. 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 will be remitted from the collection account or be paid by other payment mode.

7. 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 will be remitted from the collection account or be paid by other payment mode."



- 3.5 It was noted that the said clause of rate of return was stated in Schedule III to the Agreements between the Company and various Service Providers. Further, certain other important clauses of the service agreement to understand the nature of the relationship between the parties as well as the respective role of the Company and the Service Provider in providing 'digital loan' to the 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 crores in tranches and that the service provider had guaranteed a rate of return on said amounts ranging from 16% to 23%. Further, the service provider had also undertaken to bear the expenses relating to bank charges/fee of the 'disbursement account', extraction of CIBIL report charges, all costs and expenses in connection with the collection of loan disbursed besides marketing for the bank's product i.e. digital loan, identifying the qualified borrowers, receipt of loan application, its review as per the instructions of the Company, to ensure that all documents were collected for compliance with RBI guidelines, managing, collecting and receiving payments from loanees, maintaining confidentiality of customer's data and being liable for unauthorised use of data, in case of overdue follow-up with the borrower, and issuing legal notices. In return, the service provider would receive their 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 the Service Agreement entered into by the Company with the service provider, which read 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 shall be solely borne by the Service Provider.

From the above information, it was noted that the service provider had been 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 had been effectively controlling the loans disbursed through the digital platform. Thus, it raised a question on the assertion made by the Respondent that the material functions had never been outsourced to the service providers. In view of the facts and circumstances, it appeared that the service providers had stepped into the shoes of the lender and had been controlling its entire digital lending process.

Moreover, the service provider had not only guaranteed the rate of return on the loan amount transferred to the escrow account, it had undertaken to bear various nature of expenses in relation to various 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', had laid broad parameters for granting loans to qualified borrowers. It was noted that though various conditions had been laid down for providing loans to the qualified borrowers, it had been silent on the interest rate to be charged or the model/parameters to determine the said rate, except the fact that the said interest would accrue on a daily basis.

- 3.7 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 had been effective from the date the Agreement had been confirmed between the parties, and it had also undertaken to bear all the risk involved. Such conditions in themselves had increased the interest rate of the digital loans granted to the borrowers as alleged by the Complainant and had also contradicted the submission of the Respondent regarding the higher rate of interest charged by NBFCs, that the said loans being unsecured, technology-driven, .

and widely distributed had led to higher customer acquisition cost. It was noted that both parties had ensured to obtain lucrative income from people with limited means. It was further noted that the Complainant had informed the various nature of charges that had been charged by various service providers of the Company, which had further strengthened the observations discussed above:

S. No.	Service Provider	Guaranteed Rate of Return	Processing Fee	Interest	Penal Interest
1	M/s. Dhaniram Technology India Private	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	20%	16.5%	36%	5%
8	M/s. Kushiro Financial Services Pvt. Ltd.	18%	14% to 15%	36.5%	1%



Thus, it was not only a high interest rate that had been charged but also other inbuilt costs as well. In this regard, it was also noted that although there had been no restriction on the rate of interest to be charged by the Company being an NBFC, the RBI had also issued Notification No. DNBS.204/CGM (ASR)-2009 dated January 2, 2009 with respect to the determination of rate of interest and its disclosure to the borrower as well as in the public domain to regulate excessive interest rates.

- 3.8 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.
- 3.9 Further, it was noted that the Respondent had argued that the borrowers had been aware of the terms and conditions of the loans being granted to them and that they had been at free will to accept the said terms or not. Regarding the 'Terms and Conditions' of loans granted to the borrowers and their disclosure to the borrower, 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 had been displayed to the borrower before he had 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 had been an important and essential practice to maintain business ethics, which the Respondent had failed to demonstrate in the case of any of the said service providers.

Moreover, it was noted that while permitting NBFCs to outsource their activities to manage risk, 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 Nov 9, 2017, "Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs", which had 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 the loan was indeed been sanctioned by the Company. Further, it was noted that the Respondent had placed on record the Interest Rate Policy and Fair Practice Code 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 Company had terminated the service agreement entered into with the service providers (as available on record) by March 3, 2021, then how the said circular/notification could be relied upon when the same had been issued subsequently, hence the argument based on the said circular was not sustainable.

