



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/21/2022/DD/51/2022/DC/1852/2024

In the matter of:

Shri Amarendra Dhari Singh

Member of Rajya Sabha

D-285, Defence Colony,

New Delhi (Delhi) – 110024

.... Complainant

Versus

CA. Pradeep Kumar Jain (M. No. 083778)

Partner, M/s Sunil Vijay & Associates (FRN 005802N)

Chartered Accountants

4378/4b, Pooja Apartment,

Ansari Road,

New Delhi (Delhi)–110002

.... 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



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1. That vide Findings dated 30th January 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that **CA. Pradeep Kumar Jain (M. No. 083778)** (hereinafter referred to as the "Respondent") is **GUILTY** of Professional Misconduct falling within the meaning 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 on 05th February 2026, the Respondent was present in-person. During the hearing, the Respondent made verbal submissions on the Findings of the Committee. The Committee noted the verbal submission of the Respondent on the Findings of the Committee, which, inter alia, are as under:

- He has devoted approximately 40 years to this profession.
- He further submitted that the mistake was a bonafide mistake.
- It was also submitted that the certificate was issued during Covid times.
- He requested the committee to take a lenient view in his case.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal submission 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 verbal submission of the Respondent on the Findings, it is observed that the



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Respondent was aware of the restrictions imposed by the Hon'ble High Court of Delhi on the transfer, alienation, or creation of third-party rights concerning the property. Despite this knowledge, the Respondent issued a certificate affirming that the property was free from any charge or encumbrance. Further, the Respondent's own admission in his written statement dated 11th June 2024, wherein he acknowledged failure to adhere to the Guidance Note on Reports or Certificates for Special Purposes, further substantiates the finding of professional negligence. The Respondent acknowledged that he failed to include the source of the verification in the certificate issued, which would have prevented this confusion. The Respondent's failure to disclose the charge/encumbrance on the property, coupled with his admission of not following professional guidelines, demonstrates a breach of professional standards and obligations.

6. The Respondent as a professional was obligated to conduct a thorough examination of all relevant documents, including court orders, to ensure the accuracy and reliability of the certificate. The Respondent's failure to include the source of verification in the certificate further highlights the lack of transparency in his professional conduct. The failure to disclose the encumbrance on the property even after being aware of the same clearly goes on to show that the Respondent has failed in exercising required due diligence in this matter. Hence, the Committee observed that the Respondent had highlighted this matter in his audit reports for FYs 2018-19 and 2019 which clearly indicates that he had knowledge of this fact. However, despite knowing this fact, he had issued certificate on 24.01.2021 affirming that the property was free from any charge or encumbrance. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 30th 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.



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8. Thus, the Committee ordered that the Respondent i.e. CA. Pradeep Kumar Jain (M. No. 083778), New Delhi be REPRIMANDED and also imposed a fine of Rs. 5,00,000/- (Rupees Five 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

Neelam
नीलम पुंडेर / 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, संजय-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sanjay-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/21/2022/DD/51/2022/DC/1852/2024]

In the matter of:

**Shri Amarendra Dhari Singh
Member of Rajya Sabha
D-285, Defence Colony,
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.... Complainant

-versus-

**CA. Pradeep Kumar Jain (M. No. 083778)
Partner, M/s Sunil Vijay & Associates (FRN 005802N)
Chartered Accountants
4378/4b, Pooja Apartment,
Ansari Road,
New Delhi (Delhi) – 110002**

.... Respondent

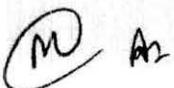
MEMBERS PRESENT:

**CA. Prasanna Kumar D, Presiding Officer (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: 22nd December 2025

PARTIES PRESENT :

**Respondent: CA. Pradeep Kumar Jain (In person)
Counsel for Respondent: Adv. Ajay Kumar Vali (In person)
AR of Complainant: Adv. Arani Chaudhary (In person)**



1. **Background of the Case:**

The Complainant has stated that the Respondent has issued a false certificate in connivance with the Directors of the Company in order to cheat him and causing him a loss of more than Rs. 80 crores.

