



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-III (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

PR/07/2019/DD/24/2019/DC/2066/2025

In the matter of:

CA. B.S. Roopkumar (M. No. 201006)
No. 445/3, 2nd Main Road,
Krishnarajapuram Extension (Old),
Bengaluru – 560 036

.....Complainant

Versus

CA. Besur Hallappa Renukappa (M. No. 202204)
No. 18/2, Ground Floor,
Andree Road, Shanthinagar,
Off K H Road,
Bengaluru – 560 077

.....Respondent

MEMBERS PRESENT:

CA. Charanjot Singh Nanda, Presiding Officer
Shri Jiwesh Nandan, Member (Govt. Nominee)
Dr. K Rajeswara Rao, Member (Govt. Nominee)
CA. Piyush S Chhajed, Member
CA. Abhay Chhajed, Member

PARTY PRESENT:

- (i) CA. Besur Hallappa Renukappa (M. No. 202204) – the Respondent
[appeared through Video Conferencing from his personal location]

Date of Hearing: 5th February 2026

Date of Order: 11th February, 2026

1. That vide findings under Rule 18(8) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 dated 16th January 2026, the Disciplinary Committee on the acceptance of guilt by the Respondent held that **CA. Besur Hallappa Renukappa (M. No. 202204)** (hereinafter referred to as the "Respondent") was **GUILTY** of Professional Misconduct falling within

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the meaning of Item (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

2. That charge against the Respondent is that he has expressed an opinion on the financial statements of M/s. Saishiva Hotels Inc, Bangalore, for various years including FY 2013-2014 and 2014-2015, during which period, his wife was a partner having a profit share of up to 73% in the total profit of the firm/Hotel, until her retirement from the firm in the financial year 2014-2015.
3. That pursuant to the said findings, an action under Section 21B(3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and a 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 5th February 2026.
4. The Committee noted that on the date of hearing held on 5th January 2026, the Respondent was present through Video Conferencing Mode. The Committee noted that the Respondent accepted his guilt and submitted that the said act was an inadvertent and unintentional. He submitted that the firm in question was a closely held partnership firm with no public interest element involved. He further submitted that he had disclosed the interest of his wife in order to disclose his bonafide intentions with the absence of any concealment or malafide intent. He further submitted that no partner or stakeholder had suffered any financial or other loss and also requested to take lenient and sympathetic view in the interest of the natural justice.
5. Keeping in view the facts and circumstances of the case, along with the material on record, the Committee observed that the Code of Ethics (issued by ICAI) expressly prohibits a member from undertaking assurance engagements for an entity in which the member himself or a relative has a substantial interest; as such a relationship creates a self-interest threat that impairs professional judgment. The Committee noted that the wife of the Respondent is a "relative" within the meaning of the Chartered Accountants Act, 1949 and the Code of Ethics issued by ICAI and the Respondent himself has admitted that his wife owned a substantial interest in the audited entity during the relevant period. It was viewed that despite being fully aware of his wife's financial interest in the entity, the Respondent chose to accept and conduct the audit. By undertaking the audit, the Respondent exposed the assurance engagement to a significant threat of bias. The presence of substantial interest held by his wife strikes at the very foundation of independence on which audit assurance relies. This act is inconsistent with the high ethical standards expected of a Chartered Accountant. The Committee further viewed that during the proceedings, the Respondent admitted his guilt and opted not to defend the case. The professional misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 16th January 2026 which is to be read in conjunction with the Instant Order being passed in the case.

9



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6. Accordingly, it is viewed that by accepting the assignment and issuing an audit opinion thereon, the Respondent failed to maintain the independence expected of a professional member. This conduct of the Respondent constitutes Professional Misconduct as per Item (4) of Part 1 of the Second Schedule to the Chartered Accountants Act, 1949.
7. The Committee, considering the nature of the misconduct, observed that the Respondent's disclosure of his wife's interest in the audit report reflects his bona fide and transparent approach in the matter. The Committee further noted that the entity in question is a closely held partnership firm with no public element involved. In view of these facts, the Committee was of the opinion that the ends of justice would be met by awarding a minimal punishment commensurate with the professional misconduct established.
8. Accordingly, the Committee ordered that **CA. Besur Hallappa Renukappa (M. No. 202204)** be reprimanded.

