



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

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

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

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

File No.: [PR/G/95/2018/DD/185/2018/ DC/1764/2023]

In the matter of:

Shri Subhendu Bhattacharya,

Deputy General Manager, Reserve Bank of India,

Department of Non-Banking Supervision, Central Office,

Centre-I, World Trade Centre, Mumbai

Maharashtra-400005

..... Complainant

Versus

CA. Venugopal Chandrasekran Nair, (M. No. 039445)

M/s. V Nair & Associates

8/48, Gurudev Apartment, Opp. Telephone Exchange,

Chembur Naka, Mumbai

Maharashtra-400071

.....Respondent

MEMBERS PRESENT:

1. CA. Prasanna Kumar D, Presiding Officer
2. CA. Mahesh Shah, Government Nominee
3. CA. Satish Kumar Gupta, Member
4. CA. Hans Raj Chugh, Member

DATE OF HEARING: 03rd October 2026

DATE OF PRONOUNCEMENT OF ORDER: 03rd October 2026

DATE OF ORDER: 03rd October 2026

1. That vide Findings dated 29th August 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Venugopal Chandrasekran Nair, (M.No.039445)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional and other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I of the Second Schedule of the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and



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communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 03rd October 2026.

3. The Committee noted that on the date of hearing on 03rd October 2026, the Respondent was present physically and made verbal submission on the findings of the Committee. An opportunity was given for the submission of written representations and the Respondent filed a written response/submissions vide mail dated 01.10.2026. The Committee noted that the Respondent, in his written/verbal submissions, inter alia stated, as under: -

- i Regarding the First and Second Allegations, he submitted that the financial statements and audit report furnished by him to RBI were the correct documents, duly bearing the firm's rubber stamp and also filed on the MCA portal. According to him, the discrepancy arose because the company's staff had allegedly attached Annexures A and B belonging to another company while providing documents to the RBI inspection team.
- ii He contended that the RBI could have verified the documents from the MCA portal and sought clarification directly from the Company.
- iii He stated that during the subsequent hearing, he was directed to provide the financials which he believed had been erroneously furnished to RBI. He initially believed they belonged to Empell Fortitus Pvt. Ltd., but the Findings clarified that the documents were actually of Land Vantage Private Limited. He thereafter submitted the complete set of Land Vantage's documents downloaded from the MCA portal, stating that the clauses in Annexures A and B matched those supplied to the RBI inspection team.
- iv Regarding the third Allegation relating to AS-18, he submitted that his audit firm had examined the transactions considering the relevant provisions of company law and obtained necessary clarifications/documents. He stated that he had interpreted the reporting exceptions applicable to banking companies as also being applicable to NBFCs, since both are regulated by the RBI.
- v He submitted that he had already filed an affidavit explaining the facts and circumstances, but the Findings did not, according to him, adequately consider his interpretation regarding applicability of the disclosure requirements.

4. In respect of submissions of the Respondent, the observations of the Committee are as follows:
- i The Committee noted the submissions made by the Respondent, including the affidavit filed by him explaining the facts and circumstances of the case and his interpretation regarding the applicability of the disclosure requirements. The Committee further noted that the contents of the affidavit, along with the annexure attached thereto and all the submissions and documents placed on record by the Respondent had been consider by it while arriving at its Findings.



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5. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional and Other Misconduct vis-à-vis verbal/written submissions of the Respondent. The Committee noted that the issues/ submissions made by the Respondent as aforesaid have been dealt with by it at the time of hearing under Rule 18.

6. Thus, keeping in view the facts and circumstances of the case, material on record including the verbal and written submissions of the Respondent on the Findings, the Committee noted that the Respondent was the Statutory Auditor of M/s Participation Finance & Holding (India) Pvt. Ltd., for FY 2015-16. With regard to charge that there has been material difference between the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor. The charge is contained in paragraph 2.1 of findings of the Committee dated 29.08.2026. The Committee noted that the Respondent furnished incorrect and misleading information. The Respondent's claim that the audited financial statements pertained to another company was not substantiated, as the documents clearly related to the subject company, bore his signatures, and reflected matching profit figures, indicating apparent discrepancies in the financial statements.

