भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE BENCH-II (2026-2027)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

File No.: [PR/G/189/2023/DD/124/2024/DC/2060/2025]
In the matter of:
Ms. Ankita Lahoty, ICLS,
Deputy Registrar of Companies,
Office of the Registrar of Companies,
Gujrat, Dadra & Nagar Haveli,
Ministry of Corporate Affairs
Government of India,
ROC Bhavan, Opp. Rupal Park,
Near Ankur Bus Stand, Naranapura,
Ahmedabad – 380013

..... Complainant

Versus

CA. Vishal Kumar Damjibhai Kapuria (M. No.127592),
Partner, M/s. NDVR & Co.,
Chartered Accountants,
A-713, Mondeal Heights,
ISCON Cross Road,
NR, Wide Angle, Besides Novotel Hotel, Satellite
Ahmedabad – 380015

.....Respondent

MEMBERS PRESENT:

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

DATE OF HEARING: 15th October 2026
DATE OF PRONOUNCEMENT OF ORDER: 15th October 2026
DATE OF ORDER: 15th October 2026

1. That vide Findings dated 29th August 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. Vishal Kumar Damjibhai Kapuria (M. No.127592), Ahmedabad, (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional Misconduct falling within the meaning of Item (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 communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 03rd October 2026. The Committee noted that on the date of hearing on 03rd October 2026, the Respondent was not present. The Committee noted that an opportunity to make representation before it was once again granted to Respondent on **15th October 2026**.

3. On the day of hearing on 15th October 2026, the Committee noted that the Respondent was present through VC and appeared before it. The Committee further noted that an opportunity was given for the submission of written representations; however, the Respondent failed to file any written response/submissions.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct.

5. Thus, keeping in view the facts and circumstances of the case, material on record, it was noted that the Respondent had certified the financial statements of M/s Divyam Infracon Pvt. Ltd. for the financial year 2014-15.

6. As regards the charge that during financial year 2014-15, the Company had unsecured loan of Rs. 50.21 lakhs which appears to public deposits which is without approval of competent authority, it was noted that the amount of Rs. 50.21 lakhs include the loans that were received from the relatives of the Directors and not received from the director of the Company. Accordingly, these amounts were required to be examined in light of the provisions relating to acceptance of deposits under Sections 73 and 76 read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014. The Committee further observed that the Company disclosed unsecured loan amounting to Rs. 40.31 Lakhs under a consolidated head without providing the classification prescribed under Schedule III of the Companies Act, 2013. Despite these non-compliances, the Respondent being the statutory auditor of the Company issued an unmodified audit report. The Committee was, therefore, of the view that the Respondent's failure to report such non-compliances demonstrated a lack of due diligence in the discharge of his professional duties.

7. As regards the charge that the Respondent has filed unsigned financial statement along with the AOC-4 form for financial year 2014-15, it was noted that the financial statements so uploaded had been signed by only one director and the Respondent. The Committee noted that the provisions of Section 134 of the Companies Act, 2013 requires financial statements to be approved by the Board of Directors and signed on behalf of the Board, or by two directors one of whom shall be the Managing Director, together with the Chief Executive Officer, Chief Financial Officer and Company Secretary wherever appointed. In view of the aforesaid statutory requirements, the Committee was of the view that the financial statements filed by the Respondent, having not been authenticated in accordance with the applicable statutory provisions, demonstrated that the Respondent had failed to exercise due diligence in the discharge of his professional duties. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th August 2026 which is to be read in consonance with the instant Order being passed in the case.

8. 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.

9. **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 CA. Vishal Kumar Damjibhai Kapuria (M. No.127592), Ahmedabad be Reprimanded and also imposed a fine of Rs. 1,00,000/- (Rupees One Lakh only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.**

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

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

CONFIDENTIAL

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

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

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

File No:- [PR/G/189/2023/DD/124/2024/DC/2060/2025]
In the matter of:
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..... Complainant

Versus

CA. Vishal Kumar Damjibhai Kapuria (M. No.127592),
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.....Respondent

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

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

PARTIES PRESENT:
Counsel for Respondent : CS. Vinit Nagar (Through VC)

1. **Background of the Case:**

1.1 It is stated that the Complainant Department has received a credible information that certain chartered accountants had indulged in incorporation scam of power bank scam and diverting money to china by facilitating/ helping the foreign national to open Company in India by violation of various provision of the Companies Act, 2013, the Fema Regulation, 1999, the RBI Act and the Money Laundering Act. The Complainant stated that director and professionals of the Company were part of more than Rs. 360 cr. fraud by online app "Power Bank App" and involved in money rotation by involvement of Chinese nationals. The Complainant has alleged that the Respondent has certified Financial Statements of M/s Divyam Infracon Pvt Ltd. (hereinafter referred to as "Company") for the financial year 2014-15 without due diligence

2. **Charges in brief:**

2.1. That during the financial year 2014-15, the Company has unsecured loan of Rs. 50.21 lakhs which appears to be public deposits, which is without getting approval of competent authority.