2. **Charge in brief:**

2.1 The Respondent has issued a certificate dated 24th January 2021 allegedly defying the Hon'ble Delhi High Court's Order dated 16.04.2019, whereby M/s. R. C. Nursery Private Limited (hereinafter referred to as '**Company**') was restrained from transferring or creating third party interest in respect of immovable property situated at 10, Maulsari Avenue, Westend Greens, Rajokari, Delhi. In this regard, the Complainant has stated that the Respondent has issued a false certificate in connivance with the Directors of the Company in order to cheat him personally and causing him a loss of more than Rs. 80 crores.

3. **The relevant issues discussed in the Prima Facie Opinion dated 18th December 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1 In view of certificate issued by the Respondent, it was evident that the mentioned property is confirmed to be free from any charges or encumbrances which implies that there are no legal or financial claims on the property.

3.2 In this regard, the dictionary meaning of the term '*encumbrance*' as given in the Cambridge Dictionary was reproduced as under:

"An encumbrance is a legal claim on a property that affects the owner's ability to transfer the ownership of the property."

3.3. The term '*encumbrances*' also referred to any claims, charges, liabilities, or restrictions that were attached to a property. These encumbrances could affect the property's title, use, or transferability. When a property was said to be free from encumbrances, it meant that there were no existing claims, charges, or restrictions that could impact the property's title or use. In this regard, the

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Complainant had provided a copy of the order of the Hon'ble High Court of Delhi dated 16.04.2019, wherein Para 13 read as under:

"Till the next date of hearing, the non-applicants / judgment debtors / respondents will not transfer, alienate or create third party interest in respect of immovable property described as 10, Maulsari Avenue, Westend Greens, Rajokari, Delhi-110038 owned by R. C. Nursery Private Limited."
(emphasis added).

- 3.4. The Respondent's defense, as adopted by him in his Written Statement, centred primarily on his examination of the Ministry of Corporate Affairs (MCA) website, where no charges or encumbrances on the alleged property were reportedly identified. However, it was noteworthy that the alleged certificate itself did not explicitly disclose the details regarding the examination conducted on the MCA portal by the Respondent, which primarily formed the basis for issuing the certificate. The certificate clearly affirmed that the alleged property was free from any charges or encumbrances.
- 3.5. It was observed that the Company's rights concerning the transfer, alienation, and creation of third-party interests in the purported property were legally restricted by the Hon'ble High Court of Delhi. Moreover, various submissions on record suggested that such limitations on transfer rights existed at the time the Respondent issued the certificate in question. However, despite the evident encumbrance on the property, the certificate issued by the Respondent failed to disclose any such restriction on the Company's rights..
- 3.6. Furthermore, the certificate did not explicitly specify the scope of the Respondent's examination or whether it was limited to the information available on the Ministry of Corporate Affairs (MCA) portal. The Complainant asserted that he had relied on the Respondent's certificate while purchasing the property from the Company and had made payments accordingly. However, the transfer of the property could not be executed due to a stay imposed on its alienation, resulting in financial loss to the Complainant. In the instant matter, upon perusal of the audited financial statements of the Company available on record, it was also noted that the Respondent's association with the Company was not limited merely to issuing the alleged

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certificate; rather, the Respondent had also audited the financial statements of the Company for FYs 2018-19 and 2019-20. In this regard, Note No. 26 and Note No. 23 forming part of the financial statements of the Company for the periods ended March 31, 2019, and March 31, 2020, respectively, were reproduced as under:

"Note 26: Litigation

*In an execution petition pending before the Hon'ble Delhi High Court, the Decree Holder has moved an application for the attachment of assets of our company, as it owes a sum of Rs 3.57 crores to one of the principal judgement debtors, suitable reply has been filed by the management, however same is pending for the consideration. **Meanwhile the Hon'ble Delhi High Court has restrained our Company from transferring / alienating / creating any third-party rights in its immovable property.** The abovesaid liability is already being shown in the books of account, hence management do not foresee any further liability on this account".*
(emphasis added)

