भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE BENCH-I (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.: [PPR/440/2016/DD/01/INF/2017/DC/1535/2022]
In the matter of:
CA. Spandan Sengupta (M.No.135833)
24, Netaji Subhas Road,
2nd Floor, Room No. 24,
Kolkata – 700001 **.... Respondent**

MEMBERS PRESENT:
1. **CA. Mangesh Kinare, Presiding Officer**
2. **Ms. Rani Singh Nair, IRS (Retd.), Government Nominee**
3. **Mr. Ajaib Singh, IA & AS (Retd.), Government Nominee**
4. **CA. Gyan Chandra Misra, Member**
5. **CA. Abhay Chhajed, Member**

DATE OF HEARING	**: 23rd October 2026**
DATE OF PRONOUNCEMENT OF DECISION	**: 23rd October 2026**
DATE OF ORDER	**: 23rd October 2026**

1. That vide Findings dated 29th January 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that **CA. Spandan Sengupta (M.No.135833)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional Misconduct falling within the meaning of Items (5), (6), (7), (8) and (9) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act,2006 was contemplated against the Respondent and a 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 23rd October 2026.

3. The Committee noted that on the date of hearing on 23rd October 2026, the Respondent was present through VC. During the hearing, the Respondent made verbal submissions and also referred to the written representation dated 16th July 2026 on the Findings of the Committee. The Committee noted the verbal and written representation of the Respondent on the Findings of the Committee, which, inter alia, are as under: -

- That he had misinterpreted the reporting requirements after the change in the audit report format and believed that reporting the matters under "Other Legal and Regulatory Requirements" amounted to a qualification. That he had exercised due professional care and judgment, and subsequently corrected the reporting approach from FY 2016-17 after receiving clarification from the Committee, requesting that the lapse be condoned as an interpretation error.
- That Rs. 15,285.78 lakh irrevocable guarantees liability related to a more than 12-year-old matter involving JNFSL, with multiple pending legal proceedings and the buyer absconding, making any outflow remote and the liability uncertain. That disclosure as a contingent liability under AS-29 was appropriate and cited a similar case where the allegation was dropped, requesting that the present allegation be dropped.
- That "Other Advances" were not classified according to their nature as required under Schedule VI and such non-compliance was inadvertently not reported in the Audit Report. That the requisite disclosure and reporting were subsequently incorporated from F.Y. 2016-17 and, in view of the corrective action taken, requested that the allegation be dropped.
- That Rs. 7 lakhs MSME dues comprised only principal, with no interest paid, accrued, due or payable, as none of the payments were overdue; hence, he believed no further disclosure under Section 22 of the MSMED Act was required. That the amount was immaterial compared to total payables and requested that the allegation be condoned and dropped.
- That the nature of "Other Liabilities" under Other Current Liabilities was not disclosed in Note 8 and that the omission was inadvertently not reported in the Audit Report. That the required disclosure was incorporated from FY 2016-17 in compliance with the observation and, accordingly, requested that the allegation be dropped.
- That no fixed assets were revalued during FY 2012-13 and that the disclosure regarding revaluation related only to information carried forward from earlier years. That he relied on the disclosures and professional judgment of the previous auditor due to non-availability of records, and therefore requested that the allegation be condoned and dropped.
- That the Company had made disclosures under AS-15, and since there were no plan assets underlying the employee benefit liability, the entire amount was reflected as a net liability in the Balance Sheet. That he noted the Committee's observation regarding the prescribed disclosures under AS-15 and undertook to ensure future compliance, requesting that the allegation be dropped.
- He requested that the allegations be condoned, considering his limited professional experience at the time and his commitment to ensuring future compliance.

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

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal and written representation of the Respondent on the Findings, the Committee noted that FRRB observed certain non-compliances with regard to various Standard on Auditing,

multiple AS, disclosure requirements and MSMED Act 2006 in respect of M/s Jenson and Nicholsen (India) Limited for the financial year 2012-13 being audited by the Respondent.

6. In respect of charge regarding non-compliance with the requirements of SA-700 and SA-705, the Committee noted that that the financial statements of the subject Company were not prepared in accordance with applicable financial reporting framework and expressing unqualified opinion in extant case is not in line with Paragraph 16 of SA 700. The Committee also noted that the Respondent in his report has raised certain issues on going concern in 'Report on other Legal and Regulatory requirements'. The Committee further noted that the Company is primarily governed by Companies Act, 1956 and reporting such important fact under 'Report on other Legal and Regulatory requirements' is neither in line with Paragraph 19 and 20 of SA 570 nor with SA 700. Thus, the Committee viewed that the auditor in the instant case has neither emphasized on uncertainty related to entity continue as going concern nor has expressed any qualification on the same. Further the Committee viewed that non-provisioning of interest on Borrowings is also not in line with Para 6 of AS-16 on Borrowing Cost which provides that the borrowing cost should either be recognized as an expense in the period in which they are incurred, or they should be capitalized as a part of asset for which such borrowing is made. Thus, the Committee viewed that the Company has not only violated the provisions of AS-16 but has also not complied with the reporting requirement of Scheduled VI of the Company's Act 1956.

7. In respect of charge regarding violation of AS-29, the Committee noted that paragraph 14 of AS-29 requires recognition of a provision when a present obligation exists, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. The Committee observed that reliance on the policy adopted by the previous auditor does not absolve the Respondent of his independent professional responsibility to exercise judgment in the current year. Thus, the Committee was of the view that disclosure of the said liability merely as a contingent liability was not in conformity with the requirements of AS-29.