Sd/-

(CA. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-

(SHRI JIWESH NANDAN)
GOVERNMENT NOMINEE

Sd/-

(DR. K. RAJESWARA RAO)
GOVERNMENT NOMINEE

Sd/-

(CA. PIYUSH S CHHAJED)
MEMBER

Sd/-

(CA. ABHAY CHHAJED)
MEMBER

DATE: 11th February, 2026

PLACE: NEW DELHI

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

[Signature]

गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar
कार्यकारी अधिकारी / 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 Bhuban, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – III (2025-26)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(8) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007

Ref. No.: PR/07/2019/DD/24/2019/DC/2066/2025

In the matter of:

CA. B.S. Roopkumar (M. No. 201006)
No. 445/3, 2nd Main Road,
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No. 18/2, Ground Floor,
Andree Road, Shanthinagar,
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Bengaluru – 560 077

..... Respondent

MEMBERS PRESENT:

CA. Charanjot Singh Nanda, Presiding Officer
Shri Jiwesh Nandan, Member (Govt. Nominee)
CA. Piyush S Chhaged, Member

Date of Hearing: 2nd December 2025 through Video Conferencing

PARTIES PRESENT:

- (i) CA. B S Roopkumar – the Complainant
 - (ii) CA. Besur Hallappa Renukappa – the Respondent
 - (iii) CA. G. Sathyanarayana – Counsel for the Respondent
- (all appeared through Video Conferencing from their respective personal location(s))

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1. **BACKGROUND OF THE CASE:**

- 1.1 The extant complaint was filed by CA. B. S. Rookkumar, (M. No. 201006) (hereinafter referred to as the "**Complainant**") against CA. Besur Hallappa Renukappa (M. No. 202204) (hereinafter referred to as the "**Respondent**").
- 1.2 It is stated that the Respondent was the tax auditor of M/s. Saishiva Hotels Inc, Bengaluru, a partnership concern (hereinafter referred as to the "**Hotel**") wherein his wife, namely, Smt. B. Prabha, was one of the partners. As per the Respondent, the present complaint was filed by the Complainant based on the documents and proceedings initiated by Smt. Bharathi (wife of the Complainant) against the Hotel and its partners in respect of dispute on the leased property and he included the name of Respondent in the said proceedings with oblique motives.

2. **CHARGES IN BRIEF:**

S. No.	Charge(s)	Prima Facie Opinion of the Director (Discipline)	Applicable Item of the Schedule to the Chartered Accountants Act, 1949
1.	The Respondent was actively engaged in the business of setting up, administration, management and day to day operation and running of Bar and a Hotel (Purvi – Multi Cuisine restaurant) in the firm name of M/s. Saishiva Hotels Inc., Bengaluru.	Not Guilty	Item (11) of Part-I of the First Schedule
2.	The Respondent acted as an Arbitrator while holding full-time certificate of practice without prior permission of the Council.	Not Guilty	Item (11) of Part-I of the First Schedule