Moreover, it was noted that RBI, 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'. 

3.10 It was observed that there was nothing on record which might have 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 just lent its NBFC license to such service providers in lieu of a high guaranteed return) by eventually passing all its major functions and risk to such service providers. As regards the association of the Respondent with the Company, it was noted that the Respondent had argued that he had been associated with the Company as Chief Financial Officer since 2016, and that his role had been limited to maintenance of the financial and accounting books of the Company, and implementation of policies and decisions approved by the Board of Directors of the Company. However, when at the Rule 8(5) stage, it had been specifically asked from the Respondent "to provide a copy of the engagement letter, if any, defining his scope of work in the Company—M/s Inditrade Fincorp Limited", it was noted that the Respondent had brought on record the appointment letter issued to him by M/s Inditrade Capital Limited, i.e., the Holding Company of the subject Company and not by the Company itself, wherein he had been appointed as Head Finance & Accounts as on 21.04.2016.

3.11 With regard to his appointment as Chief Financial Officer in the Company, the Respondent had put forth only Form DIR-12 filed by the Company on 10.08.2016, which had been completely silent on the role and responsibilities undertaken by him in the said position. However, it was noted that the said form had been filed to report to ROC the appointment of 'Directors' or 'Key Management Personnel' of the Company. Further, on perusal of the master data of the Company from MCA-21, it was noted that the Respondent had been described as 'Director/Signatory' of the Company from the same date, i.e., 10.08.2016, when the Respondent had been appointed in the Company as CFO, again indicating that he had been holding a key managerial position responsible for management of its affairs. It was further noted that:

- On one hand while asserting to be only Chief Financial Officer of the Company, he had produced on record an appointment letter of Head Finance & Accounts on 21.04.2016 with the Holding Company which indicates either the rapid rise in the position or holding multiple position at the same time. From the perusal of the Director Master Data available on the MCA portal in context of the Respondent, it

was noted that the Respondent had DIN Number 07484388 and is reported to be also the Director in M/s. Inditrade Insurance Broking (other direct subsidiary of Inditrade Capital Ltd.), M/s. Inditrade Scalerator Limited (step down subsidiary of Inditrade Capital Ltd.), and M/s. Juno Moneta Technologies Private Limited (Holding Company of Inditrade Capital Ltd). The said data indicates that the Respondent declared as Key Management Personnel of the subject Company was holding multiple position in the entire Group and thus had significant control. Accordingly, it was viewed that the Respondent's submission that 'his role is limited to the maintenance of the financial and accounting books of the Company. Hence, the Respondent could not be considered as having no role in the entire business of the Company being run against RBI Guidelines' was not acceptable. It was noted that the Respondent was also one of the signatories to the financial statements of the Company issued during his tenure along with the two Directors namely Mr. Sudip Bandyopadhyay and Mr. Jhuma Gula and one Company Secretary Mr. Deanne Lewis, who had signed all the service agreements of the Company. Thus, it was viewed that the Respondent had deliberately tried to underplay his role in the Company while giving his submissions in the matter.

- Further, even if it was considered that the Respondent was merely the Chief Financial Officer of the Company, it was obvious that such position is responsible for managing the financial actions of the Company including the risk management. It was noted that the Respondent was holding the said position when the Company had entered into the Service Agreements with the Service Providers and also when the said Agreements were terminated. Considering the significant position held by him in the Company, it was viewed that the Respondent cannot escape from his liability by merely stating that he was not a part of the decision-making process, because he agreed to be an active participant for running the wrongful business of the Company when holding the key managerial position in it. Thus, he was well aware of the business and the form in which it was being run not complying the requirements of RBI Guidelines/Notifications/ Circulars.