"Note 23:

*In an execution petition pending before the Hon'ble Delhi High Court, in the case of Daichi vs Others, the Decree Holder has requested the court for the attachment of assets of our company, on the ground that the company is a garnishee as it owes a sum of Rs 3.58 crores to one of the principal judgement debtors. **The Hon'ble High Court for the time being has restrained the Company from alienating assets to the extent of the said amount,** however, the Company has since informed the Hon'ble High Court that said amount has since been repaid to the concerned judgment debtor by one of the ex-director of the Company and now nothing is due to that said judgment debtor. The issue of garnishee is pending before the Hon'ble High Court. **Besides, there is another application in which the Hon'ble Delhi High Court restrained our Company from transferring / alienating / creating any third-party***

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rights in its immovable property. The said application is also pending.
(emphasis added)

3.7. The Respondent had also highlighted this matter in his audit reports for both years under the heading "Emphasis of Matter." Additionally, while the audit reports for FYs 2018-19 and 2019-20 were issued on 30.06.2020 and 07.12.2020 respectively, the alleged certificate was signed by the Respondent on 24.01.2021. This clearly indicated that the Respondent was well aware of the restrictions imposed by the Hon'ble Delhi High Court. Despite being aware of this fact, the Respondent proceeded to issue the alleged certificate certifying inaccurate facts. Therefore, the possibility of his collusion with the management/Company, as alleged by the Complainant, could not be ruled out at that stage, and such an act on the part of the Respondent was highly unbecoming of a Chartered Accountant. Moreover, this also demonstrated inconsistencies and contradictions in the Respondent's own submissions when he claimed that the certificate was issued after examining information available on the MCA website. Thus, considering various submissions, documentary evidence, and the rationale provided in the preceding paragraphs, it was viewed that the Respondent did not exercise due diligence while rendering his professional services in issuing the certificate. The failure to disclose the encumbrance on the property despite being aware of the same clearly showed that the Respondent was grossly negligent and had failed to exercise the required due diligence in the matter.

3.8. Before concluding, it was pertinent to mention that as a professional and Chartered Accountant in practice, the Respondent was expected to thoroughly examine the information concerning any charge against a property on the MCA 21 portal. However, in such case, where the Respondent's procedures were confined to such examination from MCA 21 portal, it was imperative for him to provide detailed information in the certificate itself i.e., the basis upon which the certificate had been issued. This was required to enable the intended users to understand the extent of work undertaken as the basis for the opinion or conclusion given by him, aligning with the guidance outlined in the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016). In this context, the Complainant had aptly argued that the certificate lacked information regarding the source of the Respondent's

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information, and it did not align with the Respondent's defense that the certification was merely based on the information available at MCA website. Additionally, relevant disclosures in the financial statements of the Company, along with the reporting done by the Respondent in his audit reports, strongly suggested that the Respondent was already aware of the restrictions imposed by the Hon'ble Delhi High Court. Despite this knowledge, the Respondent had issued the certificate with false information and misrepresented facts.

- 3.9 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 18th December 2023 opined that the Respondent was 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. The said Clauses 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 (2) of Part IV of the First Schedule:

"A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."

- 3.10 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 28th March 2024. 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 and Other Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule and Clause (2) of Part-IV of First

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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	19 th February 2022
2.	Date of Written Statement filed by the Respondent	28 th March 2022
3.	Date of Rejoinder filed by the Complainant	29 th April 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	18 th December 2023
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	11 th June 2024 & 10 th December 2025
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	12 th November 2024

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

5.1. The Respondent vide letter dated 11th June 2024, inter-alia, made the submissions which are given as under:-

- (i) Before issuing the Certificate dated 24.01.2021, the Respondent thoroughly scrutinized the records produced for his verification and the data available on the website of MCA.
- (ii) Regarding the injunction on R C Nursery Pvt. Ltd. by the Hon'ble Delhi High Court for Rs 3.58 crores, the Company clarified that the said amount had already been repaid to the judgment debtor by the ex- director of the said Company. Due to this, while signing the Certificate it was presumed that since the principal amount has already been paid, there could be some liability towards interest / other charges, but that

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would be very minimal, which in comparison to the market value of the property, would be very meager, hence not presumed it as an encumbrance on the property. Engagement letter dated 18.01.2021, clarified the scope of his work, which was to verify charges through MCA records only.