2.2. It is alleged that the Respondent has filed unsigned Financial Statements and also failed to report the non-compliances in his Report.

3. **The relevant issues discussed in the Prima Facie Opinion dated 21st March 2025 along with initial Prima Facie Opinion dated 19th September 2024 formulated by the Director (Discipline) in the matter in brief, are given below:-**

3.1. With regard to the first charge, it was alleged that during the financial year the Company had unsecured loan of Rs. 50.21 lakhs which appeared to be public deposits. In response to the same, the Respondent stated that the Complainant department had failed to provide supporting documents to substantiate this claim. It was noted that the Respondent in his written statement had given details of the Short-Term Borrowing which was reflected under the heading 'Current Liabilities' in the Balance Sheet for the Financial Year 2014-15.

3.2. In this regard, it was observed that Sections 73 and 76 of the Companies Act, 2013 stipulated provisions with regard to acceptance of deposits from public by certain companies.

3.3. From the perusal of aforementioned Sections 73 and 76 of the Companies Act, 2013, in conjunction with Rule 2(1)(c) & (e) of the Companies (Acceptance of Deposits) Rules, 2014, it was evident that deposit from director did not fall under the category of public deposits. It was also noted that though Rule 2(1)(c)(viii) had been amended w.e.f. 15.09.2015, wherein both deposit from the directors, and their relatives did not fall under the category of public deposits.

3.4. However, considering the relevant provision of Rule 2(1)(c) & (e) of the Companies (Acceptance of Deposits) Rules, 2014 which were applicable at the relevant time in the instant case (i.e., provisions before 15.09.2015), amount received by the Company from a person other than director of the Company i.e., Loan from Mr. Gobarabhai N. Chothani amounting to INR 10,33,596/- and Mr. Naranbhai Dudabhai Katrera amounting to INR 5,00,000/- in the instant case would have been considered as deposit. However, the same had neither been disclosed by the Company nor pointed out by the Respondent in his Audit Report for the financial year 2014-15.

3.5. From the above provision, it was noted that the Company had unsecured loans (others) amounting to INR 4,031,434 which were cumulatively reflected under the heading 'Short Term Borrowings' in the balance sheet of the Company for the financial year 2014-15 without any further bifurcation of the same as per the aforesaid requirement of Revised Schedule VI. Thus, the requirement of Revised Schedule VI was also not complied with which the Respondent as auditor also failed to report. Accordingly, the Respondent was held prima facie **GUILTY** on this charge for the failure to draw attention to this deviation in his Audit Report for professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

3.6. With regard to second charge, it was alleged that the Respondent had filed unsigned financial statements of the Company along with Form AOC 4. In this regard, it was

noted that financial statement would have been presumed to be authenticated only when the same was duly signed by directors of the Company (after approval of Board of Directors) and thereafter by the auditor by fulfilling requirement of Section 134 of Companies Act, 2013.

3.7. Considering the above requirement, it could be stated that Financial Statements of a Company were required to be signed on behalf of the Board of Directors either by the Chairperson of the Company where he was authorised by the Board or by two directors out of which one was required to be Managing Director and the Chief Executive Officer, if he was a director in the Company, the Chief Financial Officer and the Company Secretary of the Company, wherever they were appointed, for submission to the auditor for his report thereon. However, on perusal of the Financial Statements of the Company for the financial year 2014-15 as uploaded along with Form AOC 4 by the Respondent, it was noted that these were signed by the Respondent and by only one director which was not in line with the requirement of Section 134 of the Companies Act, 2013.

3.8. It was pertinent to mention that AOC-4 which was downloaded from public domain was also certified by the Respondent. It was noted that after approval of Financial Statements by the Board of Directors, the copy of Financial Statements was given to the auditor for his verification and signatures. But in the instant matter, it was noted that unauthenticated financial statements were uploaded through AOC-4 by the Respondent. Thus, keeping in view the fact that the Respondent had not checked whether financial statements for the financial year 2014-15 were duly signed by both the Directors of the Company before they were uploaded along with Form AOC 4, it was evident that the Respondent had failed to exercise due diligence on his part while certifying and uploading the impugned AOC 4 on MCA portal. Accordingly, he was held prima facie GUILTY of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

3.9. The Disciplinary Committee at its 644th meeting held on 03rd January 2025 considered the prima facie opinion dated 19th September 2024 along with the Complaint, Written Statement, and Additional Documents/Information. The Committee decided to refer back the Prima Facie Opinion to the Director (Discipline) under Rule 9(2)(c) with

advice to further investigate the matter by providing one more opportunity to the Complainant Department to provide additional documents sought at Rule 8(5) stage.