3.12 From the above, it was viewed that since the alleged misconduct was in relation to his duties as an employee of the organisation, he was held prima facie guilty of professional misconduct falling within the meaning of Clause (1) of Part II of the Second Schedule read with Chapter II of Council General Guidelines 2008 1-



CA(7)/02/2008 dated 08th August, 2008 which states that a member of the Institute who was an employee shall exercise due diligence and shall not be grossly negligent in the conduct of his duties.

- 3.13 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:

"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.

- 3.14 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
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.

3.15 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.

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.

3.16 Thus, taking an overall view of facts / evidences on record and in terms of reasoning as mentioned above, I am of the prima facie opinion that in respect of the allegations made out in the instant complaint, 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 read with Chapter II of Council General Guidelines 2008 1-CA (7)/02/2008 dated 08th August, 2008.

3.17 The Director (Discipline) in his Prima Facie Opinion dated 12th December 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 Clause 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;"

- 3.18 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 27th 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 was **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:**

- 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 April 2022
3.	Date of Prima Facie Opinion formed by Director (Discipline)	12 th December 2022
4.	Written Submissions filed by the Respondent after PFO	13th April 2023; Vide letter dated NIL (received on 26 th March 2026)
5.	Rejoinder filed by the Complainant after PFO	04 th May 2023

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

- 5.1 The Respondent vide letter dated 13th April 2023, inter-alia, made the submissions which are given as under :-
- That he has been working as Chief Financial Officer of Inditrade Fincorp Limited (IFL) since 10/08/2016 and his appointment letter and Form DIR-12, are annexed. His role was limited to financial operations and he was not involved in collections, outsourcing

functions, or execution of service agreements with service providers, therefore allegations of misconduct are misconceived. He was person-in-charge of entering service agreements is baseless and unsupported by proof, and no violation of accounting standards, Companies Act, 2013, or professional guidelines has been committed. RBI inspection dated 10th March 2022 reported no violations by IFL or the Respondent.

- ii. That the complaint mainly alleges that IFL entered agreements with Chinese service providers who allegedly operated shell entities and charged high interest rates through digital lending apps, however, no specific role of the Respondent is mentioned. No proof has been provided that transactions with Chinese nationals were illegal or that funds were siphoned to shell companies by the Respondent or IFL, and allegations have been made without documentary evidence.
- iii. That the Disciplinary Directorate had requested documents from the complainant on 12 August 2022 including evidence of illegal activities, statements, and proof of transfer of funds, but the complainant failed to provide the same. He also stated that allegations regarding high interest rates and borrower harassment relate to business operations regulated by RBI, and no violations were found during inspection.
- iv. That the ROC Kerala inspection report does not mention his name or role in any alleged illegitimate activity. The complaint referred to a single borrower grievance which was resolved, and grievance redressal is handled by the Company Secretary. He stated that even a similar complaint against the Company Secretary was dismissed by ICSI, and no action has been taken by ROC despite having statutory powers, indicating lack of evidence.
- v. That the complaint is unsupported, beyond the powers of the Complainant, and not properly authorized under the Chartered Accountants Act, 1949 and relevant Rules. It is further stated that the allegations do not fall under the First or Second Schedule of the Act and therefore professional misconduct cannot be established. The Respondent stated that misconduct requires wrongful intention or improper conduct, which is absent in this case.
- vi. That he functions as CFO were limited to financial management, funding, and accounts, and did not include operational governance, outsourcing, or execution of agreements.
- vii. That IFL is a Type-II non-deposit taking NBFC incorporated in 2007 and licensed by RBI in 2008, engaged in lending activities and regulated under the RBI Act, 1934. It is further stated that digital micro lending was carried out between July 2019 and March

2021 and later discontinued due to losses. He stated that RBI guidelines permit outsourcing of non-material functions such as digital marketing, processing, and collections, while core functions remained with the Company.

