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.: [PR/G/255/21/DD/210/2021/DC/1966/2025]

Shri M. K. Sahoo, Additional Director
Serious Fraud Investigation Office (SFIO),
Ministry of Corporate Affairs, Government of India,
2nd Floor, Pt. Deendayal Antyodaya Bhawan,
CGO Complex, Lodhi Road,
New Delhi - 110003

..... Complainant

Versus

CA. Tapas Chakrabarti (M No. 007917)
121, Harish Mukherjee Road,
Kolkata 700 026

..... 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 July 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. Tapas Chakrabarti (M No. 007917)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional Misconduct falling within the meaning of Item (5), (6) & (7) 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 July 2026.

3. The Committee noted that on the date of hearing on 23rd July 2026, the Respondent was present through VC and made verbal submissions on the findings of the Committee. An opportunity was given for the submission of written representations; however, the Respondent failed to file any written response/submissions. The Committee noted that the Respondent, in his verbal submissions, inter alia stated, as under: -

- That the lapse pertained to his failure to report the balances of subsidiary companies in the audited financial statements, explaining that he had not disclosed the balances as they were not supported by confirmations from the respective subsidiaries.
- That he had acted in accordance with his professional judgment at the relevant time.
- That he was 85 years of age, had been in practice for nearly 60 years, and was suffering from serious health issues.
- That he was solely dependent on his proprietorship practice and requested the Committee to take a lenient view.

4. The Committee noted that the matter was reserved for passing Order and was listed on 23rd October 2026 for pronouncement. However, the Respondent vide email dated 22nd October 2026 sought an adjournment which was not acceded to by it. The Committee noted that the Respondent was not present.

5. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal submissions 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.

6. Thus, keeping in view the facts and circumstances of the case, material on record including verbal submissions of the Respondent on the Findings, the Committee noted that Ministry of Corporate Affairs (MCA) has directed to Serious Fraud Investigation Office (SFIO) to

investigate into the affairs of the M/s Prayag Infotech Hi-Rise Limited (PIHRL) and it's 21 Group Companies. The Committee further noted that two Companies of the said Group namely Prayag Infotech Hi-Rise Limited (PIHRL) & Prayag Infotech Network Private Limited (PINPL) were directly involved in fund raising. The Respondent was the Statutory Auditor of two Group Companies namely (i) Samudra Villa Private Limited (SVPL) for financial years 2012-13 to 2015-16 and (ii) Sashi Kumar Tea Company Private Limited (SKTCPL) for financial years 1992-93 to 2013-14.

7. In respect of charge regarding disparity in Related Party Disclosure w.r.t Short-term Borrowings from an Associated Body Corporates of Rs. 29.83 crores in Financial Year 2012-13, the Committee noted that, although an amount of Rs. 29.83 crores has been disclosed under Short-Term Borrowings as "Advance from Body Corporate", the Respondent, in his Statement on Oath, has categorically revealed the true nature of the said amount as a "Loan availed from PINPL". The Committee observed that since the subject Company, namely SVPL, had availed a loan from its Group Company, PINPL, there is an incorrect reporting under paragraph (iii) of the CARO by the Respondent.

8. In respect of charge regarding adjustment of amount taken from one Group Company with amount given to another Group Company by way of Journal Entries, the Committee noted that a portion of loan has also been adjusted against Share Application Money received from PIHRL. The Committee further noted that unutilised share application money pending allotment constitutes a refundable liability which is required to be disclosed separately in the financial statements in accordance with Schedule VI to the Act, and the same cannot be treated as share capital or as loans or advances unless shares are duly allotted in accordance with law. Thus, the Committee observed that such adjustment of loan by the Subject Company against Share Application Money was incorrect on the part of the Company which the Respondent failed to report.

9. In respect of charge regarding wrong reporting in respect of Related Party Disclosure in the financial statement of SVPL during the Financial Year 2015-16, the Committee noted that during the financial year 2015-16, the subject Company has not disclosed any Company as its Holding Company or Associate Company under its Related Party Disclosure. Upon perusal of Schedule 1D forming part of the Share Capital, the Committee noted that PIHRL was shown as holding 99.99% of the Share Capital of SVPL, thereby establishing a holding–subsidiary relationship. Thus, the Committee observed that such omission is clearly evident from pursual of Related Party Disclosure made by the subject Company. 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.

10. 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.

