



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-IV (2025-2026)]
[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/180/16-DD/289/2016/ DC/1619/2022

In the matter of:

Shri Mukesh Kumar Agarwal,
C-4/30, East of Kailash,
New Delhi - 110065

.... Complainant

Versus

CA. Anurag Gupta (M.No. 506600)
209, Ram Vihar,
Near Anand Vihar,
Opposite Surajmal Vihar,
Vikas Marg Extn.,
Delhi - 110092

.... Respondent

MEMBERS PRESENT:

1. CA. Prasanna Kumar D, Presiding Officer (In person)
2. Ms. Dakshita Das, I.R.A.S (Retd.), Government Nominee (Through VC)
3. Adv Vijay Jhalani, Government Nominee (In person)
4. CA. Mangesh P. Kinare, Member (Through VC)
5. CA. Satish Kumar Gupta, Member (Through VC)

DATE OF HEARING: 05th February 2026

DATE OF ORDER: 11th February 2026

1. That vide Findings dated 28th 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. Anurag



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Gupta (M.No. 506600) (hereinafter referred to as the "Respondent") is **GUILTY** of Professional and Other Misconduct falling within the meaning Clause (7) of Part I of Second Schedule and Clause (2) Part - IV of the First 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 05th February 2026.

3. The Committee noted that on the date of hearing on 05th February 2026, the Respondent was present in-person. During the hearing, the Respondent made verbal submissions and also referred to the submission dated 30th January 2026 on the Findings of the Committee. The Committee noted the written and verbal representation of the Respondent dated 30th January 2026 on the Findings of the Committee, which, inter alia, are as under:

- The classification under "Loans and Advances" as "Others" was correct, and only a minor descriptive disclosure was omitted.
- There was no misstatement affecting assets, liabilities, profits, or cash flows, and no misstatement that could reasonably influence the economic decisions of users, and compliance with Schedule VI in all material respects was sufficient for issuance of an unmodified audit report.
- The said nondisclosure did not constitute a material misstatement.
- The said non-disclosure did not require reporting under Section 227(4A) and did not affect compliance with Section 227(2), as the advance was recorded in the books as "advance towards purchase of property" in compliance with Section 227(3)(b).
- The said non-disclosure did not affect the true and fair view of the state of affairs and the profit of the company. The said non-disclosure did not qualify as an item to be reported under SA 701, SA 705 or SA 706.



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- The said non-disclosure did not warrant modification of the audit opinion and was an error of the company which did not meet the criteria for reporting under Section 227 and SA 200.

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

5. Thus, keeping in view the facts and circumstances of the case, material on record including written and verbal representation of the Respondent on the Findings, the Committee noted for FY 2013-14 that the advance received against property should be disclosed under the head 'capital advances' under 'Long Term Loans and Advances'. The Respondent admitted it as a minor omission in disclosure, specifically the failure to disclose under the head of Capital Advances (i.e. "advance towards property purchase"). Therefore, disclosure under the 'Others' in Loans and Advances is not an appropriate disclosure as per the requirements of 'General Instructions for preparation of Balance Sheet' given under Part I, Revised Schedule VI to the Companies Act, 1956.

6. Although the non-disclosure did not require a modification of the audit opinion, the disclosure made under the head "Others" in Loans and Advances was not appropriate in accordance with the requirements of the "General Instructions for Preparation of Balance Sheet" prescribed under Part I of Revised Schedule VI to the Companies Act, 1956.

7. 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 and Other Misconduct.

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8. Thus, the Committee ordered that the Respondent i.e. CA. Anurag Gupta (M.No. 506600), New Delhi be REPRIMANDED and also imposed a fine of Rs. 50,000/- (Rupees Fifty Thousand only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-

(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

Sd/-

(MS DAKSHITA DAS, I.R.A.S (RETD.))
GOVERNMENT NOMINEE

Sd/-

(ADV VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-

(CA. MANGESH P. KINARE)
MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)
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 – IV (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.