3.10. Accordingly, the in compliance with the directions given by the Disciplinary Committee, the case has been re-examined by the Director (Discipline) in his Prima Facie opinion dated 21st March 2025 which is as under:-

3.11. As regards the directions, it was observed that the Company responded via email dated 26th February 2025 and submitted documents, along with hard copies received on 03rd March 2025. A reminder email dated 4th March 2025 was sent to the Complainant. The Complainant Department informed that the Complainant had been transferred, and documents were then sought from the respective officer. Despite passage of considerable time, no reply was received from the Complainant Department. The documents submitted by the Company were already submitted earlier by the Respondent at Rule 8(5) stage, except financial statements for FY 2012-13. Upon perusal, it is observed that these documents do not impact the earlier prima facie opinion dated 19th September 2024. Thus, there is no new document which may have impact on the earlier prima facie opinion.

3.12. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 21st March 2025 in reiteration of the views expressed in earlier Prima Facie Opinion dated 19th September 2024 held the Respondent Prima Facie **GUILTY** of Professional Misconduct falling within the meaning Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.The said Clause of the Schedule to the Act, states as under:

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

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

x x x x x x x

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

3.13. The Prima Facie Opinion dated 21st March, 2025 of the Director (Discipline) together with the earlier Prima Facie Opinion dated 19th September, 2024 of the Director

(Discipline) was considered by the Disciplinary Committee in its meeting held on 19th August 2025. The Committee, on consideration of the same, concurred with the reason(s) given against the charge(s) and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is Guilty of Professional Misconduct falling within the meaning of Clause (7) Part I of the Second Schedule to the Chartered Accountants Act, 1949, and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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

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

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	12th March 2024
2.	Date of Written Statement filed by the Respondent	Dated Nil received on 22nd May 2024
3.	Date of Prima Facie Opinion formed by Director (Discipline)	21st March 2025 & 19th September 2024
4.	Written Submissions filed by the Respondent after PFO	23rd May 2026

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

5.1 The Respondent vide letter dated 23rd May 2026, inter-alia, made the submissions which are given as under:-

i. The Respondent submitted that the complaint and the Prima Facie Opinion arise from FIR relating to the alleged "Power Bank App Scam" involving Divyam Infracon Private Limited. The Respondent contends that neither the FIR nor the complaint contains any documentary evidence establishing his involvement in the alleged scam and that the FIR itself is under challenge before the Hon'ble High Court of Gujarat.

ii. The Respondent submitted that although the Complainant was required to file a rejoinder within the prescribed period under Rule 8(4), the rejoinder was filed beyond the permissible time limit, yet it was considered by the Director (Discipline) as

additional information under Rule 8(5), which according to the Respondent was contrary to the prescribed procedure.

iii. The Respondent contended that the complaint originates from an FIR relating to the Power Bank App Scam, but the ROC has failed to produce any documentary evidence before the police authorities, MCA, or ICAI to substantiate either the allegations or the Respondent's alleged role, and therefore the FIR itself is under challenge before the Gujarat High Court.

iv. The Respondent submitted that the FIR does not attribute any specific act, role, participation, fraudulent transaction, or criminal intent to him and merely contains vague allegations, which cannot form the basis of disciplinary proceedings.

v. The Respondent stated that although the complaint alleges that certain Chartered Accountants assisted foreign nationals in diverting money to China through companies incorporated in India, the ROC possessed no credible information or documents against him. He further states that the alleged scam occurred during 2018–2021, whereas he had ceased to be associated with the Company after conducting the audit for FY 2014-15.

vi. The Respondent stated that it is also pertinent to note that neither the FIR nor the complaint identifies any individual victim, any specific complainant who suffered loss, the amount allegedly invested by any such person, or any documentary trail showing movement of funds involving the Respondent. No bank account, no financial transaction, and no monetary benefit attributable to the Respondent has been identified by the Complainant or investigating authorities.

vii. The Respondent stated that the Company was incorporated in 2011 for civil construction activities and, during the period of his engagement as auditor, neither operated any mobile application nor engaged in any activity connected with the alleged Power Bank App transactions.

viii. The Respondent submitted that the alleged fraud occurred after he ceased acting as auditor and rendering professional services to the Company. Since the scam pertains to 2018–2021 whereas his engagement ended with FY 2014-15, no liability or presumption of involvement can be imposed upon him for acts allegedly committed years later.