8. In respect of charge regarding non-disclosure of "Other Advances" under the head "Short-Term Loans and Advances", the Committee noted that Paragraph 6(R)(i)(b) of the "General Instructions for Preparation of Balance Sheet" contained in Part I of Revised Schedule VI to the Companies Act, 1956 mandates that "other advances" under short-term loans and advances shall be disclosed by appropriate classification to reflect their nature separately. The Committee further noted the Respondent's submission that the requisite classification was implemented in the subsequent financial year. However, the Committee observed that compliance with the disclosure requirements of Revised Schedule VI is mandatory for each financial year independently, and subsequent correction does not mitigate non-compliance in the year under consideration. Thus, the Committee was of the opinion that the failure to classify "Other Advances" according to their nature resulted in non-compliance with the disclosure requirements prescribed under Revised Schedule VI to the Companies Act, 1956.

9. In respect of charge regarding non-disclosure of interest paid, interest unpaid, interest accrued and other related particulars in respect of MSME trade payables, the Committee noted that though as per requirement, amount of dues to Micro, Small & Medium Enterprises was

given in the financial statement yet other information as prescribed under clauses (i) to (v) of Section 22 of the MSMED Act, 2006, such as interest due thereon, details of delay in making payment and amount of interest accrued etc. was not given and the Respondent, in his Audit Report has failed to draw attention to the aforesaid non-compliance with the provisions of Section 22 of the MSMED Act, 2006. The Committee further noted that compliance with the disclosure requirements under Section 22 of the MSMED Act, 2006 is mandatory, irrespective of the quantum involved. Thus, the Committee viewed that the Respondent failed to ensure compliance with the mandatory disclosure requirements of Section 22 of the MSMED Act, 2006 and failed to report such non-compliance in the audit report.

10. In respect of charge regarding non-disclosure of the nature of "Other Current Liabilities", the Committee noted that the Company did not disclose the nature of "Other Liabilities" included under the head Other Current Liabilities, as mandated under the aforesaid provision. The Committee further noted that the Respondent, in his Audit Report, failed to draw attention to the said non-compliance with the requirements of Part I of Revised Schedule VI to the Companies Act, 1956. The Committee observed that the disclosure of the nature of other current liabilities is a mandatory statutory requirement intended to ensure transparency and enable users of financial statements to understand the composition of liabilities. Thus, the Committee viewed that the Respondent failed to comply with the requirements of paragraph 6(G)(j) of Part I of Revised Schedule VI to the Companies Act, 1956. In respect of charge regarding Adoption of Different Methods of Depreciation for the Same Group of Assets, the Committee noted that the issue under consideration was not limited to revaluation of assets during the year but related to the adoption of different methods of depreciation for the same group of assets over different periods. The Committee further noted that Paragraph 5 of the Guidance Note on Accounting for Depreciation in Companies mandates that the method of depreciation once adopted for a class of assets should be applied consistently. The Committee also noted that the Circular dated 27.09.1961 issued by the Department of Company Affairs also emphasizes consistency in the method of depreciation and does not permit arbitrary adoption of different methods for the same class of assets. The Committee was of the view that the Respondent, being the statutory auditor, was required to exercise independent professional judgment and due diligence. Thus, the Committee viewed that the Respondent had failed to report non-compliance with the requirements of the relevant Guidance Note and the Circular issued by the Department of Company Affairs.

11. In respect of charge regarding violation of AS-15, the Committee noted that the Company had made only limited disclosures in respect of gratuity and leave encashment liabilities. The Committee further noted that AS-15 requires explicit and comprehensive disclosures, and mere inference from numerical figures does not substitute for specific disclosures mandated by the Standard. The Committee observed that paragraph 120(d) of AS-15 specifically requires disclosure of the fair value of plan assets, and where no plan assets exist, the fact of non-existence of such assets is required to be clearly disclosed. The Committee further observed that paragraphs 120(c), 120(l) and 120(n) of AS-15 require detailed disclosures relating to reconciliation of defined benefit obligations, reconciliation of plan assets, and other material information necessary to enable users of financial statements to understand the nature

and financial effect of defined benefit plans. Thus, the Committee viewed that the Respondent failed to ensure compliance with the disclosure requirements of paragraph 120(c), (d), (l) and (n) of AS-15 and did not exercise due professional care in this regard. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th January 2026 which is to be read in consonance with the instant Order being passed in the case.

12. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

13. Thus, the Committee keeping in view the facts and circumstances of the case, material on record and representation of the Respondent before it, ordered that the Respondent i.e. CA. Spandan Sengupta (M.No.135833), Kolkata be reprimanded and also imposed a fine of Rs. 50,000 (Rupees Fifty Thousand only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-
(CA. MANGESH KINARE)
PRESIDING OFFICER

Sd/-
(MS. RANI SINGH NAIR, IRS (RETD.))
GOVERNMENT NOMINEE

Sd/-
(MR. AJAIB SINGH, IA & AS (RETD.))
GOVERNMENT NOMINEE

Sd/-
(CA. GYAN CHANDRA MISRA)
MEMBER

Sd/-
(CA. ABHAY CHHAJED)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
मीनू गुप्ता / Meenu Gupta
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.)