3 and 7	<p>The Respondent is the accused no. 1 in a criminal case instituted against him and other members in C.C. No. 17504/2017 before the IVth Additional Chief Metropolitan Magistrate, Bengaluru.</p> <p>The Respondent is also a party in the Civil Suit in O.S. No. 1610/2014 pending before the Principal Senior Judge, Bangalore Rural District, Bengaluru.</p>	Not Guilty	Item (1) of Part IV of First Schedule and Item (2) of Part IV of the First Schedule
4.	The Respondent has expressed an opinion on the financial statements of M/s. Saishiva Hotels Inc, Bangalore in which his wife was a partner having a profit share of 73% in the total profit of the firm/Hotel.	Guilty	Item (4) of Part I of Second Schedule
5 and 6	<p>The Respondent has created fraudulent transactions under the guise of reconstitution of firm M/s. Saishiva Hotels Inc, Bengaluru. The said Hotel was a Lessee and took the business place on 10 years' lease. The Respondent, despite agreeing to vacate the leased property at the end of lease period, obtained an ex-parte injunction through his wife from Hon'ble Civil Court and refused to hand over possession. A notice dated 03.03.2014 of termination of lease was sent to the Respondent and his wife. After the receipt of the same, the Respondent got</p>	Not Guilty	Item (2) of Part IV of First Schedule

	<p>issued a reply notice dated 16.04.2014 and on 06.06.2014, carried out Reconstitution of Firm by getting admitted two strangers as partners and immediately on 10.06.2014, his wife and the other partner retired from the firm and thus the same Partnership Firm Name illegally continued with totally New Partners against the applicable laws.</p> <p>It is further alleged that the Respondent has continued to be the Auditor of the erstwhile firm and also the New Firm with 100% change in partners continued the firm with the same PAN number. These acts carried out by him constitute Criminal Breach of Trust and also a Criminal Conspiracy which is totally against the law, unlawful, unethical and also totally illegal.</p>		
8.	The Respondent threatened the Complainant with dire consequences and also warned him that he will go to any extent to achieve his desired results.	Not Guilty	Item (2) of Part IV of First Schedule

3. **THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 20th MAY 2025 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF, ARE GIVEN BELOW: -**

- 3.1 With respect to charge mention at S.no. 4 of Para 2 above that the Respondent has expressed an opinion on the financial statements of M/s. Saishiva Hotels Inc, Bangalore (Hotel) in which his wife was a partner having a profit share of 73% in the total profit of

the Hotel, it was noted that, Item (4) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949 prohibits a practicing Chartered Accountant to express his opinion on Financial Statements of any enterprise in which he, his firm or a partner in his firm has a substantial interest. In the instant case, the wife of the Respondent was holding 51 to 73 percent share in the Hotel (at different point of time) as evident from the Partnership Constitution and Reconstitution Deeds dated 12.06.2003, 29.12.2004 and 06.06.2004 till she retired from the firm in financial year 2014-15. Further, on perusal of Form 3CD for the financial year 2013-14 as certified by the Respondent, he mentioned that his wife was holding substantial interest in the firm. It was further noted that the Code of Ethics prohibit the professional to perform attest function in terms of Item (4) of Part I of Second Schedule, despite this the Respondent went ahead and performed the audit of Hotel for the financial year 2013-14, which was in clear conflict of interest making him liable for the Professional Misconduct.

- 3.2 Accordingly, the Director (Discipline) in his Prima Facie Opinion held the Respondent GUILTY of Professional Misconduct falling within the meaning of Item (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Item of the Schedule to the Act, state as under:

Item (4) of Part I of Second Schedule states as under:

Part I of Second Schedule: Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct if he-

*...
" (4) expresses his opinion on financial statements of any business or enterprise in which he, his firm or a partner in his firm has a substantial interest;"*

- 3.3 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at its meeting held on 26th August 2025. The Committee on consideration of the same, concurred with the reasons given against the charge(s) and

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thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. **DATE(S) OF WRITTEN SUBMISSIONS/PLEADINGS BY PARTIES:**

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

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	28 th December 2018
2.	Date of Written Statement filed by the Respondent	14 th February 2019
3.	Date of Rejoinder filed by the Complainant	17 th March 2019
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	20 th May 2025
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	16 th October 2025
6.	Written Submissions filed by the Complainant	27 th October 2025