ix. The Respondent submitted that the complaint appears to proceed on the basis that he was the last auditor whose audit report was available in MCA records, resulting in an

incorrect presumption that he remained connected with the Company during subsequent years when the alleged fraud occurred.

x. The Respondent stated that the allegation regarding lack of due diligence is merely consequential to the alleged scam. He submitted that during incorporation he duly verified KYC documents of all directors and shareholders, none of whom were Chinese nationals, and that the Company was incorporated for genuine construction activities. He further contended that the Director (Discipline) improperly shifted focus from the alleged scam to the scrutiny of FY 2014-15 financial statements, disclosures, and reporting, which were neither the basis of the FIR nor of the complaint and had already been accepted by the Registrar.

xi. The Respondent submitted that the findings in the Prima Facie Opinion concerning unsecured loans, Revised Schedule VI disclosures, unsigned financial statements, and Form AOC-4 filings all relate exclusively to FY 2014-15 and bear no connection to the Power Bank App Scam which allegedly arose after 2018.

xii. The Respondent emphasized that under Sections 129 and 134 of the Companies Act, 2013, preparation, maintenance, presentation, and approval of financial statements are responsibilities of the Board of Directors and management, while the auditor's role is limited to examination and reporting.

xiii. The Respondent reproduced Section 134(1) to demonstrate that approval and signing of financial statements are statutory responsibilities of the Board of Directors and designated company officials before submission to the auditor. The Respondent highlights Section 129(7), which imposes penalties upon directors and officers responsible for compliance in cases of contravention of Section 129.

xiv. Based on Sections 129 and 134, the Respondent submitted that responsibility for preparation, disclosure, filing, and compliance relating to financial statements lies with the Company and its management, and that no action appears to have been taken by the ROC against those primarily responsible.

xv. The Respondent argued that even if there were deficiencies in disclosures or classification under Schedule III, such deficiencies cannot establish his involvement in the Power Bank App Scam, which arose years after his engagement ended.

xvi. The Respondent submitted that the complaint was not initiated on account of Schedule III disclosure violations or financial statement deficiencies but solely because of allegations relating to the Power Bank App Scam, and therefore the proceedings cannot now be converted into a scrutiny of FY 2014-15 financial statements.

xvii. The Respondent contended that allegations relating to unsigned financial statements attached with Form AOC-4 are misconceived because Rule 12(1) of the Companies (Accounts) Rules, 2014 places responsibility for filing financial statements with the Registrar upon the Company, and he had no control over filing activities after completion of the audit.

xviii. The Respondent relied on Rule 10(6) of the Companies (Registration Offices and Fees) Rules, 2014 to show that the law provides a mechanism for rectifying defective filings through notices issued by the Registrar.

xix. The Respondent submitted that the alleged deficiencies in FY 2014-15 financial statements are wholly disconnected from the Power Bank App Scam and do not establish any participation, facilitation, knowledge, or involvement in the alleged fraud. Accordingly, the findings in the Prima Facie Opinion are stated to be unsustainable in law and on facts.

xx. The Respondent categorically asserted that there is absolutely no evidence on record establishing any direct or indirect nexus between him and the Power Bank App Scam. The Respondent points out that since registration of the FIR he has never been summoned for questioning, treated as an accused, or linked through any investigative material to unlawful activity.

xxi. The Respondent further submitted that despite extensive investigation by the Enforcement Directorate under the Prevention of Money Laundering Act, he was never summoned, interrogated, arrested, charge-sheeted, identified as a beneficiary of proceeds of crime, or made an accused, and no adverse findings were recorded against him.

xxii. The Respondent stated that he first became aware of the alleged scam only through newspaper reports and communications received in January 2022.

xxiii. The Respondent submitted that although the proceedings were initiated on allegations of involvement in a Rs. 360 crore scam allegedly committed through mobile applications during later years, the Prima Facie Opinion ultimately transformed the matter into a scrutiny of FY 2014-15 financial statements because the ROC failed to find evidence supporting the original allegations.

xxiv. The Respondent argued that continuation of disciplinary proceedings without substantive evidence linking him to the Power Bank App Scam would result in grave injustice and would unfairly penalize him merely because he had acted as statutory auditor years before the alleged events.

xxv. The Respondent therefore prayed that the Disciplinary Committee set aside the Prima Facie Opinion dated 21.03.2025, drop the proceedings, and hold that no professional misconduct is made out against him, while considering his clean professional record, absence of prior disciplinary or criminal proceedings, and the prejudice, reputational harm, financial hardship, and mental agony caused by the continuation of the present proceedings.