File No: [PR/180/2016-DD/289/2016- DC/1619/2022]

In the matter of:

**Shri Mukesh Aggarwal
(Represented by legal heir Mrs. Sunita Aggarwal)
C-4/39, East of Kailash,
New Delhi – 110065**

...Complainant

Versus

**CA. Anurag Gupta (M. No. 506600)
209, Ram Vihar,
Near Anand Vihar,
Opposite Surajmal Vihar,
Vikas Marg Extn.,
Delhi – 110092**

...Respondent

MEMBERS PRESENT:

**CA. Prasanna Kumar D, Presiding Officer (In person)
Adv. Vijay Kumar Jhalani, Government Nominee (In person)
CA. Mangesh P. Kinare, Member (Through VC)
CA. Satish Kumar Gupta, Member (Through VC)**

DATE OF FINAL HEARING : 03rd November, 2025

PARTIES PRESENT:

**Respondent : CA. Anurag Gupta (Through VC)
Counsel for Respondent : CA. C. V. Sajan (Through VC)**

1. Background of the Case:

- 1.1 The Complainant was the director of '**M/s Shiv Shakti Promoters Private Limited**' (hereinafter referred to as the "SSPL" / "Company"), and the Respondent firm was the



Statutory Auditor of the Company for past 4 to 5 years. It was stated that the Respondent was well known to the Complainant since 2011, since the Respondent was associated with the Complainant and filing Income Tax Returns, returns in ROC and giving consultancy to the Complainant related to various financial business transactions. It was also stated that the Respondent was fully aware and well conversant with the documents, correspondence and other financial documents of the Complainant and his companies. Further, as stated, the Complainant reposed full faith and trust in the Respondent because of their fiduciary relations.

2. Charge(s) in brief:

- 2.1 The Complainant stated that the Company (i.e., M/s Shiv Shakti Promoters Private Limited) had entered into purchase transaction in respect of a house property owned by the Respondent's mother namely Ms. Kumkum Varshney, for an agreed consideration of Rs. 5 crores during September 2012. In this regard, the Complainant stated that the full amount was paid by the Company to the Respondent's mother through different cheques. It was also stated that after payment of the above consideration, the Respondent's mother had executed the documents related to title deed etc. in favour of the Company. In this regard, the Complainant alleged that as the amount of consideration for the alleged house property had been made through Company's bank account, the value of such property should have added / disclosed in the assets of the Company which was not reflected in the balance sheets under the head of 'Fixed Assets'.
- 2.2 The Complainant also alleged that the Respondent was giving misleading information to the public at large by showing the address of the Respondent firm as 209, Ram Vihar, New Delhi and also showing the address of his own office for the Company namely, M/s B K Education Private Limited (sic) in which the Complainant was the promoter of said Company since 2012.
- 2.3 The Respondent was serving the same clients in dual capacity due to which his conduct as an auditor opened to suspicious as well as to temptation. He was rendering other services to the companies and banks etc. other than work assigned under auditor's capacity which had impaired the objectivity of statutory audit. It is also alleged that the Respondent had never used his proper and sufficient professional and legal



knowledge of company accounts, corporate and allied laws, and accounting standards issued by ICAI. He never adopted principles of auditing and auditing assurance standards during his audit practices in examining the company accounts. He never tried to examine the books of accounts and financial statements with standard, fair and reasonable skills during the course of his audit. He did not make any effort to observe self-regulatory guidelines of ICAI as an external auditor. The Complainant also alleged that the Respondent was in the habit of deliberate and intentional misstatement of facts as well as violation of Companies Act, FEMA, RBI act and other allied acts. It seems that his purpose was only to get intentional planning of misleading public by material misstatement of law and facts, by means of manufactured forgery which causes the damages and harm in body, mind, and reputation of his victims in public at large.

3. **The relevant issues discussed in the Prima Facie Opinion dated 21st April 2022 formulated by the Director (Discipline) in the matter, in brief, are given below:**

- 3.1 With Respect to charge given in para 2.1 above, it was noted that though the financial statements of the Company for FY 2012-13 were audited by the Respondent firm but the same was signed by some other partner of the Respondent namely CA. Parag Gupta as Statutory Auditor and not by the Respondent. But the Respondent had audited and signed the financial statements of the Company as Statutory Auditor for FY 2013-14. In the instant matter, it was noted that in his submissions, the Respondent had mentioned that the amount of Rs. 5 crores was actually the loan which was given by the Company to Respondent's mother and accordingly, had been recorded / reported as loans and advances in the financial statements of the Company for FY 2012-13 and 2013-14. In this regard, the Complainant had also provided the copy of 'Agreement to Sell' entered into between the Company and Respondent's mother namely Smt. Kumkum Varshney on 21.09.2012 wherein it was clearly mentioned that the Respondent's mother had agreed to sell her residential property to the Company for Rs. 5 crores where the sale consideration of Rs 5 crores had already been received by her from the Company against the sale of such property. For better clarity and understanding, it was pertinent to mention certain relevant provisions / paragraphs of such Agreement to Sell as under:

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"1. That in pursuance of the **total sale consideration** amount, as mentioned above which has been **received by the first party from the second party, the first party** being fully empowered and absolute owner of the said property **hereby sell(s), grant(s), convey(s), transfer(s), assign(s) the said property, together with all privileges, easements and appurtenances thereto to the second party** and the **second party, being the owner of the said property, is free to have and to hold the said property absolutely and forever.** (emphasis added)

2. That the **first party has delivered the actual, physical, vacant and peaceful possession of the said property; to the second party on the spot.** (emphasis added)

3. That the **second party shall realise all the profit of the said property from the date of execution of this agreement** and the first party shall not demand any amount from the second party. (emphasis added)

4. That the first party has left no claim, title, or interest of any kind whatsoever in the said property, and the **second party has become the sole and absolute owner of the above said property** and now the second party is fully entitled to use, to mortgage, to sell the above said property as desire(s) by him / her, being the absolute owner thereof. (emphasis added)

11. That the **second party shall have the right to get the said property mutated in his / her own name in the records of the concerned authorities on the basis of this agreement.**" (emphasis added)

3.2 In view of the aforesaid clauses contained in the said agreement, it was noted that:

- i. The entire sale consideration of Rs 5 crores was already transferred by the Company to the Respondent's mother;
- ii. The possession of the property had also been handed over to the Company;
- iii. The ownership in respect of alleged house property had also been transferred to the Company.

3.3 Along with above Agreement to sell, the Respondent's mother had also executed 'General Power of Attorney', Special Power of Attorney, indemnity bond, affidavit, and possession letter dated 21.09.2012 in favour of the Company and the Complainant in respect of transfer of alleged property by Respondent's mother to the Company. On perusal of various clauses of Agreement to Sell and other documents executed in favour of the Company and considering the fact(s) that the entire consideration was already paid by the buyer Company and possession was also given by seller (i.e., Respondent's mother) to the buyer Company, it was viewed that the sale of alleged

property by Respondent's mother to the Company was complete in all respect in September 2012 itself. Thus, considering the principle of substance over form, the purchase of alleged property by the Company should have been recorded as 'Fixed Assets' / 'Asset' in its balance sheet for the FYs 2012-13, 2013-14 and in later years. However, as per the Respondent, the same was disclosed as 'Loans and Advances' in the financial statements of the Company for such financial years. Thus, the submission of the Respondent for treating the said amount of Rs. 5 crores as loans and advances in the books of the Company appears to be incorrect especially when he could not give any justification to show such amount as Loan and Advances in the books of the Company for alleged financial years. Accordingly, it was viewed that the Respondent was 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 for not reporting the aforesaid discrepancy in his audit report relating to wrong reporting of fixed assets as loans and advances in Company's financial statements.

- 3.4 It was also informed by the Respondent that the said loan of Rs. 5 crores was later on repaid by the Respondent's mother to the Company during February 2016. However, from the copy of cheques and bank account statement of Respondent's mother, it was not ascertainable whether the said amount of Rs. 5 crores which was paid by Respondent's mother to the Company was in respect of same transaction i.e., against the receipt of Rs. 5 crores from the Company in September 2012 or some other transaction. The Respondent had even not made it clear that if the same was related to the same transaction, how and why the amount was refunded by his mother to the Company when the sale of residential property had already taken place in September 2012 itself. In this regard, even if the submission of the Respondent that the amount of Rs. 5 crores paid by the Company to Respondent's mother in September 2012 was in the nature of loans and advances, is taken to be true (though it is not corroborated with the agreement to sell dated 21.09.2012), it was noted that where the relative of the person is indebted to the Auditee Company exceeding a sum of Rs. 5 lakhs, the said person is ineligible to be Auditor of said Auditee Company under the provisions of Section 141(3) of Companies Act 2013. The said provisions of Section 141(3) along with Section 2(77) of the Companies Act 2013 and the related Rules are reproduced as under:

'Section 141: Eligibility, qualifications and disqualifications of auditors.