7. With regard to charge that there is a conflict in the statements given under Statutory Auditor's Report as given by the subject Company during its inspection vis-a-vis Point no 8 of Statutory Auditors Certificate for the F. Y. 2015-16 and Point No. 2 of Respondent's Audit report given under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008. In this regard, the Committee noted that the Respondent failed to adequately examine or report material matters relating to such activities would indicate lack of due diligence and professional care expected from a statutory auditor entrusted with reporting responsibilities under the RBI regulatory framework.

8. With regard to charge that difference in respect to Related Party Transactions as mentioned under the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor. The Committee noted that the Respondent merely cited a confidentiality clause between the parties and failed to provide any statutory or regulatory basis for the nondisclosure. Hence, the Professional and Other Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th August 2026, which is to be read in consonance with the instant Order being passed in the case.



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9. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to the Respondent commensurate with the Professional Misconduct/Other Misconduct established against him.

10. Thus, the Committee, keeping in view the facts and circumstances of the case, material on record and the representation of the Respondent before it, and upon considering the seriousness of charges and the gravity of the matter, ordered that the Respondent, CA. Venugopal Chandrasekran Nair, (M. No. 039445), Mumbai be Reprimanded, removed his name from the Register of Members for a period of 01 (One) Month, and also imposed a fine of Rs 1,00,000/- (Rupees One lakh only) upon him, which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-

(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

Sd/-

(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

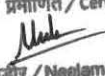
Sd/-

(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-

(CA. HANS RAJ CHUGH)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


नीलम पुंडीर / Neelam Pundir
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

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

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

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

File No:- [PR/G/95/2018/DD/185/2018/DC/1764/2023]

In the matter of:

Shri Subhendu Bhattacharya,
Deputy General Manager, Reserve Bank of India,
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M/s. V Nair & Associates
8/48, Gurudev Apartment, Opp. Telephone Exchange,
Chembur Naka, Mumbai
Maharashtra-400071

.....Respondent

MEMBERS PRESENT:

CA. Prasanna Kumar D, Presiding Officer (In person)
CMA Chandra Wadhwa, Government Nominee (Through VC)
CA. Mahesh Shah, Government Nominee (In person)
CA. Satish Kumar Gupta, Member (In person)

DATE OF FINAL HEARING : 11th May 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026

PARTIES PRESENT:

Respondent : CA. Venugopal Chandrasekran Nair (Through VC)

1. **Background of the Case:**

- 1.1 The Complainant's Department being Reserve Bank of India has conducted an inspection of the books of accounts of one NBFC namely **M/s. Participation Finance & Holding (India) Private Ltd, Dehradun** (hereinafter referred to as subject '**Company**') with reference to its financial position as on 31st March 2016. The Respondent was the Statutory Auditor of the subject Company for the Financial Year 2015-16. During such inspection the subject Company provided a copy of its Independent Auditor's Report along with its Balance Sheet, P&L Statements for the Financial Year 2015-16 which shows material difference from the certified copy of Auditor's Report received from the office of auditor (i.e., Respondent). It is stated that when the Complainant department sought the reason for difference between the two sets of Audited financial statements for the same financial year i.e., 2015-16 no response was received from the Respondent. Further, it is stated that when the auditor was called upon to explain the difference between the two sets of audited financial statements vide Complainant Department's letter dated 13th September 2017, no proper response has been received from the Respondent.

2. **Charges in brief:**

- 2.1. There has been material difference between the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor (i.e., Respondent) on some of following counts: -
- Difference in format of the two sets of audited financial statements and absence of Annexure A & Annexure B and the computation of taxable income for the A.Y. 2015-16 in the certified true copy received from the Respondent's office.
 - Absence of Point no 16 of Annexure A in the certified true copy received from the Respondent's office wherein it is stated that "The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act".
 - Difference in Point No. 1 (a) of Annexure A of Audited financial statement provided by the subject company during inspection and Point No. (i) (a) of the certified true copy received from the Respondent's office regarding maintenance of proper records containing full particulars, including quantitative details and situation of fixed assets.

2.2. There is a conflict in the statements given under Statutory Auditor's Report as given by the subject Company during its inspection vis-a-vis Point no 8 of Statutory Auditors Certificate for the F. Y. 2015-16 and Point No. 2 of Respondent's Audit report given under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008.

2.3. Difference in respect to Related Party Transactions as mentioned under the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor (i.e., Respondent).

