



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/340/2017/DD/357/2017/DC/1811/2023]

In the matter of:

Shri Deepak Sethi

(Represented by legal heirs, Mrs. Santosh Sethi & Ms. Divya Sethi)

355, Bhera Enclave

Paschim Vihar

New Delhi - 110087

.... Complainant

Versus

CA. Sanjeev Kumar Gandhi (M. No. 091902)

309, Gagandeep building,

Rajendra Place

New Delhi – 110 005.

.... 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. Sanjeev Kumar Gandhi (M. No. 091902)** (hereinafter referred to as the "Respondent") is **GUILTY** of



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Professional Misconduct falling within the meaning of Clause (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 05th February 2026.

3. The Committee noted that on the date of hearing held on 05th February 2026, the Respondent was present through VC. During the hearing, the Respondent made verbal submissions and also referred to the written representation dated 04th February 2026 on the Findings of the Committee. The Committee noted the verbal and written representation of the Respondent dated 04th February 2026 on the Findings of the Committee, which, inter alia, are as under:

- The restoration of the TIN in year 2013 after cancellation in year 2011 itself show that the party was genuine and accepted by the VAT department.
- There are no adverse findings by the Delhi VAT department or the Income Tax department holding that transactions were not genuine.
- As an auditor, the Respondent's duty was to provide reasonable assurance and not absolute assurance, as a statutory audit involves an opinion and not certification.
- The Respondent requested the Committee to take a lenient view and consider the submissions while deciding the punishment on the sole issue where the Respondent has been held guilty.

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

Sw 18



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal and written representation of the Respondent on the Findings, it is noted that payments to M/s Pooja International (A Unit of Siyaram Automations Pvt. Ltd.), were made in crores without being verified and reported by the statutory auditor. The Respondent, as the Statutory Auditor, failed to exercise due diligence in verifying the authenticity of the invoices of M/s Pooja International (A Unit of Siyaram Automations Pvt. Ltd.). The Respondent did not provide any evidence to demonstrate that the transactions were genuine or that the invoices were properly verified. Invoices were not having valid TIN and the bank account was not opened in the name of M/s. Pooja International (A Unit of Siyaram Automations Pvt. Ltd.). The lack of verification and the acceptance of potentially fraudulent invoices constitute a significant lapse in professional conduct and a failure to adhere to the standards of auditing. The Respondent as an auditor is obligated to ensure that the financial statements provide a true and fair view of the company's financial position, which includes verifying the authenticity of transactions, ensuring compliance with applicable laws and regulations, and reporting any material misstatements or irregularities. The Respondent's failure to fulfil these responsibilities in relation to the transactions with Pooja International demonstrates gross negligence on the part of the Respondent.

6. The Respondent failed to provide adequate documentation or justification for the purpose and nature of these transactions, nor did he demonstrate that he had exercised due diligence in verifying the legitimacy of Pooja International. The Respondent, as the statutory auditor, had a duty to investigate and report any suspicious transactions or irregularities in the financial statements. Failure to obtain and present sufficient evidence to substantiate the legitimacy of the transactions with Pooja International constitutes a breach of professional responsibility. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 28th January 2026 which is to be read in consonance with the instant Order being passed in the case.

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 Misconduct.

Handwritten initials or signature.



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

8. Thus, the Committee ordered that the Respondent i.e. CA. Sanjeev Kumar Gandhi (M. No. 091902), New Delhi 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.

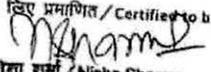
Sd/-
(CA. PRASANNA KUMAR D)
PRESIDING OFFICER

Sd/-
(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

निशा शर्मा / Nisha Sharma
सहायक सचिव / Assistant Secretary
अनुशासनमूलक विभाग / 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/340/2017/DD/357/2017/DC/1811/2023]

In the matter of:

Shri Deepak Sethi

(Represented by legal heirs, Mrs. Santosh Sethi & Ms. Divya Sethi)

355, Bhera Enclave

Paschim Vihar

New Delhi - 110087

..... Complainant

Versus

CA. Sanjeev Kumar Gandhi (M.No.200363)

309, Gagandeep building,

Rajendra Place

New Delhi – 110 005.

