CONFIDENTIAL

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

Findings under Rule 18(17) read with Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No:- [PR/214/21-DD/223/2021/DC/1669/2022]

In the matter of:

Shri Suvarn R. Bandekar
Director, M/s. Vishwas Warehousing & Trading Pvt Ltd
Suvarn Bandekar Building,
P.O. Box No. 11, Vasco-da-Gama
Goa– 403802

..... Complainant

Versus

CA. Sachin Laxman Urmila Kadam (M.No. 125575)
427/20, Parivartan CHSL,
Sector – 4, Charkop, Kandiwali (West),
Mumbai – 400 067

.....Respondent

MEMBERS PRESENT:
CMA Chandra Wadhwa, Government Nominee & Presiding Officer (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 : 17th June 2026
DATE OF DECISION TAKEN : 15th October 2026
DATE OF PRONOUNCEMENT OF DECISION: 29th October 2026

PARTIES PRESENT:
Counsel for Complainant : Shri Shailesh Henriques, Advocate (Through VC)
Shri Sylvester Menezes, Advocate (Through VC)

1. **Background of the Case:**

1.1 The Respondent was auditor of **M/s. Shirsa Labs private Limited** (hereinafter referred to as the "**Company**") for the financial year 2018-19. M/s. Vishwas Warehousing and Trading Private Limited (hereinafter referred to as the "Complainant Company") has made investment in Preference Shares of the Company which were converted into Equity Shares at ratio of 1:1 and the Complainant Company hold 2856 shares amounting to Rs.30,00,000/-. The Complainant Company

observed certain discrepancies in financial statement of the Company particularly in respect of writing off Debtors.

2. **Charges in brief:**

2.1 The Complainant stated that while going through the financial statement of the Company audited by the Respondent for the financial year 2018-19, it is observed that as on 31.03.2019, Trade Receivables was shown at Rs.1,73,86,329/- and out of which, Rs.97,53,579/- remains outstanding for more than 180 days and that was considered good by the Company. The Complainant stated that the amount of receivables of Rs. 1.74 Cr. is more than the sale of the Company (i.e. Rs. 1.22 Cr.) in financial year 2018-19 and accordingly, more than 79.83% of the sale remains receivable for more than 180 days. Apart from the above, the total receivable was 1.42 times of the sale of the Company in the financial year 2018-19. The situation of the receivables started scaling up after financial year 2017-18 and further deteriorated in next financial year 2018-19. But, no note in this regard has been given in the Notes to Accounts of the Company highlighting the deteriorating situation of receivable which would lead to Cash Trap and effect the operations of the Company.

The Complainant further stated that the business of the Company could generate cash of only Rs.150.36 lakhs with business expenses at Rs. 235.69 lakhs leading to the gross cash loss of Rs.85.33 lakhs in the financial year 2018-19. During the review of the finance statement with Mr. Mandar Desai, Executive Director of M/s. Shirsa Labs Private Limited (Company), it was revealed by him that the sales that took place in the State of Telangana Andhra Pradesh as well as U.P. under the B2B Segment with educational Association after the initial payment, balance payment did not materialize despite the follow up and the same have to be declared bad debts going forward in consultation with the auditor. The Complainant noticed that writing off of such a big amount of Rs.23.80 lakhs will not only effect the profit but also lead to erosion of Capital and such situation raises the doubt on genuineness of the sale reflected in Accounts. The Complainant stated that they have sought the view of the Respondent vide e-mail dated 30.05.2020 and 06.10.2020 on the above issues pertaining to writing off the debtors and sales and requested to qualify the report in the interest of the investors of the Company.

3. **The relevant issues discussed in the Prima facie opinion dated 14th October, 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1. The Complainant made allegation with regard to trade receivable and writing off Sundry debtors and also raises question on the genuineness of sales. The Complainant also made allegation with regard to deteriorating situation of receivable which would affect the operation of the Company and

would also result in situation of cash trap for the Company. In respect of the allegations leveled by the Complainant, the Respondent neither denied his allegations nor submitted any submissions on the allegations.