3. **The relevant issues discussed in the Prima Facie Opinion dated 28th March 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1. The first charge levelled against the Respondent was that there had been material difference on various counts between the two sets of Audited financial statements, one reported to had been received from the subject Company during the inspection made by the Complainant's department and the other being received from the office of auditor (i.e., Respondent). Firstly it had been alleged that there had been difference in format of the two sets of audited financial statements as stated above i.e., there was absence of Annexure A, Annexure B and Computation of taxable income for the A.Y. 2015-16 in the certified true copy received from the Respondent's office. Similarly, it was alleged that there a variation as mentioned under point no 16 of Annexure A pertaining to requirement of registration under section 45 IA of the Reserve Bank of India Act. It was further alleged that there is also difference in reporting on the matter pertaining to maintenance of proper record.

3.2. Respondent in his Written Statement had stated that the reason of difference/ discrepancy between the two sets of Audited Financial statements was because of comparison between the wrong sets of documents. He had stated that he had furnished the correct Audited Balance Sheet, P&L Sheet and Audit Report to the RBI and the same had also been filed in the MCA Portal and that when the inspection team of RBI visited his client i.e., PFHIPL office, the staff of the office attached erroneous annexure i.e., Annexures 'A' and 'B' respectively to audit report pertaining to some other Company and handed over to them. The Complainant in his Rejoinder had stated that

the Audited Financial Statements provided by the Company during inspection pertains to the subject Company (i.e., Participation Finance and Holding (India) Pvt Ltd) and not of any other Company and had been prepared by the Respondent himself and that despite these statements being signed on the same date and pertaining to the same financial year, there are material differences between them.

- 3.3. With respect of instant allegation, that there were no Annexure A, Annexure B and Computation of taxable income for A.Y. 2015-16 in the certified true copy of audited financial statements received from the office of Respondent, it was seen that the Complainant had brought on record these two sets of financial statements as under:
- Copy of Independent Auditors Report along with its Balance Sheet and P & L Account statements for the F.Y. 2015-16 as provided by the subject Company during its inspection.
 - Certified copy of Independent Auditors Report along with its Balance Sheet and P & L Account statement for the same financial year i.e., F.Y 2015-16 as was received from the office of Respondent.
- 3.4. On perusal of aforesaid two statements, it was seen that the format and para numbering of the certified copy as provided by the Respondent was different from the copy of audited statements provided by the Company during its inspection wherein the copy provided by the Company contains separate Annexure A. Whereas in the certified copy of audited statement reported to had been received from the office of the Respondent , it was seen that its format was different and particulars pertaining to maintenance of proper records had been mentioned under point (i) (a). Thus, there were two totally contradictory statements being reported in the two sets of audited financial statements in respect of maintenance of proper records by the subject Company in respect of same financial year.
- 3.5. Similarly, on perusal of two sets of Audited financial statements, it was seen that in the statement received from the Respondent, Point no 16 which pertains to requirement of registration under Section 45 IA of the Reserve Bank of India Act, was missing vis-à-vis statement provided by the subject Company.

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- 3.6. It was also seen that there are certain other inherent flaws in the certified copy of audited statement provided by the Respondent, wherein at one place the name of Company mentioned by him was "Credit Participation Finance & Holding (India) Pvt Ltd" whereas in other part of his same statement the name of Company mentioned was "Participation Finance & Holding (India) Pvt Ltd".
- 3.7. It was also seen that both the sets of Audited financial statements i.e., that provided by the Company during its inspection and certified copy of same as provided by the Respondent apparently bear the same seal and signatures of Respondent; more so when the Respondent in his Written Statement had nowhere challenged forgery of his seal & signatures.
- 3.8. It was also seen that Respondent had contended that the copy of Audited Financial statement as provided by the subject Company during its inspection to the Complainant department pertains to some other Company. Here, it was seen that the copy of audited financial statement as reported to have been provided by the subject Company pertains to the subject Company only since all its statements and scheduled contains the name of subject Company being "Participation Finance & Holding (India) Pvt Ltd" and its auditor's report has also been signed by the Respondent . It was also seen that the Profit shown in the computation amounting to Rs. 2,06,46,794/- is same as the Profit reported in the P & L Statement being duly signed by the Respondent. Thus, the contention of Respondent that the said statement provided by the Company to the Complainant department during its inspection pertains to some other Company and had been erroneously provided by its staff does not stand and considering apparent discrepancies in the two sets of statements, the Respondent is **Guilty** of Professional and Other Misconduct under Clause (2) of Part IV of First Schedule and Clause (7) of Part I of the Second Schedule of the Chartered Accountant Act 1949.
- 3.9. The **second charge** levelled by the Complainant was that there was a conflict in the statements given under Statutory Auditor's Report as given by the subject Company during its inspection vis-à-vis Point no 8 of Statutory Auditors Certificate for the F.Y. 2015-16 and Point No. 2 of Respondent's Audit report given under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008. In respect of