3) The following persons shall not be eligible for appointment as an auditor of a Company, namely:

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(a) a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;

(b) an officer or employee of the company;

(c) a person who is a partner, or who is in the employment, of an officer or employee of the company;

(d) **a person who, or his relative or partner:**

(i) is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company:

Provided that the relative may hold security or interest in the company of face value not exceeding one thousand rupees or such sum as may be prescribed;

(ii) **is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of such amount as may be prescribed;**

or

.....' (emphasis added)

'Rule 10 of Companies (Audit & Auditors) Rules, 2014

10. Disqualifications of auditor. —

(1) For the purpose of proviso to sub-clause (i) of clause (d) of sub-section (3) of section 141, a relative of an auditor may hold securities in the company of face value not exceeding rupees one lakh:

Provided that the condition under this sub-rule shall, wherever relevant, be also applicable in the case of a company not having share capital or other securities:

Provided further that in the event of acquiring any security or interest by a relative, above the threshold prescribed, the corrective action to maintain the limits as specified above shall be taken by the auditor within sixty days of such acquisition or interest.

(2) For the purpose of **sub-clause (ii) of clause (d) of sub-section (3) of section 141**, a person who or whose relative or partner is **indebted to the company** or its subsidiary or its holding or associate company or a subsidiary of such holding company, **in excess of rupees five lakh shall not be eligible for appointment.**' (emphasis added)

'Section 2(77) of Companies Act 2013

"Relative", with reference to any person, means anyone who is related to another, if:

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) **one person is related to the other in such manner as may be prescribed.**' (emphasis added)

3.5 It was noted that the relationship of mother / son was included in the list of relatives given under Rule 4 of Companies (Specification of definitions details) Rules, 2014. Thus, based on provisions given above, where the amount of Rs. 5 crores given by the Company to the Respondent's mother, was reported as loans and advances in the audited financial statements of the Company, it was amply clear that the Respondent firm was immediately disqualified from acting as the Statutory Auditor of the Company, but the Respondent firm continued to audit the financial statements of the Company for FY 2014-15 when the aforementioned provisions of Companies Act 2013 was

applicable. It was pertinent to mention here that the term 'relative' was not included as the disqualification for indebtedness under the provisions of Section 226(3) of Companies Act 1956 but was covered under the provisions of Section 141(3) of Companies Act 2013. It is also noted that financial statements of the Company i.e., SSPL for the FY 2014-15 has been signed by CA. Parag Gupta as the signing partner of the Respondent firm. However, the Respondent being the partner of the Respondent firm during the alleged period i.e., FY 2014-15, should have taken immediate steps to desist the Respondent firm for undertaking audit of the Company for FY 2014-15 being disqualified under the provisions of Section 141(3) of Companies Act 2013. In this regard, from the various submissions made in another complaint filed by Sh. Mukesh Aggarwal against CA. Parag Gupta (M. No. 505750) under Reference No. PR/347/2018-DD/28/2019, it was noted that both CA. Parag Gupta and the Respondent are real brothers. Accordingly, since the Respondent firm continued to audit the financial statements of SSPL for FY 2014-15 while the alleged loan of Rs. 5 crores to Respondent's mother was still standing in its financial statements, it was viewed that the Respondent being the partner of the Respondent firm was severally and jointly liable for such misconduct and accordingly, he is prima facie **Guilty** of Professional and 'Other' Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule and Clause (2) of Part-IV of First Schedule to the Chartered Accountants Act 1949 in respect of instant allegation.