CONFIDENTIAL

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

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

Ref. No. – [PPR/440/2016/DD/01/INF/2017/DC/1535/2022]

In the matter of:
CA. Spandan Sengupta (M.No.135833)
24, Netaji Subhas Road,
2nd Floor, Room No. 24,
Kolkata – 700001 .... **Respondent**

MEMBERS PRESENT: -

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

DATE OF FINAL HEARING	:	**17-12-2025**
PLACE OF FINAL HEARING	:	**Noida**

PARTIES PRESENT:

Respondent	:	**CA. Spandan Sengupta** (through video conferencing)

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

i) **Brief of the Disciplinary Proceedings held on 17th September 2025**

On the day of hearing held on 17th September 2025, the Committee noted that the Respondent was present through VC. Since the case was listed before this Bench for

the first time, the Committee gave De-novo option to the Respondent. The Respondent opted for the de-novo hearing and was put on oath. On being asked as to whether he is aware of the charges levelled against him and whether he pleads guilty, he replied that he is aware of the charges and pleaded Not Guilty. Thereafter, the Respondent made his detailed submissions on the allegations. The Committee also posed questions to the Respondent. After hearing the submission of the Respondent, the Committee directed him to provide the following information/ documents to the Committee within 7 days: -

Directions to the Respondent: -

(i) To provide the details & break-up of Trade Payables mentioned in the Cash Flow Statement so as to substantiate his claim that the same includes the amount of Employee Benefits and Other Liabilities.

(ii) To provide, in respect of each of ten allegations in which Director (Discipline) has found him Prima Facie Guilty, a chart of deviations or otherwise from mandatory Accounting Standards, applicable sections of the Companies Act and Company Accounting Standard Rules, 2006 etc. as applicable to the listed Companies and his remarks in respect of each of them.

With the said direction the Committee decided to adjourn the matter to a future date and accordingly, the matter was **Part Heard & Adjourned**.

ii) **Brief of the Disciplinary Proceedings held on 10th November 2025**

On the day of hearing held on 10th November 2025, the Committee noted that the Respondent vide his email dated 9th November 2025 had requested for adjournment of the case due to excessive work pressure of Tax Audit. The Committee considered the adjournment request of the Respondent and decided to adjourn the matter to a future date. Accordingly, the matter was **adjourned at the request of the Respondent**.

iii) **Brief of the Disciplinary Proceedings held on 28th November 2025**

On the day of hearing held on 28th November 2025, the Committee noted that the Respondent vide his email dated 23rd November 2025 had requested for adjournment of the case due to some official commitments. The Committee considered the

adjournment request of the Respondent and decided to adjourn the matter to a future date. Accordingly, the matter was **adjourned at the request of the Respondent.**

iv) **Brief of the Disciplinary Proceedings held on 17th December 2025**

On the day of hearing held on 17th December 2025, the Committee noted that the Respondent was present through VC. Thereafter the Respondent made his detailed submissions on all the allegations. The Committee also posed questions to the Respondent. Thereafter, the Committee perused all the documents available on record along with the Prima Facie Opinion formed by the Director (Discipline). The Committee also considered the detailed written and/or verbal submissions made by the Respondent earlier and also during the course of hearing.

After due deliberations and keeping in view the facts and circumstances of the case, material on record and the verbal and/ or written submissions of the Respondent, the Committee decided to conclude the hearing holding the Respondent **Not Guilty** of any Professional or Other Misconduct in respect of Allegation No. 8 and 19. However, the Committee decided to hold the Respondent **Guilty** of the Professional Misconduct falling within the meaning of Items (5), (6), (7), (8) and (9) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 in respect of Allegation No. 1, 7, 9, 12, 13, 16 and 21.

2. **CHARGES IN BRIEF**

The Committee noted that in the Prima Facie Opinion dated 15th March 2021 formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held Prima Facie Guilty in respect of ten out of total twenty four allegations (Allegation No. 1, 7, 8, 9, 12, 13, 16, 19, 21 & 24). He was held **Prima Facie Guilty** of Professional Misconduct falling within the meaning of Items (5), (6), (7), (8) and (9) of Part-I of Second Schedule to the Chartered Accountants Act, 1949 which states as under:

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

(5) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary in making such financial statement where he is concerned with that financial statement in a professional capacity.

(6) fails to report a material misstatement known to him to appear in a financial statement with which he is concerned in a professional capacity.

(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties.

(8) fails to obtain sufficient information which is necessary for expression of an opinion, or its exceptions are sufficiently material to negate the expression of an opinion.
(9) fails to invite attention to any material departure from the generally accepted procedure of audit applicable to the circumstances".

3. **BRIEF BACKGROUND OF THE MATTER AND ALLEGATIONS: -**

In the instant case, it is stated that the Financial Reporting Review Board (FRRB) observed that being a statutory auditor of M/s Jenson and Nicholsen (India) Limited (hereinafter referred to as subject **Company**) for the FY 2012-13, Respondent failed to point out various irregularities & non-compliances in the General Purpose Financial Statements of the subject Company. The Committee noted that in the Prima Facie Opinion dated 15th March 2021 the Director (Discipline) held the Respondent Prima Facie Guilty in respect of ten allegations (Allegation No. 1, 7, 8, 9, 12, 13, 16, 19, 21 & 24) on the following counts:

- Non-Compliances with various Standards on Auditing (SA-700/ 705)
- Non-Compliances of Multiple Accounting Standards (AS - 3/15/ 29)
- Non-Compliance with disclosure requirements of Schedule VI of Companies Act, 1956
- Non-Compliance of MSMED Act 2006

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

During the course of the hearing, the Respondent made certain written as well as oral submissions in his defence, which have been duly considered. The Committee noted that, in the Prima Facie Opinion dated 15th March 2021 formed by the Director

(Discipline) under Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held Prima Facie Guilty in respect of ten out of total twenty four allegations (Allegation No. 1, 7, 8, 9, 12, 13, 16, 19, 21 & 24). The Committee examined all documents placed on record along with the written and oral submissions made by the Respondent and deliberated as under:

4.1 **Allegation No. 1: Non-compliance with the requirements of SA-700 (Forming an Opinion and Reporting on Financial Statements) & SA-705 (Modification to the Opinion in the Independent Auditor's Report)**

4.1.1 The first allegation levelled against the Respondent is that he has expressed an unqualified opinion on the financial statement of the subject Company for the financial year 2012-13. It is stated that in the extant case, banks, financial institutions and other lenders have filed legal cases against the Company for recovery of outstanding loans and interest thereon, but no provision has been made for additional interest, penal interest, liquidated damages etc. It was also noted that the Company has stopped providing for interest on all loans from banks and financial institutions on the ground that these loans were declared NPA. In this context, it was viewed that the financial statements of the subject Company were not prepared in accordance with applicable financial reporting framework and expressing unqualified opinion in extant case is not in line with Paragraph 16 of SA 700 (Forming an Opinion and Reporting on Financial Statements) which states as follows:

"16. The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework."