said allegation, it is seen that the Complainant has brought on record following two documents:

- Statutory Auditor's Certificate (SAC) signed by the Respondent
- Report given under NBFC Auditor's Report (Reserve Bank) Directions, 2008 signed by the Respondent

3.10. In respect of aforesaid charge, it was seen that under Point no. 8 of the statutory auditor's certificate signed by the Respondent, percentage of financial assets to total assets had been reported to be 92.64% whereas percentage of financial income to gross Income was reported to be 100%. Similarly, under Point no. 2 of Statutory Audit report under NBFC Auditor's Report (Reserve Bank) Directions, 2008 signed by the Respondent, following was stated:

"2 That company is entitled to continue to hold Certificate of Registration in terms of its Asset/ Income pattern as on 31st March 2016."

Whereas in Independent Audit Report provided by the Company to the Complainant's department during its inspection, it was seen that under Point 16 following was mentioned:

"16 The Company is not required to be registered under section 45IA of the Reserve Bank of India."

3.11. Thus, since the Independent Audit Report provided by the subject Company to the Complainant's department bears the signature of the Respondent, it was quite evident that the aforesaid statements as contained under Point no. 2 was completely contradictory to the statement given under Point no. 16 and hence Respondent was **Guilty** of Professional Misconduct under Clause (7) of Part I of the Second Schedule of the Chartered Accountant Act 1949.

3.12. The **third charge** levelled by the Complainant was that there was difference in respect to Related Party Transactions as mentioned under the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor (i.e., Respondent). In this connection it was seen that the Respondent in his Written Statement had mentioned that the difference in reporting was due to the request of shareholders of both the related parties to comply with their confidentiality clause. The Complainant in his Rejoinder had stated that they had not received any

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information from the subject Company regarding statutes and / or instructions of regulator or similar competent authority vide which the said Company was not required to disclose its business transactions with its subsidiary.

3.13. On perusal of AS-18, it was clear that the reporting enterprise was given some relaxation from disclosure in those cases where such disclosure would conflict the reporting enterprise's duty of confidentiality as specifically required in terms of some statute or by regulator or similar competent authority. Such relaxation did not apply in cases where confidentiality agreement had been entered into between two private parties. It was seen that the Respondent in his Written Statement had merely stated that the information pertaining to Related Party had not been disclosed due to confidentiality clause, however it was seen that he had offered no explanation regarding the statutes and / or instructions of regulator or similar competent authority vide which the said Company was not required to disclose its business transactions with its subsidiary. Thus, in the absence of any details or explanation regarding confidentiality, such statement of Respondent cannot be taken at its face value and hence Respondent was prima facie **Guilty** of professional misconduct under Clause (7) of Part I of the Second Schedule of the Chartered Accountant Act 1949.

3.14. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 28th March, 2023 opined that the Respondent was Prima Facie **Guilty** of Professional and Other Misconduct falling within the meaning Clause (2) of Part IV of the First Schedule and Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act, states as under:

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

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

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

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Clause (7) of Part I of the Second Schedule:

"A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he-

X X X X X X X

(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional capacity; "

- 3.15. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 13th May 2023. 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 and Other Misconduct falling within the meaning Clause (2) of Part IV of the First Schedule and Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. **Date(s) of Written Submissions/Pleadings by parties:**

- 4.1 The relevant details of the filing of documents in the instant case by the parties are given below:

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	15 th June 2018
2.	Date of Written Statement filed by the Respondent	01 st August 2018
3.	Date of Rejoinder filed by the Complainant	04 th September 2018
4.	Date of Prima Facie Opinion formed by Director (Discipline)	28 th March 2023
5.	Documents submitted by the Respondent after PFO	12 th May 2026

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

- 5.1 The Respondent vide email dated 12th May 2026, inter-alia, submitted the following documents: -
- Copy of Financial Statement for F.Y 2015-16 of EMPPEL FORTITUS PRIVATE LIMITED.
 - Copy of Financial Statement for F.Y 2015-16 of PARTICIPATION FINANCE AND HOLDINGS (INDIA) PRIVATE LIMITED.