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

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

S. No.	Date of meeting(s)	Status
1.	19th September 2025	Adjourned in the absence of both parties.
2.	08th April 2026	Oath taken by Respondent and adjourned.
3.	19th May 2026	Adjourned at the request of Counsel of Respondent.
4.	25th May 2026	Hearing concluded & Findings Reserved.
5.	25th July 2026	Decision Taken.

6.2 On the day of first hearing held on 19th September 2025, the Committee noted that there was no representation from the Complainant Department when the case was taken up for hearing. Further, only the Counsel for the Respondent was present before it through videoconferencing. The Respondent was not present before the Committee on account of his ill-health. Since the case had been listed for hearing for the first time before the Committee, in the interest of justice, the Committee decided to adjourn the hearing in the case to a future date. Accordingly, the hearing in the case was adjourned to provide another opportunity to the parties to the case to substantiate their case before it.

6.3 On the day of the hearing held on 08th April 2026, the Committee noted that the Respondent was present through VC and appeared before it. However, the Complainant was not present despite the fact that notice of the hearing was duly

served upon him. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him. In view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date.

6.4 On the day of the hearing held on 19th May 2026, the Committee noted that the Counsel for the Respondent was present through VC and appeared before it. However, the Complainant was not present despite the fact that notice of the hearing was duly served upon him. The Counsel for Respondent stated that the written submissions of Respondent is yet to be filed, and he sought some more time for filing the same. Acceding to the request of the Counsel for Respondent, the Committee granted final opportunity to the Respondent to file written submissions within five days, and the matter was listed on 25th May 2026 for arguments. Accordingly, the hearing in the case was adjourned at the request of the Counsel for Respondent.

6.5 On the day of the hearing held on 25th May 2026, the Committee noted that Counsel for the Respondent was present through VC and appeared before it. The Committee noted that the Complainant was not present for the hearing and notice of listing of the case has been served upon the Complainant. Despite that, the Complainant was not present in the hearing. The notice was also sent by post and by email to the Complainant. The Committee then decided that the matter be proceeded ex-parte the Complainant and considered on merits based upon the documents/material available on record. The Committee noted that the matter had previously been listed for three times and the Complainant was absent on those occasions as well.

The Committee noted that the allegations against the respondent pertained to (1) whether the amounts reflected in the financial statements for 2014-15 constituted public deposits in violation of company law, and (2) whether the financial statements were properly signed as per statutory requirements. Regarding first allegation, the Counsel for Respondent submitted that the funds in question, Rs. 50.21 lakhs were

accepted from directors, their relatives, and not from the public. He argued that under both the Companies Act, 1956 and 2013, as well as the relevant deposit rules, such amounts are exempt from being classified as public deposits. The Counsel for the Respondent submitted that the alleged fraud involving Rs. 360 crores which occurred in the year, as mentioned in the FIR, had no nexus with his role as auditor or the transactions under scrutiny, and that his involvement was limited to conducting the last audit for the company in F. Y. 2014-15.

Regarding the second allegation, about the signing of the financial statements, the Counsel submitted that while only one director had signed, the law permits the chairperson to sign in lieu of two directors, which was the case here. He maintained that any reporting or disclosure lapses were primarily the responsibility of the company's management, not the auditor, and that the issues raised by the Registrar of Companies did not directly relate to the allegations of fraud or public deposit violations. The Committee noted the submissions of the Counsel for the Respondent.

Based on the documents and material available on record and after considering the verbal and written submissions of the Counsel of Respondent, the Committee concluded the hearing in the matter and Findings were reserved.

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

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

7.1 The Committee noted the **preliminary objection** raised by the Respondent regarding that Complainant was provided with a copy of the Written Statement on May 24, 2024, and was required to submit her rejoinder within 21 days, or within such extended period not exceeding 30 days, as provided under Rule 8(4) of Chapter III of the Chartered Accountants (Procedure of Investigations of Professional and Other

Misconduct and Conduct of Cases) Rules, 2007. However, the rejoinder was submitted on July 30, 2024, well beyond the prescribed time limit. Despite this procedural lapse, the Director (Discipline) has taken the delayed rejoinder into account as additional information under Rule 8(5) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, which appears to be inconsistent with the prescribed rules.

7.2 The Committee considered the objection raised by the Respondent regarding the alleged delay in the filing of the rejoinder. However, the Committee is of the view that the time stipulation contained in Rule 8(4) is procedural in nature and is intended to facilitate the orderly conduct of proceedings rather than to operate as a mandatory bar. The rejoinder was filed 16 days beyond the maximum extendable period. However, considering the nature and extent of the delay, the Committee is of the view that it was filed within a reasonable time, and no prejudice could be said to have been caused to the Respondent. The preliminary objection is, therefore, rejected and the matter is proceeded with for consideration on merits.