Moreover, it was noted that the Respondent in his report has raised certain issues on going concern in 'Report on other Legal and Regulatory requirements'. It was viewed that Company is primarily governed by Companies Act, 1956, hence reporting such important fact under 'Report on other Legal and Regulatory requirements' is neither in line with Paragraph 19 and 20 of SA 570 nor with SA 700 which provides following:

*"19. If adequate disclosure is made in the financial statements, the auditor shall express an unmodified opinion and include an **Emphasis of Matter paragraph** in the auditor's report to:*

a) *Highlight the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern; and to*
b) *Draw attention to the note in the financial statements that discloses the matters set out in paragraph 18*

20. If adequate disclosure is not made in the financial statements, the auditor shall express a qualified or adverse opinion, as appropriate. The auditor shall state in the auditor's report that there is a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern."

Accordingly, it was viewed that the auditor in the instant case has neither emphasized on uncertainty related to entity's ability to continue as going concern nor has expressed any qualification on the same.

4.1.2 In respect of instant allegation, the Committee noted that the Respondent has reported following under his Report on Other Legal and Regulatory Requirements:

Report on Other Legal and Regulatory Requirements:

"2. The banks, financial institutions and other lenders have filed legal cases against the company for recovery of outstanding loans and interest thereon. No provision has been made in these accounts for additional interest, penal interest, liquidated damages etc. amounting to Rs. 739.67 lacs as claimed by the above lenders at various legal forums. The same has been shown as contingent liability in notes to accounts attached to the said accounts. Company however had been providing interest on the above loans on a basis as considered appropriate by the management but up to 31st March 2006. However, the company has stopped providing interest on all loans from banks and financial institutions whether secured or unsecured w.e.f 01.04.2006 on the ground that these would have been declared NPA by them. Interest amounting to Rs. 88306.33 lacs up to the current year ended 31st March 2013 has not been provided but the same has also been included in contingent liability."

"3. These financial statements have been prepared on a going concern basis. The Company has incurred an operating loss during the year. The company is passing through a severe liquidity crisis and is unable to honor its commitment to lenders, preference shareholder, suppliers and employees. The bankers, financial institutions and other lenders have taken legal action for recovery of their dues. Several petitions for winding up of the company have been filed by the creditors and lenders. The company is contesting these petitions or is settling such petitions out of courts. The

company is in the process of restructuring its business and also trying to identify alternative source of finance. In the absence of adequate financial support this basis would be invalid. Provision would then have to be made for any loss that might arise when the company's assets are realized."

The Committee viewed that in terms of requirement of SA 700 read with SA 570 the comments & issues given by the Respondent under the heading "Report on Other Legal and Regulatory Requirements", should have been given under qualified opinion which the Respondent has not done. In this regard, Committee also noted that the Respondent in his written / verbal submission has also admitted such non-compliance and stated that he will ensure the compliance in future.

From the reporting done by the Respondent, the Committee noted that it is coming out that the Company has borrowed loans from banks, financial institutions and other lenders and since the loan accounts had become NPA in 2006, the Company had stopped providing for interest on all loans from banks and financial institutions due to which an interest amounting to Rs. 88306.33 lacs up to the financial year ended 31st March 2013 were not provided in the books of accounts. Further, the Company was facing liquidity crisis and was unable to honor its commitment to lenders, preference shareholders, suppliers and employees. Several legal Writ petitions were also filed against the Company for recovery of outstanding money.

In this connection the Committee viewed that the conversion of loan account into NPA does not absolve the Company from the liability of paying its outstanding dues including interest thereon. Moreover, non-provisioning of interest on Borrowings is also not in line with Para 6 of AS-16 on Borrowing Cost which provides that the borrowing cost should either be recognized as an expense in the period in which they are incurred, or they should be capitalized as a part of asset for which such borrowing is made.

Moreover, the Committee also noted that as per revised Schedule VI to the Companies Act, 1956, a Company is required to show the following items in its Profit & Loss Account: -

"(v) Finance Cost (on aggregate basis)
(a) Interest Expense
(b) Other borrowing costs
(c) Applicable net gain/loss on foreign currency translations & transactions"

Further, the Company is also required to give following disclosures in respect of loan taken by it from banks and financial institution: -

*"*Terms of repayment of term loans and other loans shall be stated.*

**Period and amount of continuing default / default as on the Balance Sheet date in repayment of loans and interest, shall be specified separately in each case."*

Accordingly, by not providing for interest, the Committee opined that the Company has not only violated the provisions of AS-16 but has also not complied with the reporting requirement of Scheduled VI of the Company's Act 1956.

In view of the foregoing, the Committee held that the Respondent had failed to comply with the requirements of SA 570, SA 700 and SA 705 and did not exercise due professional care and professional judgment while forming and expressing his audit opinion. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling under Items (7) and (9) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.2 **Allegation No. 7: Violation of AS-29 for non-provisioning of irrevocable guarantees of Rs. 15,285.78 lacs:**

4.2.1 From the contents of Para (xv) of Annexure to Auditor's Report the Committee noted that the Company had given irrevocable guarantees to banks or financial institutions for loans taken by others and as on the balance sheet date, the banks or financial institutions, have claimed a huge liability including interest against those guarantees, but the enterprise had not acknowledged it as debt on the ground that the enterprise was taken over by a buyer. Such liabilities claimed had simply been shown as contingent liability.