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

- 6.1 The details of the hearing(s)/ meetings fixed and held/adjourned in said matter is given as under:

S. No.	Date of meeting(s)	Status
1.	25 th July 2023	Oath taken by Respondent and adjourned.
2.	20 th August 2024	Adjourned at request of Complainant.
3.	25 th March 2026	Adjourned at the Request of the Respondent.
4.	11 th May 2026	Hearing concluded & Findings reserved.
5.	25 th July 2026	Decision taken.

- 6.2 On the day of first hearing held on 25th July 2023, the Committee noted that, Mr Suresh Kumar, DGM, RBI on behalf of the Complainant Bank presented through VC & CA. Venugopal Chandrasekaran Nair (Respondent) present physically at Delhi Office. 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. Thereafter, looking into the fact that this was the first hearing in the matter, the Committee decided to adjourned the hearing to a future date.
- 6.3 On the day of the hearing held on 20th August 2024, the Committee noted that, the Complainant Department, vide email dated 13th August 2024 followed by email dated 20th August 2024, sought adjournment from the hearing in the case due to the non-

availability of the concerned Officer. Looking into the ground on which adjournment was sought by the Complainant Department and the fact that the request for adjournment had been made by the Complainant Department for the first time, 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.

- 6.4 On the day of the hearing on 25th March 2026, the Committee noted that the Respondent sought an adjournment vide email dated 21st March 2026 due to some pre-committed assignments and non-availability of Respondent on the scheduled date of hearing. Acceding to the request of the Respondent, the Committee, keeping in view the principles of natural justice, adjourned the subject case to a future date.
- 6.5 On the day of the hearing on 11th May 2026, the Committee noted that the Respondent was present through VC and appeared before it. The Committee, in the present hearing, noted that the Complainant was not present for the hearing and notice of listing of the case has been served upon the Complainant. Despite that, the Complainant was not present in the hearing. The notice was also sent by post and by email to the Complainant. The Committee then decided that the matter be proceeded ex-parte the Complainant and considered on merits based upon the documents/material available on record.

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 25.07.2023 in this case, whether he wished to have a de-novo hearing by taking all submissions/representations already on record or may continue from the stage it was last heard. The Respondent submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

The Respondent submitted that during RBI inspection, staff had provided financial statements purportedly signed by him which were different from those uploaded on the MCA portal. He denied preparing two sets of balance sheets and stated that only the financial statements certified by him were uploaded on MCA portal. He further submitted that the annexure shown was of another company and appeared to have been

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mistakenly attached during photocopying. He stated that he had no responsibility if the company's staff circulated incorrect documents.

The Respondent confirmed his signature on the correct documents but stated that other company's annexures were attached. He also submitted that alleged non-reporting under AS-18 was a matter of interpretation, as the entity was an NBFC and there was no public money involved, as stated in his affidavit.

The Committee directed the Respondent to submit complete sets of financial statements of both companies along with annexures within three days. 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 of both of the parties, the Committee concluded the hearing in the matter and findings were reserved.

0 0 On the day of final hearing held on 25th July 2028, 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 11th May 2026 and the Findings were reserved. The Committee considered the material on record including the submissions of the Respondent. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

7. Findings of the Committee:-

7.1 The Committee noted the **first charge** against the Respondent as mentioned in para 2.1 that the material difference between the two sets of Audited financial statements of alleged company i.e. '**Participation Finance & holding (India) Pvt. Ltd**', one being received from the subject Company and another set received from the office of auditor. The following differences were noted:

- (1) - Difference in format and absence of Annexure A & Annexure B and the computation of taxable income for the A.Y. 2015-16.
- (2) - Absence of Point no 16 of Annexure A ("The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act").
- (3) - Difference in Point No. 1 (a) of Annexure A and Point No. (i) (a)

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7.2 The Committee noted the submissions of the Respondent that the correct audited financial statements and audit report were furnished to the RBI and filed on the MCA portal, and that incorrect annexures relating to another company were mistakenly provided to the RBI by the office staff during inspection. The Committee noted that on direction of Committee given on 11th May, 2026, the Respondent has vide email dated 12th May 2026 submitted the set of financial statement of alleged company i.e. **"Participation Finance & holding (India) Pvt. Ltd"** and another company i.e. **"Emppel Fortitus Private Limited"** whose annexure were mistakenly provided by staff to RBI.