7.3 The Committee noted that there are two charges with respect to the Respondent as given in Para 2.1 and 2.2 above and gives its findings as under: -

The Committee noted that the **first charge** against the Respondent, (as given in Para 2.1 above), is that during the financial year 2014-15, the Company had unsecured loan of Rs. 50.21 lakhs which appears to be public deposits, which is without getting approval of competent authority.

7.4 On the day of the final hearing of the matter on 25th May 2026, the Committee noted that the Complainant was not present for the hearing and notice of listing of the case has been served upon the Complainant. Despite that, the Complainant was not present in the hearing. The notice was also sent by post and by email to the Complainant. The Committee then decided that the matter be proceeded ex-parte the Complainant and considered on merits based upon the documents/material available on record. The Committee noted that the matter had previously been listed for three times and the Complainant was absent on those occasions as well.

7.5 The Committee noted that Note relating to "Short Term Borrowings" in the financial statements of the Company for FY 2014-15 disclosed unsecured loans aggregating to approximately Rs. 50.21 lakh. The Committee further noted that the details available on record showed that out of these borrowings, from Mr. Gobarabhai N. Chothani and Mr. Naranbhai Dudabhai Katrera had been received from persons who were not directors of the Company. The detail of the loan is as under:-

Name of person from whom the loan taken by the Company	**Amount (INR)**
Gobarabhai N. Chothani (Father of Mukeshbhai Chotani – Director)	10,33,596
Haresh G. Chothani (Director)	10,24,988
Indian Bank-6045573534-OD	9,90,129
Mukesh G. Chothani (Director)	14,72,850
Naranbhai Dudabhai Katrera (Relative of Director)	5,00,000

7.6 The Committee noted the Respondent's submission that the amounts were received from relatives of Directors and therefore ought not to be treated as public deposits. The Committee also noted the Respondent's reliance upon provisions contained in the Companies (Acceptance of Deposits) Rules, 1975, framed under the Companies Act, 1956. However, the Committee observed that the financial statements under consideration pertained to FY 2014-15 when the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 were in force. Accordingly, the applicable legal position has been considered with reference to the statutory provisions prevailing during the relevant financial year.

7.7 In this regard, the Committee observed that Sections 73 and 76 of the Companies Act, 2013 lay down the statutory framework governing acceptance of deposits by companies and prescribe the conditions subject to which certain companies may accept deposits from members or the public. The relevant provisions are reproduced below:-

"73. Prohibition on acceptance of deposits from public. —

(1) On and after the commencement of this Act, no company shall invite, accept or renew deposits under this Act from the public except in a manner provided under this Chapter:"

"76. Acceptance of deposits from public by certain companies: -

Notwithstanding anything contained in section 73, ***a public company, having such net worth or turnover as may be prescribed, may accept deposits from persons other than its members subject to compliance with the requirements provided in sub-section (2) of section 73*** *and subject to such rules as the Central Government may, consultation with the Reserve Bank of India, prescribe:"*

7.8 The Committee noted the submissions of the Counsel for Respondent that the amount of Rs. 50.21 lakh reflected under the head "Short-Term Borrowings" did not constitute public deposits. According to him, the said amounts had been received from Directors of the Company, their relatives and a banking institution, and therefore fell within the exempted categories under the applicable provisions governing acceptance of deposits. The Counsel for Respondent further submitted that the complaint originally arose from allegations relating to the so-called "Power Bank App Scam" and that the issues concerning classification and disclosure of borrowings in the financial statements for FY 2014-15 had no nexus with the alleged fraud.

7.9 The Committee further noted the provisions of Sections 73 and 76 of the Companies Act, 2013 read with Rule 2(1)(c) and Rule 2(1)(e) of the Companies (Acceptance of Deposits) Rules, 2014 as applicable during the relevant period. The Committee noted that prior to the amendment dated 15.09.2015, amounts received from relatives of Directors were not included within the exempted category under Rule 2(1)(c). Consequently, such amounts would fall within the definition of "deposit" unless otherwise specifically exempted.