In this connection, the Committee noted that Paragraph 14 of Accounting Standard (AS) 29, notified under the Companies (Accounting Standard) Rules, 2006, provides following:

*"**14. A provision should be recognised when:***

- ***a) an enterprise has a present obligation as a result of a past event.***
- ***b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and***
- ***c) a reliable estimate can be made of the amount of the obligation.***

If these conditions are not met, no provision should be recognised."

4.2.2 The Committee noted that the Respondent in his defence has stated that similar observations had been continuing since the financial year 2002-03, when the Company was audited by another auditor, and that he had merely continued the observations of the previous auditor. In this regard, the Committee observed that the balance sheet of the Company had been prepared on a going concern basis, without any disclosure to the effect that the Company had been taken over by a third party. This clearly indicated that the liabilities being claimed by the banks and financial institutions constituted present obligations of the Company as on the balance sheet date, arising out of past events. From the aforesaid, the Committee noted that paragraph 14 of AS-29 requires recognition of a provision when a present obligation exists, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. In the instant case, the existence of quantified claims and recovery actions indicated that the likelihood of outflow was not remote and that a reliable estimate of the obligation was available. The Committee also observed that reliance on the policy adopted by the previous auditor does not absolve the Respondent of his independent professional responsibility to exercise judgment in the current year. Accordingly, the Committee was of the view that disclosure of the said liability merely as a contingent liability was not in conformity with the requirements of AS-29. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling under Items (5), (6) and (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, in respect of this allegation.

4.3 **Allegation No. 8: Incomplete reporting in CARO w.r.t. Term Loans**

4.3.1 The instant allegation pertains to incomplete reporting in the CARO Report with respect to term loans. In the present case, it was observed that the Respondent, in his CARO Report **[Point (xvi); A-46]** had only reported the amount of the term loan obtained by the Company, without reporting whether the said term loan had been applied for the purpose for which it was obtained, as required under the relevant clause of CARO. In this regard, the Respondent submitted that the term loan in question had been obtained from M/s Vivid Colors Private Limited for working capital requirements and for settlement of other liabilities, and not from banks or financial institutions. He further submitted that, ordinarily, term loans obtained from banks or financial institutions carry specific stipulations regarding their end-use, which was not the case in the instant matter. He further stated that, since the term loan did not

8

contain any specific clause prescribing its utilisation, the same was neither commented upon in the CARO Report nor highlighted in the Auditor's Report.

4.3.2 The Committee observed that the relevant clause of CARO requires the auditor to comment on whether term loans have been applied for the purpose for which they were obtained. The Committee noted that the Guidance Note on CARO 2003 issued by ICAI is silent as to whether this clause also covers term loans obtained from entities / persons other than banks or financial institutions. The Committee viewed that the reporting requirement under this clause is intended to address situations where the lender has stipulated specific end-use conditions for the term loan, particularly in the case of loans obtained from banks or financial institutions. Where no specific end-use stipulation exists, the Guidance Note clarifies that the auditor is required to report only to the extent of the information available and the terms of the loan agreement.

In the instant case, the Committee observed that the term loan in question was not taken from a bank or a financial institution. In the absence of any stipulated end-use condition, the Committee was of the view that there was no specific non-compliance to be reported under the said clause of CARO. In view of the foregoing, the Committee held that the Respondent had complied with the requirements of CARO read with the Guidance Note on CARO and that such reporting in the CARO could not be regarded as incomplete or misleading. Accordingly, the Committee decided to hold the Respondent **Not Guilty** of any Professional or Other Misconduct, in respect of instant allegation.

4.4 **Allegation No. 9: Non-disclosure of "Other Advances" under the head "Short-Term Loans and Advances" in accordance with the requirements of Schedule VI to the Companies Act, 1956**

4.4.1 In the instant allegation it is alleged that the Company has not complied with the reporting requirement of Schedule VI in respect of "Other Advances" shown under the head "Short-Term Loans and Advances". In the present case, it was observed that the Company in its financial statements under the head Short-Term Loans and Advances **(Note 16 – A-57)** had disclosed the aggregate amounts of other advances considered good, considered doubtful and the provision for doubtful advances. However, the same was not further classified according to their nature, as required under Schedule VI to the Act. In this regard, the Respondent submitted that the

requisite classification of other advances by nature had been duly given during the subsequent financial year 2016-17. In this context, the Committee noted the requirements of Paragraph 6(R)(i)(b) of 'General Instructions for preparation of Balance Sheet' of Part I, Revised Schedule VI to the Companies Act, 1956, which states as follows: -

"6. A company shall disclose the following in the notes to accounts:
R. Short-term loans and advances
(i) Short-term loans and advances shall be classified as:
(a) Loans and advances to related parties (giving details thereof)
(b) Others (specify nature)"

4.4.2 The Committee noted that Paragraph 6(R)(i)(b) of the "General Instructions for Preparation of Balance Sheet" contained in Part I of Revised Schedule VI to the Companies Act, 1956 mandates that "other advances" under short-term loans and advances shall be disclosed by appropriate classification to reflect their nature separately. The objective of the said provision is to ensure transparency and enable users of financial statements to understand the composition and nature of advances. The Committee considered the Respondent's submission that the requisite classification was implemented in the subsequent financial year. However, the Committee observed that compliance with the disclosure requirements of Revised Schedule VI is mandatory for each financial year independently, and subsequent correction does not mitigate non-compliance in the year under consideration.