- viii. That digital loans were short-term, with processing fees and interest rates in compliance with RBI guidelines, and RBI does not prescribe a fixed interest ceiling. IFL adopted Fair Practices Code and other RBI-mandated policies, ensured disclosure of loan terms, and obtained digital consent from borrowers.
- ix. That there is no evidence showing involvement in misconduct, illegal fund transfers, or participation in alleged activities. It is further stated that escrow accounts were used for loan disbursement and repayments, and no proof exists of transfer of funds to shell companies. He further stated that service providers were engaged for limited roles under written agreements and IFL retained control over lending decisions and funds.
- x. That Service agreements were terminated upon learning about FIRs against certain service providers, and Cyber Crime Police investigation later found no involvement of IFL, leading to defreezing of bank accounts. It is further stated that RBI inspection also found no violations.
- xi. That allegations regarding outsourcing of entire business, lack of control, or transfer of risk are incorrect and based on misinterpretation of agreements. It is further stated that lending decisions, documentation, and disbursal remained under control of IFL, and service providers only provided support functions.
- xii. That no specific allegation or evidence establishes that he was responsible for conduct of business of the Company.
- xiii. That he has not violated ICAI guidelines, Companies Act, or any applicable law, and no wrongful intention or improper conduct can be attributed to him.

5.2 The Respondent vide letter dated Nil received on 26th March 2026, inter-alia, made the submissions which are given as under: -

- i. That the complainant lacks the requisite locus standi to initiate or maintain the present proceedings and has no authority under the Companies Act, 2013 to file the complaint before ICAI. It is further stated that there are no provisions under the Companies Act, 2013 to file such a complaint unless there is a violation of the Act, and the issue pertains to operational matters under RBI outsourcing guidelines where RBI is the regulatory body which has not acted against the Respondent. He further stated that as held by the Hon'ble Supreme Court in *Sukhdev Singh vs Bhagatram*, statutory bodies

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must act within powers derived from statutes, and ROC does not hold authorization to act as a complainant unless stipulated by law.

- ii. That the impugned prima facie opinion discloses no reasoning regarding violation of any provisions of law. It is further stated that the alleged violations fall under RBI regulatory functions and no violation has been reported by RBI during inspection, therefore the Director Discipline / Disciplinary Committee lacks jurisdiction under Section 21 of the Act. He stated that RBI is the sole regulatory authority for NBFCs, and as held in *Nedumpilli Finance Company Limited vs State of Kerala*, RBI regulates NBFCs throughout their lifecycle.
- iii. That the Respondent, being Chief Financial Officer, had limited financial functions and cannot be held liable for digital lending operations. It is further stated that no specific violation is attributed to the Respondent and the allegations regarding agreements with service providers are baseless and do not relate to his role. The Counsel of the Respondent stated that as held in *SMS Pharmaceuticals Ltd vs Neeta Bhalla*, vicarious liability requires specific averments of responsibility, and merely being a director or KMP does not establish liability.
- iv. That outsourcing arrangements are procedural in nature and lack financial implications, hence fall outside the scope of services rendered by the Respondent. It is further stated that similar allegations against the Company Secretary Ms. Deane Lewis were dismissed by the ICSI Board of Discipline due to absence of specific charges or evidence.
- v. That no ingredients of professional misconduct are made out, as "misconduct" requires wrongful intention or improper conduct and not mere error of judgment. It is further stated that the Respondent had a limited role and was not responsible for execution or governance of service agreements, and the prima facie opinion was formed without considering his actual role.
- vi. That judicial precedents including *ICAI vs H.S. Humsa* establish that in absence of evidence, a respondent cannot be held guilty, especially when the complainant fails to substantiate charges.
- vii. That all provisions of the service agreements were in compliance with RBI guidelines and were wrongly interpreted by the authority. It is further stated that RBI permits outsourcing of functions such as digital marketing, processing, and collection, and service providers were limited to technology and collection roles.
- viii. That there is no evidence of siphoning of funds or wrongdoing by the Respondent or the Company, and interest rates and fees were in compliance with RBI guidelines with

no violations found during inspection. It is further stated that the Company had adopted all required policies including Fair Practice Code, Interest Rate Policy, Lending Policy, Grievance Redressal, Outsourcing Policy, and KYC AML Policy in compliance with RBI directions.