- (iii) An injunction does not constitute an "encumbrance" as per the legal definition. The Complainant's assertion of suffering a loss of Rs. 80 crores is absolutely incorrect and false, as there was no sale/purchase of the property of R C Nursery Pvt. Ltd. The Complainant has paid only Rupees 24.75 crores to the owner of the property, in question, and that too on 01.09.2020, about three and half months before the date of his issuing the aforesaid Certificate. Thus, there is no linkage between his Certificate given to the Company and the amount advanced by the Complainant to the said Company.
- (iv) Payment made to anyone else / private persons / his personal relationships, by the Complainant before 24.01.2021, and additional loans to them, even after that date, all were on returnable basis with interest accrued @ 6%, as evident from letters sent by the Complainant to Mrs. Rajshree Singh & Mrs. Aditi Singh, the recipients of the amount from the Complainant.
- (v) The certificate has neither been used for lending money to R C Nursery Pvt. Ltd., nor it has caused any loss to the Complainant as he has done no dealings, after the date of Certificate, with the said Company but only with private individuals who are admittedly his blood relations may be one or two of them were/ are holding position of Director in RC Nursery Pvt. Ltd.
- (vi) The Director of R C Nursery Pvt. Ltd., Ms. Arundhati Khanna has also confirmed vide her affidavit that on the basis of the Certificate dated 24.01.2021, property of R C Nursery Pvt. Ltd. was never attempted to be sold to anyone including Complainant.
- (vii) That Complainant had also filed a criminal case against loanees - his nieces and sister-in law as well as RC Nursery Pvt. Ltd. before the Economic Offences Wing of Delhi Police for these very financial transactions. Having not succeeded there, the Complainant went directly to the Court of Chief Metropolitan Magistrate, South East District. However, the Hon'ble Magistrate has also dismissed his petition and held these monetary transactions were loans and not the sale / purchase transactions.
- (viii) He acknowledged that he did not follow the "Guidance Note on Report / Certificate for Special Purpose" and had this been followed, there would be no such issue. He will ensure adherence to such guidance in the future certifications.



5.2. The Respondent vide letter dated 10th December 2025, inter-alia, made the submissions which are given as under:-

- (i) The Chief Metropolitan Magistrate held the transaction to be a loan, which was confirmed by the Additional Sessions Judge and upheld by the Delhi High Court, finally concluding that the matter had nothing to do with the Certificate dated 24.01.2021.
- (ii) The Respondent denied the Complainant's claim that losses were suffered due to the Certificate and asserts there is no correlation between payments made and the Certificate issued.
- (iii) A consolidated statement showed that Rs. 51.65 crore was paid by the Complainant prior to issuance of the Certificate and additional loans of Rs. 51.70 crore were advanced thereafter.
- (iv) The Complainant issued notices to relatives demanding repayment of loan amounts with interest @ 6% per annum and sought substitution of allegedly lost cheques. The Respondent claims he is being wrongly dragged into a financial dispute among close relatives unrelated to the Certificate.
- (v) The scope of the engagement was expressly limited to verification of charges on the MCA portal and did not extend to title clearance or litigation search. It is reiterated that the Complainant did not rely on the Certificate for any transaction and has not suffered any loss due to its issuance. Allegations regarding knowledge of litigation and admissions of negligence are denied as false and fictitious.
- (vi) That an interim restraint order does not amount to an "encumbrance" under the legally recognized definition relied upon.
- (vii) The Complainant failed to respond to specific queries by the Disciplinary Authority seeking documentary evidence of any transaction undertaken based on the Certificate. References to Notes 23 and 26 of financial statements do not alter the limited scope of the Certificate or establish any loss. The claim of loss of Rs. 80 crore is termed concocted and unsupported by evidence.
- (viii) Repeated non-response by the Complainant to specific queries is stated to amount to admission that no transaction was undertaken relying on the Certificate. All para-wise replies in the Rejoinder are denied, and the corresponding averments in the Respondent's Written Statement are reaffirmed.