In view of the foregoing, the Committee was of the considered opinion that the failure to classify "Other Advances" according to their nature resulted in non-compliance with the disclosure requirements prescribed under Revised Schedule VI to the Companies Act, 1956.

Accordingly, the Committee held that the Respondent failed to exercise due professional care in ensuring proper classification and disclosure of short-term loans and advances and decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Items (5) and (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation.

4.5 **Allegation No. 12: Non-disclosure of interest paid, interest unpaid, interest accrued and other related particulars in respect of MSME trade payables, as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

4.5.1 Instant allegation pertains to non-disclosure of details of interest paid, interest unpaid, interest accrued and other related particulars in respect of MSME trade payables, as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006. In the present case, it was observed that though as per requirement, amount of dues to Micro, Small & Medium Enterprises was given in the financial statement yet other information as prescribed under clauses (i) to (v) of Section 22 of the MSMED Act, 2006, such as interest due thereon, details of delay in making payment and amount of interest accrued etc. was not given and the Respondent, in his Audit Report has failed to draw attention to the aforesaid non-compliance with the provisions of Section 22 of the MSMED Act, 2006. The Committee noted that in this regard, the Respondent had submitted that the amount payable to MSME suppliers was only Rs. 7 lakhs **(Note 7 A-55)**, which, according to him, was not material, and further submitted that no interest was due on the said amount.

In this context, the Committee noted the requirements of Section 22 of MSME Act, 2006, which states as follows: -

"Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall disclose in his annual statement of accounts the following, namely: —

(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year,
(ii) the amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year,
(iii) the amount of interest due and payable for the period (where the principal has been paid but interest under Section 16 remains unpaid) at the end of each accounting year,
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year, and

(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid."

4.5.2 The Committee observed that compliance with the disclosure requirements under Section 22 of the MSMED Act, 2006 is mandatory, irrespective of the quantum involved. The concept of materiality does not override an express statutory disclosure requirement, and the absence of interest liability does not dispense with the obligation to make the prescribed disclosures. Regarding the contention of Respondent that no interest was due on amount payable to such MSME suppliers, the Committee noted that the Respondent had failed to provide any documentary evidence in support of his contention.

In view of the foregoing, the Committee held that the Respondent failed to ensure compliance with the mandatory disclosure requirements of Section 22 of the MSMED Act, 2006 and failed to report such non-compliance in the audit report. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.6 **Allegation No. 13: Non-disclosure of the nature of "Other Current Liabilities" in accordance with the requirements of paragraph 6(G)(j) of the General Instructions for Preparation of Balance Sheet contained in Part I of Revised Schedule VI to the Companies Act, 1956**

4.6.1 The instant allegation pertains to non-disclosure of the nature of "Other Current Liabilities" **(Note 8, A-55)** in accordance with the requirements of paragraph 6(G)(j) of the General Instructions for Preparation of Balance Sheet contained in Part I of Revised Schedule VI to the Companies Act, 1956. In the present case, it was observed that the Company did not disclose the nature of "Other Liabilities" included under the head Other Current Liabilities, as mandated under the aforesaid provision. It was further observed that the Respondent, in his Audit Report, failed to draw attention to the said non-compliance with the requirements of Part I of Revised Schedule VI to the Companies Act, 1956. In this regard, the Respondent submitted that the omission to report the said non-compliance in the Audit Report had occurred inadvertently. In this context, the Committee noted the requirements of paragraph 6(G)(j) of the General Instructions for Preparation of Balance Sheet contained in Part I of Revised Schedule VI to the Companies Act, 1956, which states as under: -

"6. A company shall disclose the following in the notes to accounts:
(G) Other current liabilities shall be classified as:
(a) Current maturities of long-term debt,
(b) Current maturities of finance lease obligations,
(c) Interest accrued but not due on borrowings,
(d) Interest accrued and due on borrowings,
(e) Income received in advance,
(f) Unpaid dividends,
(g) Application money received for allotment of securities and due for refund and interest accrued thereon,
(h) Unpaid matured deposits and interest accrued thereon,
(i) Unpaid matured debentures and interest accrued thereon,
(j) Other current liabilities (specify nature)"

4.6.2 The Committee noted that the disclosure of the nature of other current liabilities is a mandatory statutory requirement intended to ensure transparency and enable users of financial statements to understand the composition of liabilities. The Committee observed that inadvertence or oversight does not absolve the auditor of his responsibility to ensure compliance with statutory disclosure requirements applicable to the financial statements under audit. The Committee further noted that paragraph 6(G)(j) of the General Instructions for Preparation of Balance Sheet specifically mandates disclosure of the nature of other current liabilities. The failure to ensure such disclosure and to report the non-compliance in the audit report indicated lack of due professional care on the part of the Respondent.

In view of the foregoing, the Committee held that the Respondent failed to comply with the requirements of paragraph 6(G)(j) of Part I of Revised Schedule VI to the Companies Act, 1956. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Items (5) and (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.7 **Allegation No. 16: Adoption of Different Methods of Depreciation for the Same Group of Assets**

4.7.1 Instant allegation pertains to the adoption of different methods of depreciation for the same group of assets, wherein depreciation was provided on the Written Down Value (WDV) method up to 30.06.1986 and on the Straight Line Method (SLM) with effect from 01.07.1986. Such policy has been disclosed by the subject Company at **Point VII (c); A-50**. In the present case, it was observed that adoption of different methods of depreciation for the same class of assets was not in consonance with generally accepted accounting principles. It was further observed that the Respondent, in his Audit Report, failed to draw attention to the non-compliance with the requirements of Paragraph 5 of the Guidance Note on "Accounting for Depreciation in Companies" issued by ICAI and Circular Letter No. 10(1)-CL-VI dated 27.09.1961 issued by the Department of Company Affairs, which require consistency in the method of depreciation for similar class of assets. In respect of instant allegation, the Committee noted that Respondent has submitted that as on 31.03.2013, there was no assets pertaining to the period prior to 30.06.1986.