.... .Respondent

MEMBERS PRESENT :

CA. Prasanna Kumar D, Presiding Officer (In person)

Ms. Dakshita Das, IRAS (Retd.), Government Nominee (in person)

Adv. Vijay Jhalani, Government Nominee (In person)

CA. Mangesh P Kinare, Member (In person)

CA. Satish Kumar Gupta, Member (in person)

DATE OF FINAL HEARING: 19th November 2025

DATE OF DECISION TAKEN: 26th December 2025

PARTIES PRESENT :

AR of Complainant : Ms. Divya Sethi (Through VC)

Counsel for Complainant : Adv. Vikas Manchanda (Through VC)

Counsel for Respondent : Adv. Rohit Garg (Through VC)

① A2

1. **Background of the Case:**

1.1. The Complainant was the promoter and director of Laycock Engineers Pvt. Ltd. (hereinafter referred as 'the Company') holding substantial equity shares. He promoted the Company along with his younger brother, Mr. Sanjay Sethi, who managed administration and accounts. In 2008, the Complainant met with an accident and could not manage Company's affairs. Taking advantage of the situation, his brother induced him to sign an MoU agreeing to exit the Company. The MoU was later terminated, and the brother's suit for specific performance was dismissed by the Delhi High Court. Mr. Sanjay Sethi, as director, allegedly forged the Complainant's resignation and removed him from directorship. He then inducted his own son as a director in the Company. Mr. Sanjay Sethi allegedly embezzled Company funds and manipulated accounts. He also transferred the Company's business to his proprietary firm with the support of the statutory auditor (the Respondent). The Complainant filed a company petition before the CLB, which is now pending before the Delhi High Court. During litigation, the Complainant discovered that the books of accounts were fudged with the active connivance of the Respondent.

2. **Charges in brief:**

- 2.1 Credit card payment of personal use including for purchase of Louis Vuitton bags are claimed as business expenses, but statutory auditor never reported the same in their report.
- 2.2 Personal expense including personal leisure travel and other expenses have been booked as business expenses in the books of the Company.
- 2.3 That the payment to Pooja International, Capital Venture Private Ltd. and other personal are made in crores. Some of the payments are as under:-

5.12.2013	45 Lakh	Pooja International
5.12.2013	75 Lakh	Capital Venture
9.12.2013	60 lakh	Capital Venture
19.12.2013	18 Lakh	Pooja International
24.12.2013	18 Lakh	Pooja International

⊙ A2

Substantial amount is being paid to some individuals mentioned below and have no explanation and seems to be siphoning off Company's funds:-

14.11.2012	15 Lakh	Mamata Gupta
14.11.2012	15 Lakh	Rakesh Kumar
27.11.2012	15 Lakh	Benu Verma

3. **The relevant issues discussed in the Prima Facie Opinion dated 13th January 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1. With respect of first and second charge regarding failure of Respondent to report that personal expenses, including credit card payments for Louis Vuitton bags, leisure travel, and other personal purchases, were claimed as business expenses, suggesting a nexus with management, it was noted that the Respondent claimed the expenses were business-related and allowed in appeal but failed to produce the appellate order. The Complainant submitted Citi Bank credit card bill (July 2009), watch bill (August 2009), and travel bills, but did not provide evidence showing these were recorded in the books of the Company for F.Y. 2009-10.
- 3.2. The Respondent provided an Assessment Order for A.Y. 2012-13 (F.Y. 2011-12), where the Assessing Officer found that the Company had claimed ₹58.84 lakhs under business promotion expenses, out of which ₹16.26 lakhs were disallowed. The Assessing Officer observed that the disallowed expenses included luxury and personal items such as furniture, Louis Vuitton bags, and Burberry clothing and perfumes, which had no business connection. It was therefore observed that the Company had booked personal expenses as business promotion expenses, contradicting the Respondent's claim. The Respondent also failed to provide any documents or policy of the Company to justify such expenses as business promotion or trade practice. Accordingly, it was concluded that personal-use payments were claimed as business expenses and that the Respondent failed to report the same in his audit report. The allegation was thus found maintainable against the Respondent for Professional Misconduct under Clause (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

Ⓢ A2

- 3.3. With respect to third charge, it was observed that the Respondent had not denied the payments made to M/s. Pooja International, M/s. Capital Venture, and other persons as alleged by the Complainant. The Respondent stated that these payments were made for the purchase of goods and for the purchase of properties; however, he did not bring on record any documentary evidence or supporting documents to corroborate his defence. The Respondent also did not place on record copies of working papers in support of his defence to establish that the payments made to M/s. Pooja International, M/s. Capital Venture Private Limited, and other persons were genuine payments against purchases and other business transactions of the Company.
- 3.4. Keeping in view the aforesaid facts, the benefit could not be given to the Respondent, and the possibility of siphoning off of funds could not be denied at that stage. Accordingly, the Respondent was held prima facie **guilty** of Professional Misconduct falling within the meaning of Clause (7) and (8) of Part I of the Second Schedule
- 3.5. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 13th January 2023 opined that the Respondent is Prima Facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Item 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:

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

Clause (8) of Part I of the Second Schedule:

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

(8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion;

① Ar

3.6. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 17th July 2023. The Committee on consideration of the same, concurred with the reasons 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) and (8) 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:**

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

No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	04 th December 2017
2.	Date of Written Statement filed by the Respondent	22 nd January 2018
3.	Date of Rejoinder filed by the Complainant	15 th March 2018
4.	Date of Prima Facie Opinion formed by Director (Discipline)	13 th January 2023
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	Dated 'nil' received on 20 th February 2024, 01 st May 2024 and 17 th November 2025
6.	Impleadment application received from legal heirs of the Complainant	07 th March 2024 and 22 nd April 2024
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	14 th November 2025

4.1 **Written Submissions filed by the Respondent**

4.1. The Respondent email dated 20th February 2024 and 17th November 2025, inter-alia, made the submissions which are given as under: -

⊙ A2

- (i) The Respondent recently came to know that the Complainant died on 20.01.2024. Due to the Complainant's death, the complaint loses its locus standi, and the Respondent can no longer cross-examine the Complainant. The complaint, filed individually by the Complainant with incomplete information and unsupported allegations, should be quashed in limine. The complaint was filed on 04.12.2017 and Financial Year involved was 2009–10, where statutory audit of the Company was conducted by the Respondent. The Complainant, being one of the Directors, had himself signed the audited financial statements for F.Y. 2009–10. The Complainant, being an interested party and a Director, filed the complaint due to internal disputes with other Directors, making the complaint motivated and an afterthought.
- (ii) The complaint was filed more than seven years after the alleged misconduct (F.Y. 2009–10), making it time barred by limitation under Rule 12 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Rule 12 allows rejection of complaints made more than seven years after the alleged misconduct due to difficulties in securing evidence or procedural inconvenience. Therefore, the Director (Discipline) should not have entertained the complaint.

Submissions on the merits of the case (First and second charge)

- (iii) The Respondent was accused of not reporting that credit card payments for personal purchases like Louis Vuitton bags, leisure travel, and other expenses were claimed as business expenses. The Complainant did not submit any documentary evidence proving that such personal expenses were recorded in the company's books for FY 2009–10. The Respondent produced an income tax assessment order for FY 2011–12 showing some disallowance for personal expenses, which the Director (Discipline) relied upon.
- (iv) The Respondent stated that since the Complainant failed to prove the allegation with evidence, it was unfair to expect the auditor to prove otherwise.
- (v) For A.Y. 2010–11, there was no adverse finding by the Income Tax Department. In AY 2012–13, the disallowance by the assessing officer was only an estimate and not conclusive proof of personal expenditure. The assessment order even noted that some expenses might be business-related, such as client hospitality or gift

Ⓟ A₂

distribution. The company did not appeal the disallowance but appealed against a related penalty, which was deleted by the CIT (Appeals) in an order dated 05.10.2016. CIT (Appeals) observed that all income particulars and deductions were disclosed, and the Assessing Officer accepted the expenses as business-related without finding any fraud or bogus entries. The Income Tax Department accepted this CIT (Appeals) decision and did not file any further appeal.

- (vi) No irregularities were found during audit, as such business promotion expenses are often incurred through directors' credit cards. Similar expenses had been regularly incurred by the company in prior years without objection.

Third charge

- (vii) That the Company made payments to Capital Venture, Mamta Gupta, Rakesh Gupta, Beenu Verma, and Pooja International during November 2012 and December 2013. These payments were made for the purchase of goods and properties. The Respondent clarified that payments to M/s Capital Ventures Pvt. Ltd. were made and returned within same financial year 2013-14, leaving no effect on the audited financial statements.
- (viii) Payments to Mamta Gupta, Rakesh Kumar, and Benu Verma were for purchases of property related to the company.
- (ix) Payments to M/s Pooja International were for goods purchased from a regular vendor, supported by invoices and bank records showing these transactions.
- (x) As auditor, his duty was to verify fund movements and relevant documentation to ensure a true and fair financial view, which he duly performed.