7.10 In this regard, the Committee noted that Rule 2(1)(c) and Rule 2(1)(e) of the Companies (Acceptance of Deposits) Rules, 2014, as they stood during the relevant period prior to the amendment dated 15.09.2015, prescribed the categories of amounts excluded from the definition of "deposit" and defined the term "eligible company". The relevant extracts are reproduced below:-

2(1)(c) ***"deposit"*** *includes any receipt of money by way of deposit or loan or in any other form, by a company,* ***but does not include: -***

"(viii) ***any amount received from a person who, at the time of the receipt of the amount, was a director of the Company:***

Provided that the director from whom money is received, furnishes to the Company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him borrowing or accepting loans or deposits from others;"

"2(1) (e) ***'eligible company'*** *means a public company as referred to in sub-section (1) of section 76,* ***having a net worth of not less than one hundred crore rupees or a turnover of not less than five hundred crore rupees*** *and which has obtained the prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits."*

7.11 The Committee further noted that Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 specifies the categories of amounts which are not treated as "deposits" for the purposes of Sections 73 and 76 of the Companies Act, 2013. The Committee observed that during the relevant financial year 2014-15, clause (viii) of the said Rule excluded only those amounts which were received from a director of the company, provided the director had given a declaration that the funds were not sourced from borrowings or deposits taken from others.

7.12 The Committee noted that, at the relevant time, this exemption was available only in respect of amounts received from directors and did not cover amounts received from relatives of directors. Therefore, amounts received from relatives of directors during the relevant period could not be treated as exempt merely because of their relationship with the directors and were required to be examined and disclosed in accordance with the applicable provisions of the Act and the Rules made thereunder.

7.13 The Committee further noted that the benefit of exclusion was extended to relatives of directors of private companies only by way of amendment notified vide G.S.R. 695(E) dated 15.09.2015. However, the Committee noted that the said amendment was prospective in nature and was not applicable to the financial year under consideration. Accordingly, for FY 2014-15, amounts received from persons who were merely

relatives of directors and not directors themselves could not automatically claim exemption under Rule 2(1)(c)(viii).

7.14 The Committee noted from the financial statements and documents placed on record that the Company had reflected unsecured loans aggregating to Rs. 50.21 lakh. The Committee further noted that amounts of Rs. 10,33,596/- received from Mr. Gobarabhai N. Chothani and Rs. 5,00,000/- received from Mr. Naranbhai Dudabhai Katrera were not received from directors of the Company. Therefore, having regard to the provisions applicable during FY 2014-15, such amounts were liable to be examined from the perspective of the deposit provisions contained in Sections 73 and 76 read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, during the relevant financial year, amounts received from relatives of directors were not covered by the exemption available under the applicable Rules and were therefore required to be examined in the context of the provisions relating to acceptance of deposits contained in Sections 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

7.15 The Committee further noted that during the hearing, the Counsel for the Respondent submitted that the amounts were not public deposits and that the issue arose only because of the larger allegation relating to the "Power Bank App" fraud. However, when questioned regarding the increase in short-term borrowings during the relevant year and the specific balances appearing in the financial statements, no documentary evidence was produced by the Respondent to demonstrate that all such borrowings fell within exempt categories under the applicable Rules.

7.16 The Committee noted that during the hearing, specific queries were raised regarding the increase in short-term borrowings from Rs. 16.98 lakh as on 31.03.2014 to Rs. 40.31 lakh during the year and the corresponding increase in related party balances. The Respondent submitted that the amounts represented loans from directors, relatives of directors and other exempt categories and were not public deposits. However, no detailed reconciliation or supporting records were produced before the Committee to substantiate the source-wise composition of the increase in borrowings.

7.17 The Committee further noted from Note 25.2 in the Notes to financial statements relating to Related Party Disclosures that an amount was outstanding in the name of Mr. Gobarabhai Chothani, father of one of the directors of the Company. During the hearing, when the Committee specifically referred to the related party disclosure and the increase in the amount payable to him, the Counsel for the Respondent acknowledged the same. The existence of such disclosure itself establishes that the amount had been received from a related party who was not a Director of the Company.

7.18 The Committee observed that, irrespective of whether the amounts received were ultimately classified as deposits under the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, the financial statements were required to contain appropriate classification and disclosure of borrowings in accordance with Schedule III to the Companies Act, 2013. The relevant disclosure requirements required Short-Term Borrowings to be appropriately classified, inter alia, as:

a) Loans repayable on demand
- from banks;
- from other parties;

b) Loans and advances from related parties;

c) Deposits;

d) Other loans and advances, specifying the nature thereof.

7.19 The Committee observed that the Company disclosed unsecured loans (others) aggregating to Rs. 40,31,434/- under a consolidated head without providing the classification prescribed under Schedule III to the Companies Act, 2013. The Committee further noted that the Respondent, despite being the statutory auditor, issued an unmodified audit report without drawing attention to this non-compliance. The Committee noted that the auditor's responsibility is not confined merely to verifying accuracy of figures but extends to examining whether the financial statements comply with the presentation and disclosure requirements prescribed by law. The failure to report such material non-compliance constituted a lapse in the discharge of professional duties.