In this context, the Committee noted the requirements of Paragraph 5 of Guidance Note on 'Accounting for depreciation in Companies' and Circular letter No. 10(1)- CL VI dated 27-09-1961 issued by Department of Companies Affairs, which states as under: -

Paragraph 5 of the Guidance Note on "Accounting for Depreciation in Companies" (ICAI)

"5. A company may adopt more than one method of depreciation. Thus, it is permissible to follow different methods for different types of assets provided the same methods are consistently adopted from year to year in accordance with section 205(2). Also, units in different geographical locations can follow different methods of depreciation provided the same are consistently followed. (emphasis supplied)"

Circular Letter No. 10(1)-CL VI dated 27.09.1961

"It is permissible to adopt different methods for different types of assets provided the same basis is consistently adopted from year to year in accordance with the provisions of section 205(2)"

4.7.2 The Committee examined the submissions of the Respondent along with the material available on record and observed that the issue under consideration was not limited to revaluation of assets during the year but related to the adoption of different methods of depreciation for the same group of assets over different periods. The Committee noted that Paragraph 5 of the Guidance Note on Accounting for Depreciation in Companies mandates that the method of depreciation once adopted for a class of assets should be applied consistently. The Committee further observed that the Circular dated 27.09.1961 issued by the Department of Company Affairs also emphasizes consistency in the method of depreciation and does not permit arbitrary adoption of different methods for the same class of assets. Merely continuing disclosures made by an earlier auditor or relying on the absence of records does not absolve the auditor of his responsibility to assess compliance with applicable accounting guidance and to report deviations therefrom. The Committee was of the view that the Respondent, being the statutory auditor, was required to exercise independent professional judgment and due diligence. Committee also observed Note 1 to Schedule 11 of the fixed assets which states as under:

"The Company revalued its free hold land, buildings and plant & machinery as at 30.06.85 and thereafter on 30.09.95 further revalued its land and building. These revaluations resulted in net increase in value of assets by Rs. 334063 as at 30th September, 1995 which was credited to Revaluation Reserve"

In this regard, the Committee noted that though the Respondent claimed that as on 31.03.2013, there was no assets pertaining to the period prior to 30.06.1986, yet he did not bring any documentary evidence to establish the same. Moreover, as mentioned in aforesaid Note 1, revaluation reserve (reportedly created for revaluation made in 1985 and 1995) as shown in the financial statements **(A-52)** indicates the possibility of existence of assets pertaining to period prior to 30.06.1986.

Considering aforesaid, the Committee viewed that the Respondent had failed to report non-compliance with the requirements of the relevant Guidance Note and the Circular issued by the Department of Company Affairs. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Items (6) and (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.8 **Allegation No. 19: Violation of AS-3 "Cash Flow Statements" in relation to Employee Benefit Expenses Provision and Other Liabilities:**

4.8.1 The instant allegation pertains to violation of Accounting Standard (AS-3) "Cash Flow Statements" in relation to the presentation of Employee Benefit Expenses **(Note 9; A-55)** and Other Liabilities **(Note 8; A-55)** in the Cash Flow Statement (CFS) **(A-49)**. In the present case, the Committee observed that while preparing the Cash Flow Statement under the indirect method, the adjustments for changes in working capital did not separately reflect movements in employee benefits and other liabilities. Consequently, the Cash Flow Statement prepared by the Company was considered not in conformity with the requirements of AS-3. The Committee further observed that the Respondent, as statutory auditor, failed to draw attention to this non-compliance in his Audit Report. In this regard, the Respondent has submitted that the amount relating to employee benefits and other liabilities were included under Trade and Other Payables in the Cash Flow Statement and that the term Trade Payables was inadvertently used. He further submitted that since there was no financial anomaly in the overall cash flow, the same was not reported in his Audit Report.

4.8.2 During the course of hearing held on 17th September 2025, the Respondent was directed by the Committee to furnish the details and break-up of Trade Payables as reflected in the Cash Flow Statement to substantiate his claim that the said figure included employee benefits and other liabilities. In compliance with the said direction, the Respondent had duly submitted the requisite details and break-up. The Committee perused the details furnished by the Respondent and noted that the amount disclosed under Trade Payables in the Cash Flow Statement did, in fact, include the balances relating to employee benefits and other liabilities. The Committee, after carefully considering the submissions of the Respondent and examining the detailed break-up of Trade Payables furnished pursuant to the direction of the Committee, observed that although the classification in the Cash Flow Statement was not appropriately described, the underlying amounts had been aggregated under the head of working capital changes.

4.8.3 The Committee noted that AS-3 (Cash Flow Statements) does not mandate a separate line-wise disclosure of each component of working capital in the Cash Flow Statement, provided that the overall movements are appropriately captured, and the cash flows are not misstated. In the present case, although the description used in the Cash Flow Statement referred to Trade Payables, the Committee observed that

the underlying figure comprised trade payables as well as employee benefits and other current liabilities, as substantiated by the break-up provided by the Respondent. The Committee further observed that no distortion of operating cash flows or misstatement of net cash generated from operating activities was established. The Committee was, therefore, of the view that the issue pertained to description and presentation, rather than to a substantive violation of AS-3. Accordingly, the Committee decided to hold the Respondent **Not Guilty** of any professional or other misconduct, in respect of instant allegation.