3.6 With regard to charges as stated in **Para 2.2 and 2.3 above**, the Complainant has alleged that the Respondent has never used his professional and legal knowledge, never adopted principles of auditing, never tried to examine the books of accounts / financial statements with reasonable skills during the course of audits and was habitual of making intentional mismanagement of facts as well as violation of various statutory laws. However, in the absence of any clarification and corroborative evidence(s) on record, such allegations appear to be general in nature and vague, hence, these allegations are not maintainable against the Respondent. However, as regards allegation of working in dual capacity by the Respondent, it is noted that-

- i. The Respondent has himself informed that he was the director of land related Company i.e., M/s B K Educational Services Private Limited from March 2014 to June 2016. *Bog*

- ii. Further, as per ICAI records, the Respondent was also holding COP during such period.
- iii. Further, on perusal of financial statements of the Company i.e., M/s Shiv Shakti Promoters Private Limited for FY 2013-14, it is noted that these financial statements have been audited by the Respondent and signed in the capacity of Statutory Auditor on 30.09.2014.

3.7 Further, the Respondent has also submitted that during 2014, the Complainant was removed from the board of directors of land related Company i.e., M/s B.K. Educational Service Pvt Ltd and two additional directors, the Respondent and his brother, Mr. Chirag Gupta, were regularized by passing a resolution. Further, on perusal of certain emails along with other submissions of the Respondent wherein the Respondent had asked the previous CA of land related Company for the reasons of not filing the resignation of ex-director of land related Company, it appears that the Respondent was also involved in day-to-day affairs of the land related Company. Further, on perusal of various documents on record along with Respondent firm's data and data of proprietary firm of the Respondent i.e., M/s Anurag S S Varshney & Co. available on SSP portal of ICAI, it is noted that the address of land related Company, Respondent firm, proprietary firm of the Respondent and house property of the Respondent's mother are all same i.e. 209, Ram Vihar, Delhi which shows that the Respondent was involved in running the business of land related company from the same office premises which has also been declared as the office of the Respondent firm and proprietary firm of the Respondent to ICAI. Thus, it is amply clear that being a Chartered Accountant in practice, the Respondent was also engaged in other occupation. Thus, in view of various submissions on record and considering the role of the Respondent in day-to-day affairs of land related Company in the capacity of Director, it is viewed that the Respondent was required to get the permission of Council of the Institute as required under Regulation 190A of the Chartered Accountant Regulation 1988 for engaging himself in other occupation being also a CA in practice. However, the Respondent has failed to provide any permission taken from ICAI to act as the director of land related company and his engagement in the business of the said Company during such period when he was also holding COP and had audited the financial statements of various entities. Accordingly, it is viewed that the Respondent is prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (11) of Part-I of First Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation. 

Schedule and Clause (2) of Part-IV of First 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:**

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	12 th July 2016
2.	Date of Written Statement filed by the Respondent	24 th December 2016
3.	Date of Rejoinder filed by the Complainant	17 th June 2017
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	21 st April 2022
5.	Written Submissions/ documents filed by the Respondent after PFO	08 th September 2025
6.	Written Submissions filed by the Complainant after PFO	---
7.	Judicial decision of the Hon'ble Supreme Court in Suraj Lamps P Ltd Vs State of Haryana (2011 decision) submitted by Respondent	27 th October 2025

5. **Written submissions filed by the Respondent: -**

5.1 The Respondent vide letter dated 08th September 2025, inter-alia, made the submissions which are given as under: -

- (i) In respect of first charge, the observation of the Director (Discipline) is not correct as the Agreement to sell and other documents were not sufficient evidence to assume that the transfer of property had taken place under the Transfer of Property Act, 1882.
- (ii) Section 54 of the Transfer of Property Act, 1882 makes registration indispensable for the sale of tangible immovable property (above Rs. 100) and clarifies that a contract for sale does not itself create any interest or charge on such property.
- (iii) Sections 17 and 49 of the Registration Act render any unregistered instrument that is compulsorily registrable ineffective to affect immovable property or to be received as evidence.