7.20 The Committee further observed that, apart from the disclosure requirements relating to Short-Term Borrowings under Schedule III to the Companies Act, 2013, the existence of borrowings from directors and persons related to directors required appropriate classification and disclosure in the financial statements so as to present a true and fair view of the financial position of the Company. The Committee noted from the financial statements that certain borrowings reflected under the head "Short-Term Borrowings" included amounts received from directors and related parties. While certain related party disclosures were made in the financial statements, the borrowings were presented under a consolidated head without adequate classification between loans from related parties, deposits, and other borrowings, as contemplated under Schedule III to the Companies Act, 2013. The Committee was of the view that such presentation did not fully reflect the nature of the transactions and affects the transparency of the financial statements. Accordingly, the Committee noted that the Respondent failed to exercise the requisite degree of professional diligence in this regard.

7.21 The Committee observed that the Respondent failed to report material deficiencies relating to classification and disclosure of borrowings in the financial statements. These lapses reflect failure to exercise the degree of due diligence and care expected of a statutory auditor. In view of the facts and circumstances of the case, the Committee held that the Respondent failed to exercise due diligence in the conduct of his professional duties as statutory auditor. The Committee therefore held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

7.22 The Committee noted that the **second charge** against the Respondent, (as given in Para 2.2 above), is related to certification and filing of financial statements through Form AOC-4 despite the financial statements not being authenticated in accordance with Section 134 of the Companies Act, 2013.

7.23 In this regard, relevant extracts of Section 134 of Companies Act, 2013 are as under:

Section 134

"The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the

Board *at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of a One Person Company, only by one director,* ***for submission to the auditor for his report thereon."***

7.24 The Committee observed that Section 134(1) of the Companies Act, 2013 requires financial statements to be approved by the Board of Directors and signed on behalf of the Board either by the Chairperson of the Company, where authorised by the Board, or by two directors, one of whom shall be the Managing Director, together with the Chief Executive Officer, Chief Financial Officer and Company Secretary wherever appointed.

7.25 The Committee noted that the objective of Section 134(1) is to ensure collective responsibility of the Board of Directors for the financial statements and to establish that the financial statements have been duly considered, approved and authenticated by the persons entrusted with the governance of the company before being submitted to the auditor for reporting thereon.

7.26 The Committee noted that the financial statements uploaded along with Form AOC-4 for FY 2014-15 bore the signature of only one director and the Respondent as auditor. The Committee considered the Respondent's contention that the signatory director was acting as Chairperson of the Company and that therefore signatures of two directors were not necessary. However, the Committee noted that neither the financial statements nor any documents on records evidenced such authorization. During the hearing, the Counsel for the Respondent admitted that no board resolution evidencing such appointment or authorization had been produced before him and that the Respondent had relied upon oral representations made by the management.

7.27 The Respondent has also not placed on record any audit working papers evidencing verification of the authority of the signatory. The Committee is of the view that reliance solely upon oral representations, particularly in relation to a matter involving statutory compliance, does not satisfy the requirements of professional practice. The Committee

therefore finds that the Respondent failed to perform adequate audit procedures to verify the authority and capacity of the person signing the financial statements.

7.28 The Committee further noted that the Respondent emphasized that primary responsibility for preparation and filing of financial statements rests upon the management under Sections 129 and 134 of the Companies Act, 2013. While the management bears primary responsibility for the preparation of the financial statements and compliance with regulatory requirements, the statutory auditor is required to independently verify such compliance and appropriately report any material non-compliance. The Committee was therefore unable to accept the Respondent's contention that responsibility for filing rested solely with the management and that he bore no responsibility in relation to the authentication of the attached financial statements.

7.29 While arriving at its Findings, the Committee also observed that in the background of the instant case the Complainant Department informed that the Company was alleged to be connected with the "Power Bank App" scam involving alleged fund diversion, money rotation and involvement of foreign nationals, including Chinese nationals. However, no evidence of the involvement of the Respondent to that effect had been brought on record by the Complainant Department. The role of the Respondent was limited to as statutory auditor of the alleged company which has been examined by the Committee.

7.30 Accordingly, the Committee is of view that certified financial statements that were not authenticated in accordance with statutory requirements reflect a failure on his part to adequately verify the validity of the financial statements before certifying and filing the same with the Registrar of Companies. In view of the facts and circumstances of the case, the Committee held that the Respondent failed to exercise due diligence in the conduct of his professional duties as statutory auditor. The Committee therefore held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. **Conclusion:**

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

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 7.3 to 7.21 as above	**Guilty-** Clause (7) of Part I of the Second Schedule.
Para 2.2 as above	Para 7.22 to 7.30 as above	**Guilty-** Clause (7) of Part I of the Second Schedule.

9. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026
PLACE: Noida

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