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- (ix) Judicial findings establish that the transactions were loans, not sale or purchase transactions, and substantial payments predated the Certificate No negligence or professional misconduct is found, as duties were performed within the agreed limited scope using a legitimate legal standard. The Respondent prays that, in light of judicial findings and documentary evidence, the Complaint be dismissed and dropped.
- 5.3. The Complainant vide letter dated 12th November 2024, inter-alia, made the submissions which are given as under: -
- i. The certificate issued by the Respondent is conspicuously silent regarding the source of the information he relied upon and the steps taken to verify the accuracy of that information.
 - ii. The Respondent's claim that he was unaware of the ongoing litigation concerning the property in question is plainly contradicted by the facts. The Respondent himself prepared the guidance note which included information about the property and its legal status and the same has been admitted in the Respondent's Written submission.
 - iii. The Respondent was aware of the ongoing litigation involving RC Nursery Private Ltd. Specifically, Notes 23 and 26 of the financial statements disclosed that the company was under a restraint order from Delhi High Court, prohibiting the transfer, alienation, or creation of third-party rights over its immovable property. Notably, the Respondent himself highlighted this material fact in his audit reports, thereby acknowledging his awareness of the legal restrictions impacting the company's assets.
 - iv. The Respondent's claim that he merely relied on the data available on the Ministry of Corporate Affairs (MCA) website does not excuse him from his obligation to exercise due diligence.
 - v. The Respondent, in his capacity as the certifying authority, issued the certificate that declared the property of M/s R.C. Nursery Pvt. Ltd., located at 10, Mauhsari Avenue, Westend Greens, Rajokri, Delhi- 110038, to be free of encumbrances as of 24.01.2021. This certification was made despite the property being under a stay order imposed by the Hon'ble High Court of Delhi on 16.04.2019, prohibiting any alienation or transaction involving the property.
 - vi. The alleged affidavit annexed by the Respondent is a mere eyewash to mislead the judicial authorities in as much as it is evident that the Respondent is in connivance with the Company RC Nursery Pvt. Ltd.

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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	29 th July 2025	Adjourned at the request of Respondent and in absence of Complainant.
2	16 th December 2025	Oath taken by Respondent and adjourned
3	22 nd December 2025	Hearing concluded and decision taken

6.2 On the day of hearing on 29th July 2025, the Committee noted that vide email dated 25th July 2025, M/s OSS Law Offices, Advocates and Consultants had intimated that they will appear physically on behalf of the Complainant, but they did not file authorization from the Complainant. The Respondent vide email dated 24th July 2025 had sought an adjournment due to hospitalization of his father. In the absence of the Complainant and acceding to the above request of the Respondent, the Committee adjourned the captioned case to a later date.

6.3 On the day of hearing on 16th December 2025, the Committee noted that the Counsel for the Complainant and Respondent were present in person and appeared before it. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him. In view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date. With this, the case was adjourned.

6.4 On the day of hearing on 22nd December 2025, the Committee noted that Authorized Representative for the Complainant and Respondent along with Counsel were present in person and appeared before it. The Committee noted the submissions made by the parties.

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6.5 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 matter and took decision on the conduct of the Respondent.

7. Findings of the Committee:-

7.1 The Committee noted that there is one allegation against the Respondent in which he has been held Prima Facie Guilty, and the same has been explained in para 2.1 above. The Committee further noted the written submissions of the parties as detailed in para 5 above.