4.2. The Respondent email dated 01st May 2024, inter-alia, made the submissions which are given as under: -

- (i) The impleadment application filed by the purported legal heirs is not maintainable. No evidence has been submitted to prove they are legal heirs of the Complainant. The application does not mention under which provisions of the Chartered Accountants Act, 1949, it is filed. The application is also barred by limitation. The purported legal heirs have only submitted a death certificate, no other proof like Aadhar or identity documents. The death certificate naming Mrs. Santhosh Sethi as spouse does not prove she and her daughter are sole legal heirs. The impleadment

⊙ A2

application contains irregularities and deficiencies. The legal heirs relied on an order of the Hon'ble Delhi High Court dated 19/03/2024 but did not file a copy of the application referred therein. The High Court Order does not specifically name the legal heirs and was based on consent of parties. The application does not cite any legal provision under the Chartered Accountants Act, 1949, allowing impleadment of legal heirs.

- (ii) The impleadment application is barred by limitation under Article 120 of the Limitation Act, 1963 (i.e. beyond 90 days). Death occurred on 20/01/2024 and impleadment application filed on 22/04/2024, beyond 90 days. Legal heirs knew limitation and filed before the High Court within time but failed to file the same before ICAI. Respondent requested the Disciplinary Committee to reject the impleadment application filed by the purported legal heirs of the Complainant.

5. Written Submissions of the Complainant: -

The legal heirs of the Complainant vide email dated 14th November 2025, inter-alia, made the submissions which are given as under: -

- (i) That the Dispute between complainant and management began in 2009-10; the was Respondent appointed auditor in year 2009 and balance sheets for year 2009-10 to 2013-14 were filed in November 2014 to manipulate financial statements and lower valuation.
- (ii) That the Credit notes of travel show unrelated names including wife of a director; such expenses were shown as company expenses without supporting resolution or purpose. The Respondent has neither called for any such record nor has placed any document showing the same expenses.
- (iii) Assessment order dated 08/03/2015 observed expenses on gifts, gold coins, electronics, 5-Star hospitality booked under business head; such expenses suggest illegal freebies or bribing. Respondent relied on CIT(A) order dated 05/10/2016 which is irrelevant; order itself noted failure to prove business expediency and that ignorance of law is no excuse. Personal expenses were wrongly included as business expenses.
- (iv) That the Respondent produced bills of Pooja International which were never filed earlier, claimed to be fake and intended to mislead the Committee. Bills totalling Rs. 81 lakhs show VAT charged when TIN was cancelled on 15/11/2011 and only renewed on 30/12/2013.

Ⓢ A2

- (v) Transactions shown between 01/10/2013 and 06/12/2013 when TIN was non-existent, proving the bills were bogus.
- (vi) That the Bills showed no description or model numbers; payments made to Pooja International though TIN holder was of Shree Siyaram, indicating fabrication. No company resolution authorizing such purchases was filed. Respondent facilitated embezzlement through fake bills.
- (vii) Regarding M/s. Capital Ventures, no documents were filed by Respondent; bank statements show identical amounts received from Capital Ventures and transferred to Pooja International on the same day, showing intentional embezzlement.
- (viii) That the payments to Mamta, Rakesh and Sh. Benu indicate illegal real estate ventures not permitted by MOA.
- (ix) That the execution of MOA in year 2013 were illegal without shareholder consent which was facilitated by Respondent.

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/remark
1	17 th May 2024	Part heard and adjourned
2	15 th October 2025	Adjourned at the request of legal heirs of the Complainant
3	29 th October 2025	Part heard and adjourned
4	19 th November 2025	Hearing concluded and decision reserved
5	26 th December 2025	Decision taken

6.2 On the day of hearing held on 17th May 2024, the Committee noted that the Counsel for the Complainant and the Respondent along with Counsel were present and appeared before it. The Counsel for the Complainant stated that the Complainant had expired on 20/01/2024 and his legal representative(s) Mrs. Santosh Sethi (wife

② Ar

of the Complainant) & Ms. Divya Sethi (daughter of the Complainant) surviving legal representative(s) vide their impleadment application dated 07/03/2024 to the Committee, has requested to implead them as Complainant in this matter.