4.9 **Allegation No. 21: Violation of AS-15 (Employee Benefit) Non-disclosure of "Changes in Fair Value of Plan Assets" and other prescribed disclosures as required under AS-15**

4.9.1 The instant allegation pertains to the non-disclosure of "Changes in Fair Value of Plan Assets" and other prescribed disclosures as required under AS-15 **(Note-35; A-61)**. In the present case, the Committee observed that the Company had made only limited disclosures in respect of gratuity and leave encashment liabilities. It was further observed that under the head "Liabilities recognised in the Balance Sheet", the present value of defined benefit obligation was stated to be exactly equal to the liability recognised, with the entire amount reported as a deficit, indicating that the said liabilities were unfunded. However, no explicit disclosure was made to the effect that no plan assets were held against such defined benefit obligations. The Committee viewed that where no plan assets exist, the fact of non-existence of plan assets is required to be specifically disclosed in accordance with paragraph 120(d) of AS-15, which mandates disclosure of the fair value of plan assets. Further, the absence of any plan assets also has a bearing on the disclosures relating to reconciliation of defined benefit obligation and plan assets, as prescribed under paragraphs 120(c), 120(l) and 120(n) of AS-15. In this regard, the Respondent has submitted that there were no plan assets underlying the employee benefit obligations of the Company and, therefore, separate disclosure regarding non-availability of plan assets was not made. He stated that the position was implicitly reflected by reporting the entire obligation as an unfunded liability under the disclosure relating to fair value of plan assets. The Committee noted that the Respondent has submitted that henceforth, he would advise the Company to review the disclosures and ensure compliance with the requirements of AS-15 and would appropriately report any non-compliance in the Auditor's Report. In this context, the Committee noted the requirements of paragraph 120 (c), (d), (l) and (n) of AS 15, which states as under: -

"120. An enterprise should disclose the following information about defined benefit plans:

(c) a reconciliation of opening and closing balances of the present value of the defined benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:

(i) current service cost,
(ii) interest cost,
(iii) contributions by plan participants,
(iv) actuarial gains and losses,
(v) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency,
(vi) benefits paid,
(vii) past service cost,
(viii) amalgamations,
(ix) curtailments, and
(x) settlements

(d) An analysis of the defined benefit obligation into amounts arising from plans that are wholly unfunded and amounts arising from plans that are wholly or partly funded,

(l) the principal actuarial assumptions used as at the balance sheet date, including, where applicable:
(i) the discount rates,
(ii) the expected rates of return on any plan assets for the periods presented in the financial statements,
(iii) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset in accordance with paragraph 103,
(iv) medical cost trend rates; and
(v) any other material actuarial assumptions used.

An enterprise should disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

Apart from the above actuarial assumptions, an enterprise should include an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(n) the amounts for the current annual period and previous four annual periods of:
(i)the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
(ii)the experience adjustments arising on:
(A) the plan liabilities expressed either as
(1) an amount or
(2) a percentage of the plan liabilities at the balance sheet date, and
(B) the plan assets expressed either as
(1) an amount or
(2) a percentage of the plan assets at the balance sheet date"

4.9.2 The Committee, after considering the submissions of the Respondent, observed that AS-15 requires explicit and comprehensive disclosures, and mere inference from numerical figures does not substitute for specific disclosures mandated by the Standard. The Committee noted that paragraph 120(d) of AS-15 specifically requires disclosure of the fair value of plan assets, and where no plan assets exist, the fact of non-existence of such assets is required to be clearly disclosed. The Committee further noted that paragraphs 120(c), 120(l) and 120(n) of AS-15 require detailed disclosures relating to reconciliation of defined benefit obligations, reconciliation of plan assets, and other material information necessary to enable users of financial statements to understand the nature and financial effect of defined benefit plans. Non-disclosure of the absence of plan assets renders these disclosures incomplete and misleading. The Committee was of the view that the Respondent, as the statutory auditor, would have ensured full compliance with the disclosure requirements of AS-15 and drawn attention to such non-compliance in his Audit Report. The explanation that corrective action would be taken in future years does not mitigate the failure to comply with the Standard during the year under consideration.

In view of the above, the Committee concluded that the Respondent failed to ensure compliance with the disclosure requirements of paragraph 120(c), (d), (l) and (n) of AS-15 and did not exercise due professional care in this regard. Accordingly, the

Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling within the meaning of Items (5), (7) and (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.10 **Allegation No. 24: Non-compliance with various Accounting Standards, wherein the Respondent issued an unmodified audit opinion and reported that the financial statements complied with the applicable Accounting Standards**

4.10.1 The instant allegation pertains to non-compliance with various Accounting Standards, wherein it is alleged that the Respondent issued an unmodified audit opinion and reported that the financial statements complied with the applicable Accounting Standards. In respect of instant allegation, the Committee, observed that the issue relating to non-compliance with the various Accounting Standards and the consequential impact on the audit opinion has already been examined and adjudicated in detail while dealing with the respective individual allegations in the preceding paragraphs. Accordingly, the Committee decided that no separate finding or observation is required to be recorded under this allegation, as the respective allegations have already been addressed in the preceding paragraphs.

5. **CONCLUSION**

Thus, in the considered opinion of the Committee, the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Items (5), (6), (7), (8) and (9) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

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

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

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

Sd/-
(CA. Chandrashekhar Vasant Chitale)
MEMBER

Sd/-
(CA. Vishnu Kumar Agarwal)
MEMBER

DATE: 29.01.2026
PLACE: New Delhi

प्रमाणित होने के लिए प्रमाणित / Certified to be True Copy
गीता अनिवास कुमार / Gheeta Anivadha Kumar
कार्यपालक अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय चार्टर्ड 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.)