7.3 While comparing the both sets (given to RBI as well as submitted by Respondent), the Committee noted as follows:

<u>Differences in both sets of financial statements</u>	<u>Received from Company during inspection of 'Participation Finance & holding (India) Pvt. Ltd' for F.Y.2015-16 signed by V Nair & Associates</u>	<u>Received from Office of the Respondent of 'Participation Finance & holding (India) Pvt. Ltd' for F.Y.2015-16 signed by V Nair & Associates</u>	<u>Balance Sheet of 'Emppel Fortitus Private Limited' for F.Y.2015-16 signed by V Nair & Associates subsequently submitted by Respondent to Committee on its direction</u>	<u>Remark</u>
Difference in format and absence of Annexure, computation	Annexure A & Annexure B and the computation of taxable income for the A.Y. 2015-16 attached with report.	Absence	Annexure A-different in point 1(b)(c), 3, 4 & 11 & Annexure B-different in opinion paragraph. attached with report	Not matched
Annexure A- Point no 16	"The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act"	Absence	"The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act"	Not matched
Annexure A- point 1 (a)	The company had <u>not</u> maintained proper records showing full particulars, including quantitative details <u>and</u> situation of Fixed assets;	Annexure A not attached	The company <u>had maintained</u> proper records showing full particulars, including quantitative details <u>&</u> situation of Fixed assets;	Not matched

7.4 From the above table, the Committee noted that even the set submitted by him also does not match with set available with RBI. The Committee noted that the audited financial statements furnished during inspection clearly mention the name of "Participation Finance & Holding (India) Pvt. Ltd." and contain audit reports signed by the Respondent. The Respondent stated that the Annexure of another Company namely "Emppel Fortitus Private Limited" was wrongly attached in financial statement submitted to RBI, whereas , the contents of Annexure A and Annexure B of the documents allegedly relating to "Emppel Fortitus Private Limited" are materially different from those contained in the financial statements produced during inspection. Several clauses relating to proper maintenance of books of accounts, fixed assets, loans of the Companies Act, and the opinion paragraph also differ substantially. These differences indicate that the documents of Emppel Fortitus Private Limited are separate and distinct from the financial statements provided during inspection.

7.5 The Committee noted that the Respondent furnished incorrect and misleading information.. The Respondent's claim that the audited financial statements pertained to another company was not substantiated, as the documents clearly related to the subject company, bore his signatures, and reflected matching profit figures, indicating apparent discrepancies in the financial statements. Therefore, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7.6 The Committee noted the **second charge** against the Respondent as mentioned in para 2.2 that there is a conflict in the statement given under Statutory Auditor's Report as given in the subject Company during its inspection vis-a-vis Point no 8 of Statutory Auditors Certificate for the F. Y. 2015-16 and Point No. 2 of Respondent's Audit report given under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008. Which is represented as follows:

Statutory Auditor's Report	Respondent's Audit report given under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008.
"Company was not required to be registered under Section 45IA of the RBI Act".	Point No. 2 - "2. That company is entitled to continue to hold Certificate of Registration in terms of its Asset/ Income pattern as on 31st March 2016",