- 6.3 The Counsel for the Respondent raised objection to above impleadment application and submitted that impleadment application of the legal heirs is not maintainable as no evidence has been placed on record evidencing legal heirs of the Complainant. Further, said impleadment application is time barred and subjected to be rejected. He stated that Under Article 120 of Limitation Act, 1963, the period of limitation to have legal representative of a deceased be made a party to an appeal is 90 days from death. The Respondent contended that in the subject case, it is beyond 90 days.
- 6.4 The Committee considered the arguments of both the parties and directed the office to get the impleadment application of the legal representatives of the Complainant legally examined. 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 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 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. With this, the case was part heard and adjourned.
- 6.5. On the day of hearing held on 15th October 2025, the Committee noted that the legal heir of Complainant had sought an adjournment vide email dated 11/10/2025 as their Counsel was unable to attend the hearing on that date. Acceding to the request of the Complainant, the Committee adjourned the said case to a future date.
- 6.6. On the day of hearing held on 29th October 2025, the Committee considered the impleadment application of the legal heirs of the complainant dated 22.04.2024 along with the documents submitted by them and permitted the impleadment of legal heirs of the complainant (Mr Deepak Sethi's legal heirs, viz. Smt. Santosh Sethi and Divya Sethi). Thereafter, the Committee enquired from the Respondent/Counsel for the Respondent that since the composition of the Committee had changed

① At

subsequent to the last hearing in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Respondent replied that the proceedings may be continued from the stage it was last heard.

6.7. As regards the first allegation against the Respondent that he had allowed personal expenses, such as luxury items and travel, to be booked as business expenses by the company he audited, the counsel for Respondent submitted that an appellate order from the CIT categorically stated there were no bogus claims, and he placed reliance on the order to refute the allegations. As regards the second allegation pertaining to non-furnishing of documents related to payments made to certain entities, the counsel for Respondent argued that these transactions were related to real estate and provided sale deeds and invoices to substantiate his claims. He also clarified that certain payments were nullified and did not impact the financial statements.

6.8. The counsel for Complainant stated that certain bills from Pooja International were fraudulent. He demonstrated that the TIN number on these bills had been cancelled in 2011, two years before the transactions were recorded. This indicated that the bills were fabricated, and taxes were falsely shown as paid. He sought permission to file additional documents to support this claim. The counsel for Respondent defended his actions by emphasizing adherence to auditing standards and providing working papers and evidence. He argued that the allegations were ill-motivated due to a family feud within the company. The counsel for Complainant requested time to file a rejoinder with supporting documents. The Committee, acceding to the request of the counsel for complainant, granted additional time for the complainant to prepare and submit his rejoinder. The Committee emphasized that it would focus on allegation(s) where the Respondent was prima facie found guilty by Director (Discipline) in his prima facie opinion.

6.9. On the day of hearing on 19th November 2025, the Committee noted that authorized representative of Complainant along with counsel and the counsel for Respondent were present through VC and appeared before it. The Committee noted the submissions made by Counsel for the Complainant and the Counsel for Respondent. With this, the hearing in the case was concluded and the judgment was Reserved.

As

6.10. Based on the documents and material available on record and after considering the oral and written submissions made by both the parties, the Committee concluded the hearing in the matter and judgment was reserved. The Committee directed the Respondent to file further written submissions, if any, in the matter within 10 days with a copy to the Complainant.

6.11. Thereafter, in the meeting held on 26th December 2025, the Committee noted that the subject case was heard by it at length in the presence of the parties / their counsels and the hearing was concluded at its meeting held on 19.11.2025 and the judgment was reserved. After detailed deliberations, and on consideration of the facts of the case, various documents on record as well as oral and written submissions made by parties before it, the Committee took the decision on the conduct of the Respondent.

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

7.1 The Committee noted that the Respondent has referred to the provisions of Rule 12 of the Chartered Accountant (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules 2007 which indicate time limit of 7 years on entertaining complaint or information in respect of any misconduct alleged to have been committed by the member of the Institute and the subject allegation raised by the Complainant pertain to the period which was more than seven years old and hence need not be entertained in view of provision of Rule 12. The Committee observed that Rule 12 is attracted in a situation / circumstance where on account of time lag, the Respondent faces any difficulty in securing proper evidence for his / her defense and it does not ipso facto render the complaint / information as not maintainable. Further, the Committee noted that sufficient documents/papers are on record, based upon which subject matter may be considered and decision taken. Therefore, the plea of the Respondent is not maintainable, and the case has been dealt with on merits of the facts / documents on record.