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- (iv) There is no basis for assuming the amount of Rs 5.00 crores as "loan borrowed" instead of "advance received against sale of property," as the transaction documents prove it was not a borrowing.
- (v) Section 141(3)(d) of the Companies Act, 2013 came into operation from 01st April 2014. The Respondent was auditor only for FY 2013-14 and not FY 2014-15.
- (vi) With respect to second and third charge, there is no evidence that the Respondent played any executive role in relation to this resolution.
- (vii) An email from the complainant to the Respondent dated 6th February 2013, attaching the Tally backup of Shiv Shakti Promoters Pvt. Ltd., whose auditor was the Respondent. This email has no connection with BKESPL. The email dated 18th October 2012 is merely a follow-up to the auditor regarding a pending statutory filing and does not indicate any management role or decision-making by the Respondent. The emails show that the Respondent simply forwarded back the financials of BKESPL for FY 2011-12 in 2014, which were originally sent to him by the auditor (CA M.S. Kathuria) on 24th September 2012. This correspondence does not evidence any executive involvement.
- (viii) The Director (Discipline) had no evidence that the Respondent was involved in running BKESPL, and the complainant did not provide the same.
- (ix) The address 209, Ram Vihar, Delhi—common to BKESPL and the audit firms—was the Respondent's ancestral property, large enough to house the residence, two audit firms, and BKESPL.
- (x) A shared address among residence, audit firms, and a family-owned company is not a valid reason to assume that the Respondent was engaged in managing BKESPL. The company was only a land-holding entity, not a business concern.
- (xi) The Director (Discipline) failed to establish any valid reason why the Respondent was required to obtain Council approval under Regulation 190A of the Chartered Accountant Regulations, 1988.
- (xii) The Respondent's position as director of BKESPL was covered under "Director-Simpliciter," which enjoys general permission from the Council of ICAI. Hence, the charge is baseless.

6. Brief facts of the Proceedings:

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

S.No.	Date of meeting(s)	Status
1	05 th June 2023	Oath taken by Respondent and Complainant was not present
2	12 th September 2025	Oath taken by Respondent and adjourned at the request of legal heirs of Complainant.
3	28 th October 2025	Part heard and adjourned
4	03 rd November 2025	Hearing concluded and decision taken

6.2 On the day of hearing on 05th June 2023, the Committee noted that the Respondent was present through Video conferencing mode. Thereafter, he gave a declaration that there was nobody present except him from where he was appearing and that he would neither record nor store the proceedings of the Committee in any form. The office apprised the Committee that the Complainant was not present and notice of listing of the case has been 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 and charges against the Respondent were 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 the absence of the Complainant and 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 later date. With this, the case was part heard and adjourned.

6.3 On the day of hearing on 12th September 2025, the Committee noted that the Respondent was present through video conferencing along with his Counsel and appeared before it. The Committee noted that the Complainant, Mr. Mukesh Kumar Agarwal, had passed away in January 2024, and that an application had been received from his legal heirs seeking permission to pursue the matter further, which had already been considered by the Bench. The Committee enquired from the Respondent/Counsel for the Respondent that since the composition of the Committee had changed subsequent to the last hearing held on 05/06/2023 in this case, whether

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he wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel of the Respondent opted for de-novo hearing and accordingly 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 then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against them.

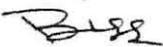
6.4. Thereafter, Committee noted that the Complainant's legal heirs had sought adjournment. The Counsel for the Respondent submitted that the written submissions on behalf of the Respondent had already been filed and requested that the same be taken on record, further requesting that the Complainant or their legal heirs be directed to file a rejoinder, if any, and that all documents filed by them be shared with the Respondent. Acceding to the request of the legal heirs of Complainant, the Committee adjourned the subject case to a future date. With this, the matter was part-heard and adjourned.

6.5. On the day of hearing on 28th October 2025, the Committee noted that the Respondent along with counsel was present through VC and appeared before it. The first allegation related to the classification of the Rs. 5 crore transaction as "loans and advances" instead of "fixed assets," with the Director (Discipline) asserting that the transaction was substantively a sale and should have been classified as a fixed asset. The Respondent argued that the transaction was incomplete due to the lack of a registered sale deed, which prevented the company from deriving economic benefits from the property, as per Accounting Standard (AS) 10. The second allegation involved the Respondent's alleged disqualification under Section 141 of the Companies Act, 2013, due to the Rs. 5 crore transaction being treated as a loan to the Respondent's mother. The Respondent argued that the transaction was an advance against the sale of property and not a loan, as it lacked the characteristics of indebtedness, such as repayment terms or interest. The third allegation concerned the Respondent's role as a Director in BKES Pvt. Ltd., a landholding company owned by his family. The Respondent argued that his role was limited to being a Director Simplicitor, with no executive or profit-making activities involved, and that BKES was merely a landholding company with no business operations. The Committee noted the submissions of the

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Respondent. The Respondent requested time to submit a written submission /explanation on the presentation aspect under Schedule VI of the Companies Act, and the matter was accordingly adjourned. With this the matter was part heard and adjourned.