3.2. With respect to first allegation relating to the writing off of sundry debtors/trade receivables, the deteriorating financial position of the Company, and the genuineness of sales, the Financial Statements of the Company for the financial year 2018-19 were examined. It was observed that the Company's Trade Receivables increased from Rs.1,65,29,109 as on 31.03.2018 to Rs.1,73,86,329 as on 31.03.2019. Out of the total receivables as on 31.03.2019, Rs.76,32,750 were outstanding for less than 180 days, whereas Rs.97,53,579 were outstanding for more than 180 days. The Committee further noted that the Revenue from Operations (Sale of Services) declined significantly from Rs.1,93,76,969 during the financial year 2017-18 to Rs.1,22,16,692 during the financial year 2018-19. It was also observed that the Cash and Cash Equivalents reduced sharply from Rs.55,97,768.01 as on 31.03.2018 to Rs.84,073 as on 31.03.2019, comprising bank balances of Rs.79,701 and cash in hand of Rs.4,372. Further, the Company's Reserves and Surplus reflected an increase in the Share Premium balance from Rs.2,14,81,999 to Rs.2,43,31,999.. However, the debit balance in the Profit and Loss Account increased from Rs.1,02,73,574 as on 31.03.2018 to Rs.1,66,90,503 as on 31.03.2019 due to a net loss of Rs.64,16,930 incurred during the year.

3.3. From the above, it was clear that substantial amount of Trade Receivable were outstanding since long period but the Company had only written off Rs.23.80 lakhs during the financial year ended 31st March, 2019. In this regard, it was observed that decision of writing off of bad debts was taken by the management of the Company based on internal policy of the Company and its past experience regarding recovery of trade receivable. The Respondent as auditor was not supposed to comments on the same until & unless based on the evidences / circumstances it was evident that the amount more than the Company's estimate needs to be written off by the Company. In this regard, the Complainant neither submitted any documentary evidence that amount would not be received from the Sundry Debtors in foreseeable future nor submitted any specific irregularities with regard to the sales made by the Company. He merely appears too had raised concerns over non-recoverability of trade receivable without any evidence. However, in respect of the allegation relating to the Company's deteriorating financial condition due to non-recoverability of amount of trade receivable and losses incurred by the Company, it was observed that the said allegation made by the Complainant was related to the Company's ability to continue as going concern in deteriorating financial conditions.

3.4. From the Standard on Auditing – 570 on '**Going Concern**',, it was clear that it was responsibility of the management to assess the entity's ability to continue as a going concern whereas the auditor's responsibilities are to obtain sufficient appropriate audit evidence and conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements. In the instant matter, amount receivable from the Sundry Debtors was more than amount of sale and moreover, approx. 79.83% of the sales remain receivable for more than 180 days. Apart from the issue of non-receipt of amount of sales, the Company appears to had incurred losses for two consecutive years which were almost 52% of total revenue earned by the Company during the financial year 2018-19. Both the issues raises serious question on the Company's ability to maintain sufficient funds for its operations for foreseeable futures. The Respondent as auditor was supposed to inquire from the management about the same and conclude on the appropriateness of the management's use of going concern basis of accounting in the preparation of the financial statement and also conclude that whether a material uncertainty exists about the entity's ability to continue as a going concern.

3.5. Since the Respondent chose not to give any submissions on the above allegation, it appears that he had nothing to submit in respect of above allegation and the same indicates that he had not made any effort to inquire from the management and obtain appropriate audit evidence regarding management's use of the going concern basis of accounting in the preparation of financial statements despite being aware of the Company's deteriorating financial conditions due to non-receipt of substantial amount of trade receivable and continuing losses. Hence, it appears that the Respondent failed to ensure compliance of requirements of Standard on Auditing – 570 which casts duty on the auditor to obtain appropriate audit evidence regarding entity's ability to continue as going concern but the Respondent failed to do so. Thus, it could be stated that the Respondent failed to exercise due diligence in performing his professional duties as auditor of the Company. Therefore, he was held prima facie **Guilty** of professional misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.6. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 14th October, 2022 opined that the Respondent was Prima Facie **Guilty** of Professional Misconduct falling within the meaning Clause – (7) of Part-I of the 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; "