7.2 Secondly, the Respondent raised objection in respect of impleadment application filed by the legal heirs pf the Complainant, wherein, the Respondent has made plea

① Ar

that same is not maintainable and is time barred by limitation under Article 120 of the Limitation Act, 1963 (i.e. filed beyond 90 days) of death occurred on 20/01/2024. In this context, the Committee noted the views of Legal Department of the ICAI, wherein it was opined that:

"A complaint case under the Chartered Accountants Act, 1949 ('Act') once cognizance has been taken is between the authority and the CA against whom complaint has been made. Therefore, where the complainant dies, the proceedings do not abate, and trial has to be taken to its logical end following due process and the procedure led down in the Act. The Act, in fact also states that even where the complainant wishes to withdraw, the Authority may proceed with the complaint and not allow the complaint to be dismissed only because the complainant has withdrawn or stopped participating.

There is no provision in the Act laying down that on account of death of complainant, the proceedings must abate and as such, the proceedings cannot abate on the death of the complainant. Therefore, the legal heirs of the original complainant are entitled to come forward and ask for allowing them to represent the complainant so as to enable the further with the proceedings.

Modality to be followed, would be that an application for substitution would need to be filed by the legal heirs, which would need to be duly considered, especially from the point of view of locus and personal knowledge and thereafter substitution may be allowed'.

In the light of the above, the Committee considered the impleadment application of the legal heirs of the complainant dated 22.04.2024 along with the documents submitted by them and permitted the impleadment of legal heirs of the complainant (Mr Deepak Sethi's legal heirs, viz. Smt. Santosh Sethi and Divya Sethi) and rejected the objections of the Respondent.

Ar

7.3 Thereafter, the Committee noted that the Respondent has submitted that the subject complaint loses its locus standi, and the Respondent can no longer cross-examine the Complainant due to his death. After considering the plea of the Respondent, the Committee noted that the legal heirs of the Complainant have stepped in the shoes of the Complainant and were present before the Committee during the hearing. The Committee noted that the Respondent has not made any specific request for cross-examination of the legal heir(s) of the complainant or given valid reasons / relevance of these witness for examination. Thus, calling for examination of witness was not warranted. Further, the documents/evidence placed on record are ample for the purpose of consideration of the matter on merits.

The Committee noted that there are three allegations against the Respondent in which he has been held Prima Facie Guilty and has been explained in para 2.1, 2.2 and 2.3 above. The Committee further noted the written submissions of the parties which have been detailed in para 5 above.

7.4 In respect of **first and second charge** related to Credit card expenses and personal expense booked as business expenses in the books of the Company, the Committee noted the submissions of the Respondent, wherein it has been submitted that for A.Y. 2010–11, there was no adverse finding by the Income Tax Department and in A.Y. 2012–13, the disallowance by the assessing officer was only an estimate and not conclusive proof of personal expenditure and the Assessing Officer accepted the expenses as business-related without finding of any fraud or bogus entries. The Income Tax Department accepted CIT (Appeals) decision and did not file any further appeal.

7.5 In view of allegations, submissions of the Respondent and on perusal of documents on record, the Committee noted that in the extant case, the Respondent has categorically stated that these were business expenses which was allowed in the appeal filed by the Company and produced the copy of the said order. Further, the Respondent brought on record copy of Assessment Order for the Assessment year 2012-13 (F.Y. 2011-12) wherein the issue of expenses of personal nature were considered by the Assessing Officer and Assessing Officer observed that the Company has booked an expense of Rs.58.84 lakhs under the head of the business

② Ar

promotion expenses. Out of Rs.58.84 lakhs, the expenses of Rs.16.26 lakhs were not allowed by the Assessing Officer by stating as under:-

"The assessee might have distributed these gold coins to its client and business associates at the time of festivals, but, there is no justification of buying luxury goods and expensive items of personal use including furniture items (IDUS, luxury furniture), ladies bags (Louis Vuitton, Italian Luxury Brand), clothing, perfumes etc. belonging to Burberry brand (British Luxury Brand)."

"None of the above expenses have any business connection with the business of the assessee. In all reasonableness, the expenses on hospitality and the gold coins, as discussed above are allowable to the assessee. However, the expenses of Rs.16,26,943/- as detailed above cannot be allowed, which are just around 1/4th of the total expenses booked under this head, as business expenses...."

7.6 The Committee further noted that the Respondent was prima facie Guilty in respect of this charge that he failed to provide the copy of the CIT (Appeal) wherein these expenses were considered business expenses. The Committee observed that the Respondent has brought on record copy of Order of the Commissioner of Income Tax (Appeals) dated 05/10/2016, relevant paragraphs of said Order reproduced as under:

"On perusal of the above, it would be noted that the assessing officer has agreed that considering the nature of business activities of the appellant (Company), it is customary trade practise to entertain clients and distribute gifts. Accordingly, the assessing officer allowed substantial part of Rs. 42,57,603/- out of above business promotion expenses. However, the assessing officer disallowed following amount aggregating to Rs. 16,26,943/- out of above business promotion expenses. While disallowing these expenses, the assessing officer alleged that these expenses has been incurred as personal expenses.