6.6. On the day of hearing on 03rd November 2025, the Committee noted that along with Counsel was present through VC and appeared before it. The Respondent's Counsel submitted that the issue concerning compliance with the presentation requirements of Schedule VI in respect of the Rs 5 crores advance needs discussion. He explained that the advance was initially classified as a short-term loan in 2012–13 based on the expectation of realization within twelve months and was reclassified as a long-term advance in 2013–14 when the transaction remained inconclusive. Counsel details how the disclosures relating to classification between long-term and short-term, related and non-related parties, and secured and unsecured advances were duly made in accordance with Schedule VI. The sole omission was the disclosure of the nature of "other advances," which he acknowledged as a minor and inadvertent lapse by management, not rising to the level of material misstatement or professional misconduct. Reliance is placed on SA 200, emphasizing that an audit provides reasonable, not absolute, assurance and that minor errors fall within inherent audit limitations. The Counsel further argued that the omission did not affect the true and fair view of the financial statements, especially as the company is a closely held private entity with no external stakeholders. He submitted that the omission, though admitted, is trivial and pardonable, and does not constitute lack of due diligence under Clauses 6 or 7. Accordingly, the Respondent stated that no misconduct be found and that the proceedings be closed.

6.7. Based on the documents/material and information available on record and the oral and written submissions made by the parties, and on consideration of the facts of the case, the Committee concluded the hearing in subject case and decided on the conduct of the Respondent. 

7. Findings of the Committee: -

The Committee noted the background of the case as well as oral and written submissions made by the Complainant and Respondent, documents / material on record and gives its findings as under: -

- 7.1 As regards the **First Leg of First Charge** relating to non-disclosure/ non-reporting of fixed assets in the Balance Sheet in FY 2013-14, the Committee noted that the advance given has been disclosed under the head 'Unsecured- Other Parties' in Note VI- Long Term Loans and Advances in FY 2013-14.
- 7.2 The Committee considered the Respondent's defense that while the transaction was a sale in substance, it could not be recognized as a Fixed Asset because the sale deed was not executed or registered. The Respondent's Counsel stated that AS 10, Accounting for Fixed Assets, (issued in 1985) mandates that probable economic benefits cannot flow to the entity unless the property is legally registered, citing the Supreme Court decision in *Suraj Labs Pvt. Ltd. versus State of Haryana*. The Counsel for Respondent added that since valid registration was a pre-requisite for asset recognition and capitalization, the company decided to treat the payment as an advance.
- 7.3 It was also submitted that registration for sale of tangible immovable property above Rs. 100 is mandatory as per Section 54 of Transfer of Property Act, 1882 and sale agreement alone does not create ownership rights.
- 7.4 Regarding the presentation under Schedule VI to the Companies Act 1956, the Committee noted the Respondent's argument that the amount was initially classified as 'Short Term Loans and Advances' (FY 2012-13) and later converted to 'Long Term Loans and Advances' (FY 2013-14) because the transaction remained unconcluded. The classification satisfied the requirements for separation into long-term/short-term, secured/unsecured, and related parties/others.
- 7.5 The Committee further noted from 'General Instructions for preparation of Balance Sheet' given under Part I, Revised Schedule VI to the Companies Act, 1956 which states as follows: 

"6. A company shall disclose the following in notes to accounts:

L. Long-term loans and advances

(i) Long-term loans and advances shall be classified as:

(a) Capital Advances;"