11. Thus, the Committee upon considering the seriousness of charges and the gravity of the matter, 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. Tapas Chakrabarti (M No. 007917), Kolkata to be Reprimanded, removed his name from the Register of Members for a period of one (01) month 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
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 – 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. – [PR/G/255/21/DD/210/2021/DC/1966/2025]

In the matter of:

Shri M. K. Sahoo, Additional Director
Serious Fraud Investigation Office (SFIO),
Ministry of Corporate Affairs, Government of India,
2nd Floor, Pt. Deendayal Antyodaya Bhawan,
CGO Complex, Lodhi Road,
New Delhi - 110003 ..... **Complainant**

Versus

CA. Tapas Chakrabarti (M No. 007917)
121, Harish Mukherjee Road,
Kolkata 700 026 ..... **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) **Shri 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:

Counsel of the Complainant	:	**Adv. Shankari Mishra** (Through Video Conferencing)
Authorised Representative of the Respondent	:	**CS. Anil Dubey** (Through Video Conferencing)

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

i) **Brief of the Disciplinary Proceedings held on 10th July 2025**

On the day of first hearing held on 10th July 2025, the Committee noted that the Counsel of the Complainant was present in person. The Committee also noted that the Respondent vide his email dated 2nd July 2025 placed his adjournment request on grounds of health issues. The Committee considered the adjournment request of the Respondent and decided to adjourn the matter to a future date. With this the hearing in the matter was **adjourned at the request of the Respondent**.

ii) **Brief of the Disciplinary Proceedings held on 24th July 2025**

On the day of hearing held on 24th July 2025, the Committee noted that the Counsel of the Complainant and the Respondent were present through VC. Thereafter, the Respondent was put on oath. On being enquired from the Respondent as to whether he has received a copy of Prima Facie Opinion formed by Director (Discipline), he replied that he has received the copy of Prima Facie Opinion. 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 requested for the adjournment on grounds of death in the family of his Counsel. The Counsel of the Complainant also requested for the adjournment on grounds of non-availability of the concerned officer. The Committee considered the adjournment request of the Respondent and the Complainant and decided to adjourn the matter to a future date. With this the hearing in the matter was **Part Heard & Adjourned at the request of the Complainant and the Respondent**.

iii) **Brief of the Disciplinary Proceedings held on 18th August 2025**

On the day of hearing held on 18th August 2025, the Committee decided to defer the hearing in the instant matter due to paucity of time.

iv) **Brief of the Disciplinary Proceedings held on 8th September 2025**

On the day of hearing held on 8th September 2025, the Committee noted that the Counsel of the Complainant and the Counsel of the Respondent were present through VC. The Counsel of the Complainant and the Counsel of the Respondent made their detailed submissions on the allegations. The Committee also posed questions to both the parties. The Committee directed the Respondent to provide the following information / documents to the Committee within 7 days: -

Directions to the Counsel of the Respondent: -

i) To clarify as to whether the short-term borrowings from body corporates amounting to Rs. 29.83 crores were taken from single party or multiple parties and if the same pertains to multiple parties, to provide the party wise break-up of such amount.

Directions to the Counsel of the Complainant: -

i) To clarify as to whether the short-term borrowings from body corporates amounting to Rs. 29.83 crores were taken from single party or multiple parties and if the same pertains to multiple parties, to provide the party wise break-up of such amount.
ii) To elaborate as to how adjustment done on the basis of Book Entry is violative of Accounting Standard and relevant Taxation Laws.
iii) To explain & elaborate on the intention of the Company behind not disclosing the name of Holding Company in the Related Party Disclosure.

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

v) **Brief of the Disciplinary Proceedings held on 22nd September 2025**

On the day of hearing held on 22nd September 2025, the Committee noted that the Counsel of the Complainant was present through VC, however, the Respondent vide his email dated 18th September 2025 had placed his adjournment request stating that he requires some time to gather the documents relating to Short-Term Borrowings of Rs. 29.83 Crores. The Counsel of the Complainant also requested for the adjournment stating that she also requires time for gathering the information / documents sought by the Committee in the previous hearing. The Committee considered the adjournment request of both the parties and decided to adjourn the matter to a future date. With this the hearing in the matter was **adjourned at the request both the parties**.