Ⓟ An

We do not agree, as the appellant (Company) had furnished all the details of its expenditures as well as income in its returns, which details, in themselves, were not found to be inaccurate nor could be viewed as the concealment of income on its part. It was upto the authorities to accept its claim in the return or not. Merely because the appellant (Company) had claimed the expenditure, which claim was not accepted or was not acceptable to the Revenue, that by itself would not, in our opinion, attract the penalty under section 271(1) (c). If we accept the contention of the Revenue then in case of every return where the claim made is not accepted by the assessing officer for any reason, the appellant (Company) will invite penalty under section 271(1)(c). That is clearly not the intendment of the Legislature”.

7.7 The Committee reviewed the evidence and submissions regarding the alleged misclassification of credit card expenses as business expenses. The Committee noted that the Respondent, in his capacity as the statutory auditor, accounted for the credit card expenses incurred by the Director under the head of business promotion expenditure. The Respondent has provided supporting documentation, including bills and bank statements, to substantiate the classification of these expenses. Furthermore, the Income Tax Authority has not raised any adverse findings regarding the genuineness of these expenses, and the CIT (Appeals) has explicitly stated that the expenses were not fraudulent or bogus.

7.8 The Committee has deliberated on the allegation that personal expenses, including leisure travel and luxury items, were improperly booked under business expenses. The Respondent has argued that such expenses were accounted for under the head of business promotion expenditure or travel expenses, as is customary in corporate practices. The Committee noted that the Respondent has provided relevant working papers, invoices, and bank statements to demonstrate that these expenses were duly accounted for in the company's financial statements. Additionally, the Income Tax Authority has allowed these expenses, and no regulatory authority has issued adverse findings regarding their classification. The Committee observed that the Respondent's role as a statutory auditor is limited to ensuring that transactions are accurately recorded and accounted for in the financial statements, and there is no

① AL

evidence to substantiate the allegation of professional misconduct, and therefore, the Respondent is held **Not Guilty** in respect of charges 1 and 2.

- 7.9 In respect of **third charge** which is related to payment made to M/s. Pooja International, Capital Venture Private Ltd. and other personnel, the Committee noted that submissions of the Respondent. The Respondent submitted that M/s. Pooja International was a regular vendor of the Company and purchases were regularly made from them. All the payments were routed through Bank channels and he being auditor has checked all the purchase bills in the due course of the audit and found no wrongdoing as alleged by the Complainant. The Company has made payments to M/s. Capital Venture Pvt. Ltd. in the financial year 2013-14 and the same was received back in the same financial year. The payments were made for venturing into some other business which could not be materialized and the same were received back and therefore there was nothing wrong on the part of the Company and auditor. The Respondent further stated that the Company has ventured into Real Estate business. The Company has purchased the properties from Ms. Mamta Gupta, Shri Rakesh Kumar and Shri Benu Verma and all these properties have been shown in the closing stock in the Books of Accounts. There is no siphoning of funds as alleged by the Complainant.
- 7.10 The Committee noted that that the Respondent has accepted to have made payments to M/s. Pooja International and M/s. Capital Venture and other persons as alleged by the Complainant. The Committee also noted the submissions of the counsel for Complainant, wherein he stated that certain bills from Pooja International were fabricated as TIN number on these bills had been cancelled in 2011, two years before the transactions were recorded and taxes were falsely shown as paid.
- 7.11 As regards the matter concerning payments made to Capital Ventures, the Respondent has argued that the payments made to Capital Ventures during the financial year 2013-14 were subsequently returned to the company. He emphasized that these transactions were nullified and, therefore, did not have any financial impact on the audited financial statements. The Counsel for Respondent maintained that his role as a statutory auditor was limited to ensuring that the transactions were properly accounted for in the financial statements, which he claims to have done.

② Ar

The Respondent further stated that the payments made to Mamta Gupta, Rakesh Kumar and Benu Verma were related to real estate transactions. He emphasized that these transactions were supported by proper documentation, including sale deeds, which were placed on record as part of his working papers. The Respondent argued that these payments were legitimate and were duly accounted for in the company's financial statements under the appropriate accounting heads. The Respondent asserted that he had fulfilled his professional obligations by ensuring that the payments made to Mamta Gupta, Rakesh Kumar and Benu Verma were properly recorded in the company's financial statements.