3.7. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 07th November, 2022. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning Clause – (7) of Part-I of the Second Schedule to the Chartered Accountants Act,1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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

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

S.No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	16th July 2021
2.	Date of Written Statement filed by the Respondent	--
3.	Date of Rejoinder filed by the Complainant	--
4.	Date of Prima Facie Opinion formed by Director (Discipline)	14th October, 2022
5.	Written Submissions filed by the Respondent after PFO	-
6.	Written Submissions filed by the Complainant after PFO	08th April, 2026

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

The Complainant vide letter dated 08th April, 2026, inter-alia, made the submissions which are given as under:-

5.1 That the Complainant submitted a Certified True Copy of the Board Resolution dated 01.10.2025 passed by the Board of Directors of M/s Vishwas Warehousing and Trading Private Limited. Through the said resolution, the Board authorized Mr. Suvarn Rajaram Bandekar, Director of the Company, to engage advocates/consultants and to sign, execute, and submit all necessary documents, applications, statements, declarations, evidence, and other records before the Institute of Chartered Accountants of India (ICAI) and other appropriate authorities in connection with the disciplinary complaints filed against the Respondent. The resolution further authorized Mr. Shailesh Henriques, Advocate, and Mr. Sylvester Menezes, Chief Manager–Accounts, to act

as the lawful representatives of the Company to appear before the Disciplinary Committee of ICAI.

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.	20th April 2023	Part heard & adjourned. Oath taken by the Respondent.
2.	06th October 2025	Adjourned due to Non-Appearance of the Parties.
3.	13th October 2025	Deferred due to paucity of time.
4.	17th March 2026	Deferred due to paucity of time.
5.	17th April 2026	Adjourned in the absence of Respondent.
6.	25th May 2026	Adjourned in the absence of Respondent.
7.	17th June 2026	Hearing concluded & Findings reserved.
8.	15th October 2026	Decision taken

6.2 On the day of first hearing on 20th April 2023, the Committee noted that the Complainant's Counsel(s) CA. Nilesh Kothari and Shri Shailesh Henriques, Advocate, were present through Video Conferencing Mode. The Committee noted that the Respondent was also present through Video Conferencing Mode. The Respondent was administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him.Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date.

6.3 On the day of the hearing on 06th October 2025, the Committee noted that there was no intimation regarding the non-appearance of the Respondent when the case was taken up for hearing, despite the due service of the Notice for hearing. Thus, the Committee decided to adjourn the hearing in the case to provide a final opportunity to the Respondent to defend his case before it.

6.4 On the day of the hearings on 13th October 2025 and 17th March 2026, the Committee noted that the Consideration of the case was adjourned due to paucity of time.

6.5 On the day of the hearing on 17th April 2026, the Committee noted that the AR of the Complainant (Officer of the Complainant Company) along with Counsel were present through VC and appeared

The Committee noted that the matter had already been heard in the previous hearing. The Committee noted the submissions of Counsel for the Complainant. Based on the documents and material available on record and after considering the oral and written submissions of Complainant, the Committee concluded the hearing in the matter and findings were reserved.

6.8 At the day of the meeting held on 15th October 2026, the Committee noted that the subject case was heard by it at length in the presence of the Counsel for the Complainant and the hearing was concluded at its meeting held on 17th June 2026 and the Findings were reserved. The Committee considered the material on record including submissions of the Complainant. 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 **charge** against the Respondent (as mentioned in para 2.1above) that, the total Receivables of Rs. 1.74 Cr. was more than the sale of the Company of Rs. 1.22 Cr. in financial year 2018-19 and accordingly, more than 79.83% of the sale remains receivables for more than 180 days. Apart from the above, the receivable were 1.42 times of the sale in the financial year 2018-19. In view of above fact that substantial amount of Trade Receivable were not received by the Company and the same has become equivalent to1.42 times of the sales, the Complainant raises concerns over deteriorated situation of the receivables which would affect the performance of the Company in future. In view of above, the Complainant raises question on the genuineness of the sales.