vi) **Brief of the Disciplinary Proceedings held on 23rd October 2025**

On the day of hearing held on 23rd October 2025, the Committee noted that the Authorised Representative of the Respondent was present through VC, however, the Counsel of the Complainant vide her email dated 22nd October 2025 requested for adjournment of the case stating that she is not available on the date of the hearing. Thereafter the Counsel of the Respondent made certain submissions. After hearing his submissions, the Committee decided to give one more opportunity to the Counsel of the Complainant and accordingly, adjourned the matter to a future date. With this the hearing in the matter was **Part heard and Adjourned.**

vii) **Brief of the Disciplinary Proceedings held on 6th November 2025**

On the day of hearing held on 6th November 2025, the Committee noted that the Counsel of the Complainant and the Authorised Representative of the Respondent were present through VC. The Counsel of the Complainant made her detailed submissions on the allegations. The Committee also posed questions to the Counsel of the Complainant. Thereafter, the Authorised Representative of the Respondent requested to provide him another date for arguing the case on the merits. The Committee acceded to his request and decided to give one final opportunity to the Authorised Representative of the Respondent. Accordingly, the hearing in the matter was **Part heard and Adjourned at the request of the Respondent.**

viii) **Brief of the Disciplinary Proceedings held on 21st November 2025**

On the day of hearing held on 21st November 2025, the Committee noted that the Respondent vide his email dated 19th November 2025 had requested for the adjournment of the case stating that he is participating in the 50th Regional meet of ICAI to be held at Kolkata on the date of hearing. The Counsel of the Complainant also vide her email dated 19th November 2025 requested for the adjournment of the case stating that she is suffering from viral fever. The Committee considered the adjournment request of the Respondent and the Counsel of the Complainant and decided to adjourn the matter to a future date. With this the hearing in the matter was **adjourned at the request of both the parties.**

ix) **Brief of the Disciplinary Proceedings held on 9th December 2025**

On the day of hearing held on 9th December 2025, the Committee noted that the Respondent vide his email dated 4th December 2025 had requested for the adjournment of the case stating that his Authorised Representative, CS. Anil Dubey, would be out of station

on the date of hearing. The Committee considered the adjournment request of the Respondent and decided to give one final opportunity to the Respondent. With this the hearing in the matter was **adjourned at the request of the Respondent.**

x) **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 Counsel of the Complainant and the Authorized Representative of the Respondent were present through VC. Thereafter both the parties, i.e., the Counsel of the Complainant and the Authorized Representative of the Respondent, made their detailed submissions on the allegations. The Committee also posed questions to both the parties.

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 parties 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**.

2. **CHARGES IN BRIEF**

The Committee noted that in the Prima Facie Opinion dated 31st December 2024 formed by Director (Discipline) / Disciplinary Committee 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 **three out of four allegations being Allegation No. 1, 2 and 4**. Under these allegations he was held Prima Facie Guilty of Professional Misconduct falling within the meaning of Items (5), (6) and (7) 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"

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

In the instant case, the Ministry of Corporate Affairs in exercise of its power under Section 212(1)(a) of the Companies Act, 2013 directed Serious Fraud Investigation Office (hereinafter referred to as **'SFIO'/'Complainant Department'**) to investigate into the affairs of the M/s Prayag Infotech Hi-Rise Limited **(PIHRL)** and it's 21 Group Companies (hereinafter referred to as **'Prayag Group'**). The investigation has revealed that the Directors of some of the Group Companies were collecting money from public under various schemes camouflaged as advance against real estate, advance against timeshare holidays, & issue of redeemable preference shares through private placements etc. It is stated that two Companies of the said Group namely Prayag Infotech Hi-Rise Limited **(PIHRL)** & Prayag Infotech Network Private Limited **(PINPL)** were directly involved in fund raising. The Respondent was the Statutory Auditor of two Group Companies namely (i) Samudra Villa Private Limited **(SVPL)** for financial years 2012-13 to 2015-16 and (ii) Sashi Kumar Tea Company Private Limited **(SKTCPL)** for financial years 1992-93 to 2013-14.

Allegation No. 1: It is alleged that during the Financial Year 2012-13 the Balance Sheet of SVPL revealed that it had a Short-Term Borrowing of Rs. 29.83 crores **(C-920)** in the name of Advance from Body Corporate **(Note3.4; C-920)**, however, under Related Party Disclosure at Note no. 3.24 **(C-927)** of notes to financial statement, an amount of only Rs 23.35 crores **(C-927)** was shown. When the Respondent was asked to provide the reason for the difference between the two (i.e., Rs 29.83 crore vis-a-vis Rs 23.35 crore) he admitted in his Statement on oath dated 19.04.2019 **(C-997 – Q. No. 6)** that there appears to be a misstatement in the Related Party Disclosure.