- ix. That the NBFC retained control over service providers and outsourcing did not transfer control, as lending decisions, documentation, and disbursal remained with the Company. It is further stated that interest rates were fixed based on risk and cost factors in compliance with RBI guidelines and that such practices are permitted.
- x. That investigation by the Cyber Crime Police, Hyderabad found no involvement of the Company in any alleged offence, and bank accounts initially frozen were subsequently defreezed pursuant to directions of the Hon'ble High Court of Telangana after completion of investigation.

6. Rejoinder of the Complainant

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

- i. That the Respondent repeatedly contended that the Complainant had not furnished any evidence or supporting documents before the Director (Discipline) in support of the complaint. In response, the Complainant stated that a detailed report regarding the alleged professional misconduct had already been forwarded to the Disciplinary Directorate of ICAI, New Delhi through letters dated 14.01.2022 and 28.02.2022, along with the relevant material pertaining to the complaint.
- ii. That the inspection report was prepared based on an inspection ordered by the Ministry following a complaint made by Shri Nethaji Salab Sundaram to the office of the Hon'ble Finance Minister, Government of India alleging a large financial scam by the company and indicating that the company might be collecting funds through schemes that could involve elements of a money circulation scheme.
- iii. That the respondent stated that the complainant has powers to take action under Section 447 or other provisions of the Companies Act, 2013.
- iv. That the inspection report of the company has been submitted to the Directorate/Ministry and further action or submission of documents will depend on instructions from the Ministry or Regional Director.
- v. That authorization had in fact been granted through a letter dated 21.02.2022 from the Regional Director (SR), Ministry of Corporate Affairs, Chennai who is a Joint Secretary

level officer was provided on 28.02.2022 granting sanction to ROC Kerala to sign the complaint against professionals involved in the matter under the ICAI/ICSI/ICMA Acts.

- vi. That, the inspection was initiated based on the complaint of Shri Nethaji Salab Sundaram alleging a large financial scam by the company.
- vii. That the inspection report indicates that the company was involved in micro-financing through digital platforms or mobile apps until 31.03.2021 by entering agreements with various service providers.
- viii. That the inspection report indicated that the matter should be referred to the 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.
- ix. That after approval from the Ministry of Corporate Affairs, the matter will be referred to RBI for examination and further action.
- x. That the respondent mentioned that the Company Secretary of IFL had earlier been issued a show cause notice by ICSI on the basis of a similar complaint but was later discharged by ICSI through dismissal order dated 21.11.2022.
- xi. That the order has been forwarded to the Directorate/Ministry for appropriate action and further steps will be taken after receiving instructions.
- xii. That, since those service provider companies were registered with other ROC offices, the matter has been referred to the Ministry for ordering an inquiry against those companies.
- xiii. That the inspection report shows that the company was engaged in micro-financing through digital platforms until 31.03.2021 through agreements with several service providers.
- xiv. That the inspection report lists service providers including Dhaniram Technology India Private Limited, TGHY TruStock Private Limited, Kushiro Financial Services Private Limited, and UUCash Technologies Private Limited.
- xv. That these service providers charged processing fees ranging approximately from 11.8% to 16.5% and interest rates around 32.48%, 32.85%, 35.4%, and 36.5%.
- xvi. That the Service providers were authorized through agreements to identify customers, verify eligibility, collect KYC and documents, conduct due diligence, collect pre-disbursement documents, arrange execution of loan agreements, assist with collections and recovery of principal and interest, and attend service requests or product-related queries.
- xvii. That the inspection report states that the digital lending service providers offered micro-loans starting from Rs.500 with short repayment periods and very high interest rates.

- xviii. That processing fees ranged between 14% and 20% of the loan amount and interest rates averaged around 1% per day with compounding on a weekly or fortnightly basis.