- 7.6 It was further noted from Guidance note on Revised Schedule VI to the Companies Act, 1956 that capital advances are advances given for procurement of fixed assets which are non-current assets. Typically, companies do not expect to realize them in cash. Rather, over the period, these get converted into fixed assets which, by nature, are non-current assets. Hence, capital advances should be treated as non-current assets irrespective of when the fixed assets are expected to be received.
- 7.7 From the above mentioned requirements, the Committee noted for FY 2013-14 that advance received against property should be disclosed under the head 'capital advances' under 'Long Term Loans and Advances'. The Committee acknowledged admission of Respondent as a minor omission in disclosure, specifically the failure to disclose under the head of Capital Advances (i.e. "advance towards property purchase"). The Respondent's Counsel stated that this oversight was inconsequential because the company was a closely held private entity and its members are 100% shareholders and Directors had no other stakeholders. The Respondent's Counsel submitted that such minor mistake does not constitute a material misstatement affecting the true and fair view of the financial statements, as per SA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing".
- 7.8 With regard to disclosure given in Long Term Loans and Advances for FY 2013-14, the Committee further noted that Schedule VI of the 1956 allowed for a separate line item, such as "Capital Advance" under Non-Current Assets, for advances given to acquire a Capital Asset. Therefore, disclosure under the 'Others' in Loans and Advances is not an appropriate disclosure as per the requirements of 'General Instructions for preparation of Balance Sheet' given under Part I, Revised Schedule VI to the Companies Act, 1956. *Bigg*

7.9 It was, accordingly, noted by the Committee that disclosure 'General Instructions for preparation of Balance Sheet' given under Part I, Revised Schedule VI to the Companies Act, 1956 was a mandatory requirement under the Companies Act, 1956 which was not complied with. As regards the Respondent's argument that it was only a presentation error, the Committee viewed that these are mandatory requirements designed to provide necessary information to the stakeholders concerned and hence its omission should not be regarded only as a presentation error. It was noted that the Respondent had failed to report about the said non-compliance in his audit report. Accordingly, the Committee concluded that in the extant case, the Respondent has not followed due diligence and accordingly the Respondent was **Guilty** of Professional and Other Misconduct falling within the meaning of clause 7 of Part I of Second Schedule and Clause 2 of Part IV of First Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

7.10 The Committee further noted **second leg of first charge** arising from PFO with regard to disqualification of the auditor that, this charge is applicable if the amount was treated as "Loans and Advances", the Respondent's firm was disqualified under Section 141(3)(d) of the Companies Act, 2013, due to indebtedness exceeding the statutory limit owed by a relative.

7.11 The Committee considered the Respondent's submission that the payment was an advance against sale of property and, by its form, content, and intent, was not a "debt" or a "loan" and lacked typical debt features (repayment clause, interest, security). Therefore, the Section 141 to the Companies Act, 2013 concerning indebtedness should not apply. Further, Section 141 of the Companies Act, 2013, is applicable from April 1, 2014. However, in the extant case, charge pertained to FY 2013-14 and therefore, the same is not applicable. Considering the facts and Respondent's Counsel submissions, the Committee concluded that the said charge is based on assumption and, therefore, the Respondent is held **NOT GUILTY** for the same.

7.12 As regards to **second charge and third charge**, the Committee noted that the Respondent, by acting as a Director of M/s B.K. Educational Services Private Ltd (a landholding company) from March 2014 to June 2016 violated Clause (11) of Part I of the First Schedule. It was also noted that the address of land related company,

B.K. Educational Services Private Ltd

Respondent firm, proprietary firm of the Respondent and house property of Respondent's mother are all same i.e. 209, Ram Vihar, Delhi which shows that the Respondent was involved in running the business of land related company from same premises.

7.13 The Committee considered the Respondent's defense that he was only a Director Simpliciter. The Committee noted the arguments of Respondent that alleged company was characterized as a passive, non-operational landholding entity, floated exclusively for acquiring land, with no income or profits, meaning there was no meaningful engagement to make profit.

7.14 The Respondent's Counsel further submitted that none of the documents demonstrated an executive role or engagement in other business. Furthermore, simply owning property and making construction under a corporate family structure does not constitute "business" under Clause (11) of Part I of the First Schedule.

7.15 Considering the facts and submissions on record, the Committee concluded that in absence of proper documentary evidence, the Respondent is held **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause (11) of Part-I of First Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

8. **Conclusion:**

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

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 7.1 to 7.11 as given above	GUILTY - Clause (7) of Part I of Second Schedule and Clause (2) Part - IV of the First Schedule
Para 2.2 and 2.3 as above	Para 7.12 to 7.15 as given above	NOT GUILTY - Clause (11) of Part-I of First Schedule.

By

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

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

Sd/-
(Adv. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P. KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE : 28th January 2026

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


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वरिष्ठ कार्यकारी अधिकारी / Senior Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
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