Allegation No. 2: It is alleged that during the F.Y 2013-14, SVPL through its journal entries on 31.03.2014 had adjusted a loan availed from one of the Group Company namely Prayag Infotech Network Private Limited **(PINPL)** against loan given to another Group Company namely Prayag Infotech Hi-Rise Limited **(PIHRL)** and share application money received from PIHRL during F.Y 2010-11. As a result of these adjustments, SVPL eliminated its liabilities by Rs. 29.83 crore **(C-941)** towards PINPL and shifted a part of the said liability to PIHRL for Rs. 4.34 crore (**C-941**). The Respondent, in his Statement on oath dated 19.04.2019 **(C-997, Q. No. 7)** had admitted that the said transactions were not routed through bank but were merely book entries passed through journal which defies the extant provisions of the Income Tax Act.

Allegation No. 4: It is alleged that during the Financial Year 2015-16 the Related Party Disclosure of SVPL mentioned that the Company does not have any Holding / Associate Company **(Note 7 – C-993)**, whereas Schedule 1D of the Share Capital **(C-983)** shows that PIHRL holds 99.99% of Share Capital **(C-983)** of SVPL. The Respondent in his Statement on oath dated 19.04.2019 **(C-998, Q. No. 9)** had admitted that there was an omission in the Related Party Disclosures.

4. SUBMISSION OF THE RESPONDENT AND FINDINGS OF THE COMMITTEE:

4.1 Allegation 1: - Disparity in Related Party Disclosure w.r.t Short-term Borrowings from an Associated Body Corporates of Rs. 29.83 crores in Financial Year 2012-13.:

It is alleged that during the Financial Year 2012-13 the Balance Sheet of SVPL revealed that it had a Short-Term Borrowing of Rs. 29.83 crores **(C-920)** in the name of Advance from Body Corporate **(Note3.4; C-920)**, however, under Related Party Disclosure at Note no. 3.24 **(C-927)** of notes to financial statement, an amount of only Rs 23.35 crores **(C-927)** was shown. When the Respondent was asked by the Complainant Department to provide the reason for the difference between the two (i.e., Rs 29.83 crore vis-a-vis Rs 23.35 crore) he admitted in his Statement on oath dated 19.04.2019 **(C-997 – Q. No. 6)** that there appears to be a misstatement in the Related Party Disclosure.

4.1.1 During the course of hearing as well as in his written submissions, the Respondent stated that, in the books of account for the financial year 2012-13, Short-Term Borrowings from Associated Body Corporate were reflected as ₹29.83 crores, whereas the same were disclosed as ₹23.35 crores in the Notes to Accounts since no confirmation on account was received in respect of difference in amount of Rs. 6.48 crores. The Respondent further submitted that he had challenged his Statement on Oath dated 19.04.2019 which is presently pending before the Court.

4.1.2 During the course of the hearing held on 8th September 2025, the Committee directed both the Counsel of the Complainant and the Authorised Representative of the Respondent to clarify whether the Short-Term Borrowings from body corporates amounting to ₹29.83 crores had been availed from a single party or from multiple parties and, in the event of the same being from multiple parties, to furnish a party-wise break-up thereof. In response, the Counsel of the Complainant submitted that the entire borrowing of ₹29.83 crores pertained to a single party, namely Prayag Infotech Network Private Limited (PINPL). The Committee also perused the Statement on Oath of the Respondent dated 19.04.2019. From his

response to Q. No. 7, it is coming out that entire Rs. 29.83 crores were towards loan availed from a single party.

4.1.3 In respect of the instant allegation, the Committee also perused the financial statements **(C-908 to C-929)** of the subject Company, namely Samudra Villa Private Limited (SVPL), for the financial year 2012–13 and observed that an amount of Rs. 29.83 crores are reflected under Note 3.4 **(C-920)** pertaining to Short-Term Borrowings as "Advance from Body Corporate (Unsecured and considered good)", whereas under Note 3.24 **(C-926 and C-927)** relating to Related Party Disclosures, an amount of only Rs. 23.35 crores **(C-927)** is disclosed under the head 'Holding Company'. Accordingly, the Committee noted that there is apparent disparity in the figures mentioned in the two notes in the financial statements. Moreover, the Committee also observed that, in his report under CARO, 2003, in paragraph (iii) **(C-910)**, the Respondent has reported as under:

"As *informed to us, the* ***company has neither granted nor taken any loan from the companies, firms or other parties covered in the register maintained under section 301*** *of the companies Act 1956."*

The Committee noted that, although an amount of Rs. 29.83 crores **(C-920)** has been disclosed under Short-Term Borrowings as "Advance from Body Corporate" **(C-920)**, the Respondent, in his Statement on Oath, has categorically revealed the true nature of the said amount as a "Loan availed from PINPL" **(C-997, reply to Question No. 7)**. Accordingly, the Committee observed that since the subject Company, namely SVPL, had availed a loan from its Group Company, PINPL, there is an incorrect reporting under paragraph (iii) of the CARO by the Respondent. Considering the aforesaid deliberations, the Committee held the Respondent **Guilty** of Professional Misconduct falling under Items (6) and (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, in respect of instant allegation.