7.2 On the day of final hearing of the matter on 17.06.2026, the Committee noted that the Respondent was not present for the hearing despite grant of three adjournments on 06.10.2025,17.04.2026 and 25.05.2026 by it. The Committee noted that at the last meeting, the Respondent was not present for the hearing and notice of listing of the case has been served upon the Respondent. Despite that, the Respondent was not present in the hearing. The notice was also sent by post and by email to the Respondent and decided that in case of his failure to appear in the next meeting, the case may be proceeded with ex-parte and considered based on documents/material on record / merits.

7.3 Moreover, the Committee noted that this case was fixed four times during the current Committee year before it for hearing(s) under Rule 18 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. The notices of hearings were duly served, and the parties were informed of the scheduled meetings of the Committee. In the absence of the Respondent; and in compliance of the Rules as narrated

before it. However, the Respondent was not present despite the fact that notice of the hearing was duly served upon him.

The Committee enquired from the AR of the Complainant that since the composition of the Committee had changed subsequent to the last hearing held on 20.04.2023 in this case, whether he wished to have a de-novo hearing by taking all written submissions/representations already on record or may continue from the stage it was last heard. The AR of the Complainant submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

The Committee noted that there was neither any intimation regarding participation of the Respondent in the meeting nor was he present when the case was taken up for hearing, despite due service of the notice to him. Thus, the Committee decided to adjourn the hearing in the case in the absence of Respondent.

6.6 On the day of the hearing on 25th May 2026, the Committee noted that the Committee noted that the AR of the Complainant (Officer of the Complainant Company) was present through VC and appeared before it. However, the Respondent was not present despite the fact that notice of the hearing was duly served upon him.

The Committee noted that the Respondent was not present for the hearing and notice of listing of the case has been served upon the Respondent. Despite that, the Respondent was not present in the hearing. The notice was also sent by post and by email to the Respondent. The Committee decided that if the Respondent fails to appear at the next hearing, the matter shall proceed ex-parte the Respondent and considered on merits based upon the documents/material available on record. With this, the case was adjourned in the absence of the Respondent.

6.7 On the day of the hearing on 17th June 2026, the Committee noted that the AR of the Complainant (Officer of the Complainant Company) along with Counsel were present through VC and appeared before it.

The Committee noted that the Respondent was not present for the hearing and notice of listing of the case has been served upon the Respondent. The Committee further noted that an ex parte notice had also been issued to the Respondent. Despite that, the Respondent was not present in the hearing. The notice was also sent by post and by email to the Respondent. The Committee then decided that the matter be proceeded ex-parte the Respondent and considered on merits based upon the documents/material available on record.

above, which provides for the grant of only one adjournment, the Committee was of the view that there is no need of granting any more opportunities to the Respondent. In view of Respondent continued non-appearance, the Committee was constrained to proceed with the matter ex-parte the Respondent, in terms of the provisions of the Chartered Accountants Act, 1949, and the Rules framed thereunder.

7.4 The Committee noted with respect to the allegation relating to the write-off of sundry debtors/trade receivables, the Company's deteriorating financial condition, and the genuineness of sales, the financial statements for FY 2018–19 disclosed the following facts and figures:

Trade Receivables

Trade Receivables	**As on 31.03.2019 (Rs.)**	**As on 31.03.2018 (Rs.)**
Unsecured, Considered Good		
Less than 180 days	76,32,750.00	1,09,05,126.00
More than 180 days	97,53,579.00	56,23,983.00
Total	**1,73,86,329.00**	**1,65,29,109.00**

Note 11 – Revenue from Operations

Particulars	**As on 31.03.2019 (Rs.)**	**As on 31.03.2018 (Rs.)**
Sale of Services	1,22,16,692.00	1,93,76,969.00