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 (Respondent took Oath).
3	23 rd April 2024	Adjourned at the request of Complainant.
4	17 th May 2024	Adjourned due to paucity of time.
5	28 th May 2024	Adjournment at the request of Respondent.
6	14 th June 2024	Adjourned at the request of both parties.
7	15 th July 2024	Part-heard and adjourned.
8	29 th August 2024	Adjourned at the request of Complainant.
9	13 th October 2025	Adjourned due to paucity of time.
10	20 th March 2026	Adjourned in the absence of both the parties.
11	25 th March 2026	Hearing Concluded and Finding Reserved.
12	25 th July 2026	Hearing Concluded and Decision Taken.

- 7.2. On the day of hearing on 20th April 2023, the Committee noted that the Respondent and his Counsel Shri Shikhar Garg, Advocate were present in person from the ITO Office, ICAI Bhawan, New Delhi. The Respondent was administered on Oath. The Committee noted that on behalf of the Complainant Department Mr. M. Jayakumar, ROC, Kerala was present through Video Conferencing Mode. 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. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date.
- 7.3. On the day of hearing on 23rd April 2024, the Committee noted that the Complainant Department vide email dated 22nd April 2024, sought an adjournment on the ground

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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 hearing on 17th May 2024, the consideration of the case was adjourned due to paucity of time.
- 7.5. On the day of hearing on 28th May 2024, the Committee noted that the Counsel for the Respondent Mr. Shikhar Garg, Advocate vide his email dated 25th May 2024, requested for an adjournment on the ground that he is unavailable for the hearing scheduled owing to a fixed-time matter before the Hon'ble High Court of Delhi. Since the request for adjournment had been made for the first time by the Respondent, thus, keeping in view the principle of natural justice, the Committee acceded to the request of the Respondent for adjournment. Accordingly, the hearing in the case was adjourned at the request of the Respondent.
- 7.6. On the day of hearing on 14th June 2024, the Committee noted that the Respondent vide email dated 13th June 2024 mentioned that his Counsel Mr. Shikhar Garg, Advocate, is unavailable on the date of hearing, and he is unwell due to fever. 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, 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 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. During the present hearing in the case, the authorized Representative of the Complainant Department sought some more time to file their counter submissions on the submissions made by the

Respondent 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 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 hearing on 13th October 2025, the consideration of the case was adjourned due to paucity of time.

7.10. On the day of hearing on 20th March 2026, the Committee noted that no party to the case was present. The office apprised that notice(s) issued to the parties have been served upon them. In the absence of both parties, the Committee decided to adjourn the matter to a future date. With this, the case was adjourned.

7.11. On the day of hearing on 25th March 2026, the Committee noted that Respondent along with the Counsel were 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 15th July 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 Committee noted that the complainant alleged that the company violated RBI regulations regarding outsourcing of financial services and engaged in fraudulent business practices. The Counsel for Respondent, inter alia, stated that the allegations lacked specificity and evidence against the Respondent. He emphasized that the Respondent was not a signatory to the service agreements, nor was he responsible for compliance with RBI regulations, which were handled by the company secretary. Furthermore, the Counsel stated that RBI conducted inspections and found no violations against the company.

The Counsel further contended that the allegations were based on assumptions and presumptions without any concrete evidence of regulatory violations or professional misconduct. He argued that the burden of proof lies with the complainant, who failed to substantiate the charges or provide evidence of specific misconduct by the Respondent. He referred to several judgments of the Courts to demonstrate that regulatory violations must be determined by the competent authority, such as the RBI, and that no action had been taken against the company or the Respondent. He argued that the allegations were an attempt to question business decisions rather than regulatory violations. The Committee noted the submissions of the Counsel for 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 Findings was reserved.