7.2 The Committee perused the submissions of the Respondent and documents brought on record by the parties. The Committee noted that the Respondent has issued a certificate on 24th January 2021 to the Company, after verifying records produced before him by the Company and making search on the MCA's website and as per the submissions of the Respondent, no charge / encumbrance was reflected on the MCA website and accordingly, the said certificate was issued by him. Thereafter, the Respondent submitted that certificate itself does not show that the Respondent had given any opinion or advice regarding the interpretation of the order dated 16.04.2019 passed by the Hon'ble Delhi High Court which the Complainant had annexed with the complaint. The Respondent further stated that the Company at that time had not informed him about the purpose of the certificate under question.

7.3 The Committee also considered the arguments of the Complainant, wherein he has submitted that the Respondent was the certifying authority of the certificate in question and had declared the property in question free of encumbrance / charge as on 24.01.2021 while the property had been imposed a stay vide an Order dated 16.04.2019 of the Hon'ble High Court of Delhi. He further submitted that when a professional chooses to put his signature on a certificate like one in question, the professional should be diligent about his duties towards the public who may suffer from his lackadaisical and inefficient attitude towards his job. He further stated that in so far as the certificate in question is concerned, he is silent with regard to the

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source of information and also the steps that the Respondent may have taken to reach to the conclusion in order to issue the said certificate.

- 7.4 The Committee after perusal of documents on record and submissions of the Complainant and Respondent was of the view that it is apparent that the Respondent has issued a certificate dated 24.01.2021, wherein he had certified that the property under the ownership of the Company situated at 10, Maulsari Avenue, Westend Greens, Rajokri, Delhi-110038, is free from any charge/encumbrance as on 24.01.2021.
- 7.5 The Committee noted that ICAI has issued a Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) wherein Para 69-70 and 80 deals with 'Description of Applicable Criteria' and 'Assurance Report Content' respectively. Para 69 and 70 as well as certain extracts of Para 80 of the said Guidance Note, considered relevant to the instant matter, have been reproduced as under:

"Description of Applicable Criteria:

69. The practitioner would need to evaluate whether the subject matter information adequately refers to or describes the applicable criteria. The description of the applicable criteria advises intended users of the framework on which the subject matter information is based and is particularly important when there are significant differences between various criteria regarding how particular matters may be treated in the subject matter information.

70. A description that the subject matter information is prepared in accordance with particular applicable criteria is appropriate only if the subject matter information complies with all relevant requirements of those applicable criteria that are effective. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, "the subject matter information is in substantial compliance with the requirements of XYZ") is not an adequate description as it may mislead users of the subject matter information." (emphasis added)

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"Assurance Report Content:

80. In order to assert compliance with this Guidance Note, among other things, the assurance report should include at a minimum the following basic elements:

(d) Identification of the applicable criteria. The assurance report identifies the applicable criteria against which the underlying subject matter was measured or evaluated so that the intended users can understand the basis for the practitioner's opinion/conclusion. The assurance report may include the applicable criteria or refer to them if they are included in the subject matter information or if they are otherwise available from a readily accessible source. It may be relevant in the circumstances, to disclose:

- *The source of the applicable criteria, and whether or not the applicable criteria are embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process, that is, whether they are established criteria in the context of the underlying subject matter (and if they are not, a description of why they are considered suitable).*
- *Measurement or evaluation methods used when the applicable criteria allows for choice between a number of methods.*
- *Any significant interpretations made in applying the applicable criteria in the engagement circumstances.*
- *Whether there have been any changes in the measurement or evaluation methods used.*

(k) An informative summary of the work performed as the basis for the practitioner's opinion/conclusion. In the case of a limited assurance engagement, an appreciation of the nature, timing, and extent of procedures performed is essential to understanding the practitioner's opinion/conclusion. In a limited assurance engagement, the summary of the work performed should state that:

(i) The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and

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(ii) Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

It is important that the summary be written in an objective way that allows intended users to understand the work done as the basis for the practitioner's opinion/conclusion. In most cases, this will not involve detailing the entire work plan, but on the other hand it is important for it not to be so summarized as to be ambiguous, nor written in a way that is overstated or embellished." (emphasis added)

7.6 The Committee noted the contents of the alleged certificate dated 24.01.2021 issued by the Respondent which is reproduced as under:

"This is to certify that as per the records produced for our verification, by M/s R. C. Nursery (P) Ltd (CIN: U74899DL1994PTC057704) having office at Room No.1, R-10, Maulsari Avenue, Westend Green Farms, Rajokri, New Delhi 110038, the immovable property at R-10, Maulsari Avenue, Westend Green Farms, Rajokri, New Delhi 110038, owned by the said Company, is free from any charge / encumbrance, as on date."