Note 3- Reserve & Surplus

Reserve & Surplus	**As on 31.03.2019 (Rs.)**	**As on 31.03.2018 (Rs.)**
I. Share Premium		
Opening Balance	2,14,81,999.00	1,21,25,999.00
(+) Addition during the year	28,50,000.00	93,56,000.00
(-) Transfer/ Deductions during the year	-	-
Closing Balance	**2,43,31,999.00**	**2,14,81,999.00**

7.5 From the above table, it is evident that a significant portion of the Trade Receivables had remained outstanding for a considerable period. However, during the financial year ended 31st March 2019, the Company wrote off only Rs.23.80 lakh as bad debts. In this regard, it is observed that the decision to write off bad debts is a matter of management judgment, taken in accordance with the Company's internal policies and past experience relating to the recovery of trade receivables.

7.6 The Committee noted that while the Complainant questioned the genuineness of sales due to high receivables, they provided no specific irregularities or evidence of fraudulent reporting. Without such evidence, the auditor's reliance on management's representations and verified sales records remains professionally sound.

7.7 The Committee noted that the Complainant has neither furnished any documentary evidence to establish that the amounts due from the sundry debtors were not recoverable within the foreseeable future nor pointed out any specific irregularity in the sales transactions undertaken by the Company. Further, non-recoverability of the Trade Receivables is not supported by any substantive evidence.

7.8 The Committee further noted that the Financial records indicate that during FY 2018-19, there were additions to Share Premium amounting to Rs. 28,50,000. This suggests the company was successfully raising capital, which is a strong mitigating factor against a "going concern" failure under SA 570.

7.9 The Committee noted that the Company's deteriorating financial position resulted from the non-recovery of Trade Receivables and the losses incurred by it, the issue essentially pertained to the Company's ability to continue as a going concern in view of its financial condition. In this context, reference is made to Standard on Auditing (SA) 570, "Going Concern", which, inter alia, provides as follows:

Responsibilities of the Auditor

"6. The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern."

"A3. The following are examples of events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. This listing is not all-inclusive nor does the existence of one or more of the items always signify that a material uncertainty exists.

Financial

- *Net liability or net current liability position.*

• Fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets.

• Indications of withdrawal of financial support by creditors.

• Negative operating cash flows indicated by historical or prospective financial statements.

• Adverse key financial ratios.

• Substantial operating losses or significant deterioration in the value of assets used to generate cash flows.

• Arrears or discontinuance of dividends.

• Inability to pay creditors on due dates.

• Inability to comply with the terms of loan agreements.

• Change from credit to cash-on-delivery transactions with suppliers.

• Inability to obtain financing for essential new product development or other essential investments.

Operating

• Management intentions to liquidate the entity or to cease operations.

• Loss of key management without replacement.

• Loss of a major market, key customer(s), franchise, license, or principal supplier(s).

• Labor difficulties.

• Shortages of important supplies.

• Emergence of a highly successful competitor.

Other

• Non-compliance with capital or other statutory or regulatory requirements, such as solvency or liquidity requirements for financial institutions.

• Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that the entity is unlikely to be able to satisfy.

• Changes in law or regulation or government policy expected to adversely affect the entity.

• Uninsured or underinsured catastrophes when they occur.

The significance of such events or conditions often can be mitigated by other factors. For example, the effect of an entity being unable to make its normal debt repayments may be counter-balanced by management's plans to maintain adequate cash flows by alternative means, such as by disposing of assets, rescheduling loan repayments, or obtaining additional capital. Similarly, the loss of a principal supplier may be mitigated by the availability of a suitable alternative source of supply."

7.10 The Committee noted that SA 570 acknowledges that while "negative operating cash flows" and "substantial operating losses" are indicators that may cast doubt, their significance can be mitigated

by other factors. Such factors include management's plans to maintain cash flows via asset disposal, rescheduling loans, or obtaining additional capital.