4.2 **<u>Allegation No. 2- Adjustment of amount taken from one Group Company with amount given to another Group Company by way of Journal Entries</u>**

It is alleged that during the financial year 2013-14, the subject Company, namely Samudra Villa Private Limited (SVPL), through its journal entries passed on 31.03.2014, had adjusted the loan availed from one of its Group Companies, namely, Prayag Infotech Network Private Limited (PINPL) against the loan given to another Group Company, namely, Prayag Infotech Hi-Rise Limited (PIHRL) and against the Share Application Money received from PIHRL during the financial year 2010-11. It is alleged that as a result of these adjustments, SVPL eliminated its liability of ₹29.83 crores towards PINPL and shifted a part of the said liability amounting to ₹4.34 crores to PIHRL **(C-941)**. The Respondent, in

his Statement on Oath dated 19.04.2019 **(C-997, reply to Question No. 7)**, admitted that the aforesaid transaction was not routed through the banking channel but was effected merely by passing journal entries which are contrary to the provisions of the Income-tax Act **(C-21)**.

4.2.1 With regard to the **1st leg** of the instant allegation, it is alleged that during F.Y 2013-14, the Subject Company, i.e., SVPL, has adjusted a loan availed from one of its Group Company, i.e., PINPL against loan given to another Group Company, i.e., PIHRL. In respect of instant allegation, the Committee perused the financial statements of the subject Company, M/s Samudra Villa Private Limited (SVPL), for the financial year 2013-14 and noted that the Company had set-off a portion of the Short-Term Borrowings obtained from PINPL amounting to Rs. 29.83 crores **(Note 3.4 – C-941)** against the loan receivable from PIHRL amounting to Rs. 24.62 crores **(Note 3.10 – C-943)**. The Committee observed that adjustment of funds among Group Companies is a prevalent commercial practice which is also not prohibited under any specific provision of the Companies Act, 1956. The Committee viewed that in the absence of any statutory prohibition, the instant charge against the Respondent does not stand.

4.2.2 Regarding **2nd leg** of the instant allegation that a portion of loan has also been adjusted against Share Application Money received from PIHRL, the Committee observed that, unutilised share application money pending allotment constitutes a refundable liability which is required to be disclosed separately in the financial statements in accordance with Schedule VI to the Act, and the same cannot be treated as share capital or as loans or advances unless shares are duly allotted in accordance with law. Accordingly, the Committee viewed that such adjustment of loan by the Subject Company against Share Application Money was incorrect on the part of the Company which the Respondent failed to report. The Committee accordingly 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 the 2nd leg of the instant allegation.

4.3 **Allegation 4- Wrong reporting in respect of Related Party Disclosure in the financial statement of subject Company during the Financial Year 2015-16.**

The Complainant has alleged that during the Financial Year 2015-16 on one hand the subject Company has reported PIHRL as holding 99.99% of share capital of subject Company under Schedule 1D of the Share Capital **(C-983)** whereas on the other hand, the subject Company has not reported PIHRL as a holding Company of the Subject Company

under Note 7 of Related Party Disclosure **(C-993).** The Respondent in his Statement on oath dated 19.04.2019 **(C-983, Q. No. 9)** had admitted that there appears to be an omission in the Related Party Disclosures **(C-22 to C-23)**.

4.3.1 In respect of the aforesaid allegation, the Committee noted that during the financial year 2015-16, the subject Company has not disclosed any Company as its Holding Company or Associate Company under its Related Party Disclosure **(Note 7- C-993)**. However, upon perusal of Schedule 1D forming part of the Share Capital **(C-983)**, the Committee observed that PIHRL was shown as holding 99.99% of the Share Capital of SVPL, thereby establishing a holding–subsidiary relationship. Thus, such omission is clearly evident from pursual of Related Party Disclosure made by the subject Company. Accordingly, the Committee decided to hold the Respondent **Guilty** of Professional Misconduct falling under Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 for such a gross negligence.

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) and (7) 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

सीए. अनुज कुमार / CA. Anshul Kumar
सहायक निदेशक / Assistant Director
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.)