7.7 The above-mentioned contents of certificate and paras of the Guidance Note, emphasize the importance of accurate descriptions, clear disclosures, and objective summaries of the work performed by the practitioner issuing the related assurance reports. The Committee observed that in the above certificate, the mentioned property is confirmed to be free from any charge or encumbrance which implies that there are no legal or financial claims on the property. The Committee also noted the defense of the Respondent in this regard, wherein he has submitted that primarily on examination of the Ministry of Corporate Affairs (MCA) website, no charge or encumbrance on the alleged property were reportedly identified. However, on perusal of subject certificate, the Committee observed that the alleged certificate, itself does not explicitly disclose the details regarding examination conducted on the MCA's portal by the Respondent, which primarily formed the basis for issuing the

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certificate by him as per his own submissions. The certificate clearly affirms that the alleged property is free from any charge or encumbrance.

7.8 Thereafter, the Committee perused the copy of order of Hon'ble High Court of Delhi dated 16.04.2019, brought on record by the Complainant and wherein Para 13 reads as under:

"Till the next date of hearing, the non-applicants / judgment debtors / respondents will not transfer, alienate or create third party interest in respect of immovable property described as 10, Maulsari Avenue, Westend Greens, Rajokari, Delhi-110038 owned by R. C. Nursery Private Limited."

7.9 In view of above contents of the Order, the Committee was of the view that the Company's rights concerning the transfer, alienation, and creation of third-party interests in the purported property were restricted by the Hon'ble High Court of Delhi. Moreover, various submissions on record suggest that such limitations on transfer rights existed at the time, when the Respondent issued the certificate in question. But despite the evident encumbrance on the property as ordered by Delhi High Court, the certificate issued by the Respondent failed to disclose any such restriction on the Company's rights. Further, the certificate does not explicitly specify the scope of the Respondent's examination if it was limited to the information available on the Ministry of Corporate Affairs (MCA) portal. The Complainant has asserted that he relied on the Respondent's certificate when purchasing the property from the Company and making payments accordingly. The Complainant further stated that the property's transfer could not be executed due to a stay imposed on its alienation, resulting in financial loss to the Complainant.

7.10 Further, on perusal of audited financial statements of the Company available on record, the Committee also noted that the Respondent's association with the Company is not only limited to issuing the alleged certificate, but the Respondent has also audited the financial statements of the Company for FYs 2018-19 and 2019-20. In this regard, Note no. 26 forming part of financial statements of the Company for the period ended on March 31, 2019 and Note no. 23 forming part of

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financial statements of the Company for the period ended on March 31, 2020, respectively are reproduced as under:

For the F.Y. 2018-19

"Note 26: Litigation

In an execution petition pending before the Hon'ble Delhi High Court, the Decree Holder has moved an application for the attachment of assets of our company, as it owes a sum of Rs 3.57 crores to one of the principal judgement debtors, suitable reply has been filed by the management, however same is pending for the consideration. Meanwhile the Hon'ble Delhi High Court has restrained our Company from transferring / alienating / creating any third-party rights in its immovable property. The abovesaid liability is already being shown in the books of account, hence management do not foresee any further liability on this account".