7.11 The Committee noted with regard to the allegation relating to the recoverability of Trade Receivables and the Company's deteriorating financial position, the financial information available in the audited financial statements of M/s. Shirsa Labs Private Limited for the relevant years was examined. The relevant financial data is summarised below:

Trade Receivables

Trade Receivables	**As on 31.03.2019 Amount in Rs.**	**As on 31.03.2018 Amount in Rs**	**As on 31.03.2017 Amount in Rs**
Unsecured, Considered Good			
Less than 180 days	76,32,750.00	1,09,05,126.00	10,225,129.00
More than 180 days	97,53,579.00	56,23,983.00	1,34,950.00
Total	1,73,86,329.00	1,65,29,109.00	11,572,079.00

Revenue from Operations

	As on 31.03.2019 Amount in Rs.	**As on 31.03.2018 Amount in Rs.**	**As on 31.03.2017 Amount in Rs.**
Sale of Services	1,22,16,692.00	1,93,76,969.00	1,58,29,590.70

7.12 From analysis of above table, it is observed that although the Trade Receivables as at 31.03.2019 amounted to Rs.1.74 crore, representing 142.32% of the revenue from operations for FY 2018-19, the increase in the absolute amount of Trade Receivables over the previous year was only Rs.8.57 lakh (from Rs.1.65 crore to Rs.1.74 crore), which is not significant. Further, receivables outstanding for less than 180 days reduced from Rs.1.09 crore as at 31.03.2018 to Rs.76.33 lakh as at 31.03.2019, indicating that a substantial portion of current receivables had been realised or converted into overdue balances rather than reflecting a substantial increase in total receivables.

7.13 The Committee further noted from Note 13 : Other Expenses read with Note 16.8 that during FY 2018-19, the Company wrote off bad debts amounting to Rs.23.80 lakh, indicating that management had recognised and provided for receivables considered irrecoverable. The

decision regarding the extent of bad debt write-off is a matter of management judgment based on recoverability assessments and, in the absence of contrary audit evidence, cannot be considered unreasonable merely because higher receivables remained outstanding.

7.14 The Committee noted that although the Company's revenue from operations declined during FY 2018-19 and cash and bank balances reduced substantially by the year end, these factors alone do not establish that the going concern assumption had become inappropriate. The financial statements indicate that the Company continued its operations during the year and there is no material evidence of default in repayment of borrowings, existence of overdue creditors, initiation of insolvency proceedings, discontinuance of business operations, or any decision of management to liquidate or cease operations.

7.15 The Committee further noted that, while the Company incurred operational losses during the year, the mere existence of losses or reduction in cash balances does not automatically create a material uncertainty relating to going concern. Such indicators are required to be evaluated collectively along with mitigating factors and management's plans for future operations, as envisaged under SA 570.

7.16 The Committee noted the Auditor's Responsibility: Under SA 570, the auditor's duty is to conclude on the appropriateness of management's use of the going concern basis. Given the on-going capital infusions and management's operational decisions, the auditor could reasonably conclude that no material uncertainty existed that required qualification.

7.17 The Committee accordingly noted that, when considering the actual provisions of SA 570, the presence of capital infusion (Share Premium), and the lack of evidence from the Complainant regarding specific bad debts, the charges of gross negligence cannot be sustained. The Committee viewed that the Respondent exercised due diligence within the framework of professional standards, and therefore, found him **Not Guilty** of professional misconduct falling within the meaning of Clause- (7) of Part-I of Second Schedule to the Chartered Accountants Act 1949

8. Conclusion:

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 7.4 to 7.17 as above	**Not Guilty**- Clause (7) of Part – I of the Second Schedule to the Chartered Accountants Act, 1949

9. In view of the above observations, considering the material on record including verbal and written submissions of the Complainant, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause – (7) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949.

10. **ORDER**

Accordingly, in terms of Rule 19 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for closure of this case against the Respondent.

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE & PRESIDING OFFICER

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.10.2026
PLACE: Noida

प्रमाणित होने के लिए प्रमाणित / Certified to be True Copy
Nisha Sharma
सहायक सचिव / Assistant Secretary
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.)