- 7.12. On the day of the final hearing 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 25th March 2026 and the Findings was reserved. The Committee 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. 6/11

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 allegation that Respondent, while acting as Chief Financial 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

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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 Trustrock 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. Technology India	10.01.2020	2 Crore	20%	01.03.2021

	Pvt. Ltd.				
8.	M/s. Kushiro Financial Services Pvt. Ltd.	22.11.2019	1 Crore	18%	Not Available

- 8.7. The Committee noted that, the Respondent appointed as Chief Financial officer of M/s Inditrade Fincorp Limited on 10th August 2016, 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's appointment letter was issued by the holding company, "**Inditrade Capital Limited**", appointing him as Head – Finance & Accounts on 21.04.2016, and not by the subject company itself. To establish his appointment as CFO of the subject company, he relies only on Form DIR-12 dated 10.08.2016, which merely reports the appointment of a Director or Key Managerial Personnel to the ROC and does not specify his duties or responsibilities. However, MCA records show that from the same date, 10.08.2016, he was also designated as a Director/Signatory of the company.
- 8.9. Based on the Form DIR-12 and MCA records submitted by the Respondent, the Committee noted that the Respondent was appointed solely in the capacity of "Chief Financial officer" of the Company for a fixed tenure and remuneration, under supervision, control and direction 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.
- 8.10. The Committee noted 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 also one of the signatories to the financial statements of the company, but he was not part of the decision making. 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, liability of Respondent does not arise as KMP considering role is limited to the maintenance of the financial and accounting books of the Company.
- 8.11. 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 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.

8.12. 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.

8.13. 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 above said 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.

8.14. 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 "Chief Financial Officer" or appearance as a KMP in financial statements, without evidence demonstrating active involvement or a direct involvement with the alleged misconduct, is insufficient to attribute professional liability to the Respondent. The Respondent categorically denied any involvement in the alleged professional misconduct.

8.15. The Committee noted that the Respondent was also one of the signatories to the financial statements of the Company issued during his tenure along with the two Directors namely Mr. Sudip Bandyopadhyay and Mr. Jhuma Gula and one Company Secretary Mr. Deanne Lewis, who has signed all the service agreements of the Company but the Respondent was not a signatory to the service agreements.





- 8.16. The Committee noted that the Respondent further demonstrated, with reference to documentary evidence, that his role as CFO was limited to financial oversight and did not extend to the execution or governance of service agreements with third-party providers. The agreements in question were executed by the Company Secretary, who has already been exonerated by the Board of Discipline of the Institute of Company Secretaries of India on similar allegations. The Committee further noted that the Respondent also placed reliance on judicial precedents to emphasize that misconduct must be established by clear evidence and that the burden of proof lies squarely on the Complainant.
- 8.17. Upon perusal of the record, it is evident that the Complainant has not produced any specific evidence to establish that the Respondent, in his professional capacity, contravened any provision of the Chartered Accountants Act, the Regulations framed thereunder, or any guidelines issued by the Council. The Committee noted that the RBI, as the competent regulatory authority, conducted an inspection of the company and did not find any violation warranting action against the company or its key managerial personnel, including the Respondent. The Committee observed that there is no evidence of any deviation attributable to the Respondent in regard to the company's policies on fair practices, interest rates, lending, grievance redressal, and outsourcing.
- 8.18. The Committee observed that these records only reflected his designation as a Key Managerial Personnel and did not establish that he exercised powers or functions comparable to those of a director or participated in the Board's decision-making process. The Committee further noted that the Complainant has not produced any adverse findings by the RBI or any other competent authority against the Respondent.
- 8.19. The Committee noted that allegation was not substantiated as no evidence was produced to establish that the Respondent, in his capacity as CFO, connived with the management, participated in the digital lending arrangements, or was involved in charging excessive interest, recovery practices, or routing of funds through shell companies. The Committee viewed that the allegations against the Respondent are unsubstantiated and unsupported by cogent evidence. Accordingly, the Committee held the Respondent **NOT GUILTY** under Clause (1) of Part II of Second Schedule to the Chartered Accountant 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:

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 8.4 to 8.19 as above	Not Guilty- Clause (1) of Part II of 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 Accountant 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.

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

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

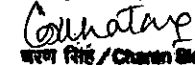
Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026

PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


 चरण सिंह / Charan Singh
 कार्यकारी अधिकारी / Executive Officer
 अनुशासनात्मक विभाग / Disciplinary Directorate
 भारतीय सनदी लेखाकार संस्थान
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