For the F.Y. 2019-20

"Note 23:

In an execution petition pending before the Hon'ble Delhi High Court, in the case of Daichi vs Others, the Decree Holder has requested the court for the attachment of assets of our company, on the ground that the company is a garnishee as it owes a sum of Rs 3.58 crores to one of the principal judgement debtors. The Hon'ble High Court for the time being has restrained the Company from alienating assets to the extent of the said amount, however, the Company has since informed the Hon'ble High Court that said amount has since been repaid to the concerned judgment debtor by one of the ex-director of the Company and now nothing is due to that said judgment debtor. The issue of garnishee is pending before the Hon'ble High Court. Besides, there is another application in which the Hon'ble Delhi High Court restrained our Company from transferring / alienating / creating any third-party rights in its immovable property. The said application is also pending."

7.11 On the basis of above Notes forming part of financial statements of the Company, the Committee is of the view that the Company has clearly disclosed being

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restrained by the Hon'ble Delhi High Court from transferring, alienating, or creating third-party rights in their immovable property. Further, the Respondent has also highlighted this matter in his audit reports for both years under 'Emphasis of Matter'. Additionally, while the audit reports for FYs 2018-19 and 2019-20 were issued on 30.06.2020 and 07.12.2020 respectively, the alleged certificate was signed by the Respondent on 24.01.2021.

7.12 The Committee observed that the Respondent was aware of the restrictions imposed by the Hon'ble High Court of Delhi on the transfer, alienation, or creation of third-party rights concerning the property. Despite this knowledge, the Respondent issued a certificate affirming that the property was free from any charge or encumbrance. Further, the Respondent's own admission in his written statement dated 11th June 2024, wherein he acknowledged failure to adhere to the Guidance Note on Reports or Certificates for Special Purposes, further substantiates the finding of professional negligence. The Respondent acknowledged that he failed to include the source of the verification in the certificate issued, which would have prevented this confusion. The Committee further noted that the Respondent's defense, including reference to criminal proceedings and external circumstances is not relevant to the present matter, which pertained solely to professional misconduct in the proceedings before it. The Respondent's argument regarding the absence of intended user specifications in the certificate does not absolve him of the responsibility to ensure the accuracy and reliability of the certification issued. The Respondent's failure to disclose the charge/encumbrance on the property, coupled with his admission of not following professional guidelines, demonstrates a breach of professional standards and obligations.

7.13 The Committee observed that the Respondent did not adequately verify the applicable criteria while issuing the certificate. The Respondent's reliance solely on the Ministry of Corporate Affairs (MCA) website, without considering the implications of the court orders, demonstrates lack of due diligence. As a Chartered Accountant, the Respondent was obligated to conduct a thorough examination of all relevant documents, including court orders, to ensure the accuracy and reliability of the certificate. The Respondent's failure to include the source of verification in the certificate further highlights the lack of transparency in his professional conduct.

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7.14 In view of above facts and findings, considering various submissions, documentary evidence(s), and the rationale provided in preceding paras, the Committee is of the view that the Respondent did not exercise due diligence while issuing the alleged certificate. The failure to disclose the encumbrance on the property even after being aware of the same clearly goes on to show that the Respondent has failed in exercising required due diligence in this matter. Accordingly, Committee held that the Respondent is **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 instant allegation.

7.15 However, as regards the possibility of the collusion of the Respondent with the management / Company, as alleged by the Complainant, the Committee was of the view that there was no substantive evidence available against the Respondent to establish the same. Accordingly, the Committee concluded that there was no evidence on record to prove that the Respondent had acted in a manner unbecoming of a Chartered Accountant. In view of the same, the Committee decided to drop Clause (2) of Part-IV of First Schedule to the Chartered Accountants Act from the charge against the Respondent.

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 given above	Paras 7.2 to 7.14 as given above	GUILTY - Clause (7) of Part I of the of Second Schedule.
	Paras 7.15 as given above	DROPPED – Clause (2) of Part- IV of First Schedule.

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- 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/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

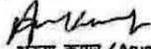
Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 30th January 2026

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy



अरुण कुमार / Arun Kumar

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer

अनुशासनात्मक निदेशालय / Disciplinary Directorate

भारतीय सनादी लेखाकार संस्थान

The Institute of Chartered Accountants of India

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ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

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