- 7.7 In respect of the aforesaid allegation, it was observed that under Point No. 8 of the Statutory Auditor's Certificate signed by the Respondent, the percentage of financial assets to total assets was reported at 92.64%, whereas the percentage of financial income to gross income was reported at 100%. Since all reports bore the Respondent's signature, the inconsistency evidences conflicting reporting by the Respondent.
- 7.8 The Committee noted that the statutory auditor's certificate signed by the Respondent, percentage of financial assets to total assets have been reported to be 92.64% whereas percentage of financial income to gross Income is reported to be 100%, indicates that the principal business of the entity was financial activity. These figures indicate that the company was predominantly engaged in financial activities and prima facie satisfied the principal business criteria generally applied for identification of an NBFC. Therefore, while issuing the report under the NBFC Auditor's Report (Reserve Bank) Directions, 2008, the Respondent was expected to exercise heightened professional skepticism and due diligence in evaluating the nature of the company's operations, examining relevant records and regulatory compliances, and reporting any material non-compliance or irregularity coming to his notice.
- 7.9 The Committee noted that the Respondent had issued a report under the NBFC Auditor's Report (Reserve Bank) Directions, 2008, such a report is distinct from the Independent Auditor's Report issued on the financial statements. The Committee observed that issuance of such a report necessarily requires the auditor to perform appropriate audit procedures and exercise due diligence to ascertain whether the company satisfies the conditions. Failure to adequately examine or report material matters relating to such activities would indicate lack of due diligence and professional care expected from a statutory auditor entrusted with reporting responsibilities under the RBI regulatory framework. Therefore the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
- 7.10 The Committee noted the **third charge** against the Respondent as mentioned in para 2.3 that, difference in respect to Related Party Transactions as mentioned under the two sets of Audited financial statements, one being received from the subject Company and that received from the office of auditor.

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[Signature]

- 7.11 The Committee noted that, in financial statements for F.Y 2015- 2016 submitted by the auditor, under the heading '**Related Party Transactions**' in Point 0.03 of 'Notes to financial statements', the disclosures relating to Related Parties have been disclosed. The Committee noted that the details of KMP has been given i.e. (viz Ms. Padmavathy and Mr. Shakti Singh). It is noted that the company did not disclose any related party i.e. subsidiary or any other entity. However, the "Strategic Credit Capital Pvt. Ltd." is a subsidiary of PFHIPL. It was further noted from the financials available in public domain of Strategic that PFHIPL is holding 99.99% in it. Therefore, a disclosure as required under AS-18 has to be given for it.
- 7.12 The Committee noted from the submissions of the Respondent, the difference in reporting of related party transactions was due to the request of the shareholders of both related parties to maintain confidentiality. However, he did not provided any evidence to sustain his claim.
- 7.13 The Committee noted from **paragraph 5, 6 and 23 of AS-18 (Related Party Disclosures)** which states as under:

'5. Related party disclosure requirements as laid down in this Standard do not apply in circumstances where providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority'.

'6. In case a statute or a regulator or a similar competent authority governing an enterprise prohibit the enterprise to disclose certain information which is required to be disclosed as per this Standard, disclosure of such information is not warranted. For example, banks are obliged by law to maintain confidentiality in respect of their customers' transactions and this Standard would not override the obligation to preserve the confidentiality of customers' dealings.'

'23. If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following: (i) the name of the transacting related party; (ii) a description of the relationship between the parties; (iii) a description of the nature of transactions; (iv) volume of the transactions either as an amount or as an appropriate proportion; (v) any other elements of the related party transactions necessary for an understanding of the financial statements; (vi) the amounts or appropriate

proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and (vii) amounts written off or written back in the period in respect of debts due from or to related parties.'

- 7.14 The Committee noted that no information was received from the company regarding any statutory provision exempting non-disclosure of such transactions. Accordingly, the justification for non-disclosure of such transactions remained unsubstantiated.
- 7.15 The Committee noted that, AS-18 (Related Party Disclosures) permits non-disclosure of related party transactions only where confidentiality is mandated by statute, regulator, or a similar competent authority. The Respondent merely cited a confidentiality clause between the parties and failed to provide any statutory or regulatory basis for the non-disclosure. In the absence of supporting details or explanation, the claim of confidentiality was not accepted, therefore the Committee held the Respondent **GUILTY** of professional misconduct under Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. Conclusion:

- 8.1 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 7.1 to 7.5 as above	GUILTY - Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule.
Para 2.2 as above	Para 7.6 to 7.9 as above	GUILTY - Clause (7) of Part I of the Second Schedule.
Para 2.3 as above	Para 7.10 to 7.15 as above	GUILTY - Clause (7) of Part I of the Second Schedule.

9. In view of the above observations, considering the material on record including the oral and written submissions of the Respondent, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling under Clause (2) of Part IV of First Schedule and Clause (7) of Part I of the Second Schedule of the Chartered Accountants Act, 1949.

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

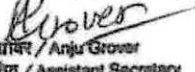
Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 29.08.2026

PLACE: Noida

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