7.12 The Counsel for Respondent further stated that these transactions were recorded as per the company's books, and no irregularities were identified during the audit process. He argued that his duty as an auditor did not extend to investigating the genuineness of the transactions beyond the scope of the documents provided by the company. The Counsel for Respondent contended that the allegations of bogus transactions or embezzlement were speculative and unsupported by findings from any regulatory authority. He further stated that the complainant's allegations were motivated by a family feud and lacked substantive evidence to prove any misconduct on his part. He maintained that his role was to ensure the true and fair presentation of the company's financial position, which he claims to have fulfilled. The Committee noted the submissions of the Counsel for Respondent and observed that the payments made to Capital Ventures were subsequently returned to the company which was corroborated with bank statement, and no evidence to demonstrate that the said transactions were bogus was placed on record by the Complainant. The Committee further observed that the role of the Respondent here is to discharge his professional responsibilities by reviewing the working papers and ensuring that the transactions were accounted for under appropriate heads in the financial statements.

7.13 As regards payments made to Pooja International, the Committee noted that the complainant has provided substantial evidence indicating that the transactions with Pooja International were conducted using invoices bearing a Taxpayer Identification Number (TIN) that had been cancelled as of November 15, 2011. The invoices submitted by the respondent, which were dated in 2013, reflect payments amounting to approximately Rs. 82 lakhs to Pooja International. However, the TIN number on

② Ar

these invoices (07660363277) was confirmed to have been cancelled by the Delhi Government's VAT department prior to the dates of the transactions. This discrepancy raises serious concerns about the authenticity of the invoices and the validity of the transactions.

- 7.14 The Committee further noted from the invoices of Pooja International that the name of entity is written therein as under and also the TIN number of Siyaram Automations Pvt. Ltd. has been mentioned in the said invoice :

*"Pooja International
(A Unit of Siyaram Automations Pvt. Ltd.)"*

The Committee observed from the copy of bank statement provided by the Respondent that in the instant matter, the bank account has been opened in the name of Pooja International .The Committee further observed that as per banking rules it is not permissible for a unit of the company to open a bank account in its own name. There should be mention of legal entity, also like "A Unit of Siyaram Automations Pvt. Ltd." in the instant case.

- 7.15 In view of the above, the Committee observed that the Respondent, as the statutory auditor, failed to exercise due diligence in verifying the authenticity of the invoices of Pooja International. The Respondent did not provide any evidence to demonstrate that the transactions were genuine or that the invoices were properly verified. The lack of verification and the acceptance of potentially fraudulent invoices constitute a significant lapse in professional conduct and a failure to adhere to the standards of auditing.
- 7.16 The Committee emphasized that the auditor is obligated to ensure that the financial statements provide a true and fair view of the company's financial position, which includes verifying the authenticity of transactions, ensuring compliance with applicable laws and regulations, and reporting any material misstatements or irregularities. The respondent's failure to fulfil these responsibilities in relation to the transactions with Pooja International demonstrates gross negligence on the part of the Respondent.

① AL

7.17 In view of the above, the Committee concludes that the respondent failed to provide adequate documentation or justification for the purpose and nature of these transactions, nor did he demonstrate that he had exercised due diligence in verifying the legitimacy of Pooja International. The Committee finds that the respondent, as the statutory auditor, had a duty to investigate and report any suspicious transactions or irregularities in the financial statements. Thus, the Committee concludes that the failure to obtain and present sufficient evidence to substantiate the legitimacy of the transactions with Pooja International constitutes a breach of professional responsibility.

7.18 On the basis of above facts and findings, the Committee held the Respondent **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 in respect of transactions with Pooja International

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
Paras 2.1 and 2.2 as given above	Paras 7.4 to 7.12 as given above	NOT GUILTY - Clause (7) & (8) of Part I of the of Second Schedule
Para 2.3 as given above	Paras 7.13 to 7.18 as given above	GUILTY - Clause (7) of Part I of the of Second Schedule

② AL

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 Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(MS. DAKSHITA DAS, IRAS {RETD.})
GOVERNMENT NOMINEE

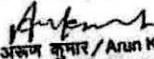
Sd/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 28th January 2026

PLACE: New Delhi

सत्यप्रति होने के लिए प्रमाणित / Certified to be True Copy

अरुण कुमार / Arun Kumar
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.)