5. **WRITTEN SUBMISSIONS FILED BY THE RESPONDENT:**

5.1 The Respondent vide letter dated 16th October 2025, inter-alia, submitted as under:

- a. That this was an inadvertent and unintentional act with no motive or intent to violate any professional or ethical guidelines. At the time of conducting the said audit, there was no specific prohibition under the Income Tax Act, 1961 against a relative of the assessee performing a tax audit. The restriction in this regard was introduced later u/s 288(2) by Finance Act 2015.
- b. That he had disclosed the relationship and interest of his spouse in the firm in his tax audit report. This transparency clearly demonstrates his bonafide intentions

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and absence of any concealment or malafide intent. That the firm in question was a closely held partnership firm with no public interest element involved. The tax audit was done in good faith and in accordance with professional standards.

- c. The Respondent also maintained unblemished record for over 33 years and also requested a lenient view.

6. WRITTEN SUBMISSIONS FILED BY THE COMPLAINANT:

6.1 The Complainant vide letter dated 27th October 2025 with respect to the allegations accepted by the Committee, inter-alia, submitted as under:

- a. The Respondent signed the financial statements of the Hotel from the beginning i.e. after commencement of its commercial operations and signed financial statement for number of years and claimed inadvertent and unintentional mistake.
- b. The Respondent was in practice of Chartered Accountancy profession from last 33 years and cannot be allowed to plead inadvertence.
- c. The Complainant further stated that the Respondent has not followed even the basic accounting principles as mandated in the Accounting Standard 1 issued by the ICAI which was applicable from 01.04.2001 onwards.

7. BRIEF FACTS OF THE PROCEEDINGS:

- a. The details of the hearing(s) fixed in said case is given as under:

S. No.	Particulars	Date of meeting(s)	Status of Hearing
1.	1 st Hearing	02.12.2025	Hearing Concluded and Decision Taken

- b. During the hearing held on 2nd December 2025, the Committee noted that the Respondent along with his Counsel were present through Video Conferencing. The Committee further noted that the Complainant was also present before it for the hearing. Being the first hearing, both the Complainant and the Respondent was put on oath.

Thereafter, both the parties made a declaration that there was nobody else in the room from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form. Thereafter, the Committee asked the Respondent whether he was aware of the charge(s) levelled against the Respondent to which he replied in affirmative. On being asked as to whether he pleaded guilty on the charges levelled, he pleaded Guilty. The Committee, on consideration of the facts of the case vis-a-vis documents/submissions available on record and plea of the Respondent recorded under Rule 18(8) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, concluded the hearing and decided on the conduct of the Respondent.

8. Findings of the Committee

8.1 At the outset, the Committee noted that 8 charges had been levied by the Complainant against the Respondent. However, after due procedure by the Director (Discipline) in the matter, the Respondent was held prima facie guilty only in respect of 1 charge mentioned in S no. 4 of Para 2 above and accordingly the extant proceedings were limited to the said charge only.

8.2 The Committee further noted that the Respondent was the Tax Auditor of M/s. Saishiva Hotels Inc, Bengaluru (Hotel). Upon perusal of documents brought on record, it is noted that the wife of the Respondent, namely, Smt. B. Prabha, was one of the partners in the said Hotel and was holding substantial interest of 51% share as per Deed of Partnership dated 12.06.2003. It was further noted that her share was thereafter increased to 73% as per Reconstitution Deed dated 29.12.2004 and thereafter got reduced to 68% as per Reconstitution Deed dated 06.06.2014. Further, she retired from the said partnership as per Reconstitution Deed dated 10.06.2014. Thus, the wife of the Respondent was holding 51 to 73 percent share in the Hotel (at different point of time) as is evident from the Partnership Constitution and Reconstitution Deeds dated 12.06.2003, 29.12.2004 and 06.06.2004 and till she retired from the firm in financial year 2014-15.

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- 8.3 The Committee further, upon perusal of the Tax Audit Report of Hotel for Financial Year 2013-14, noted that the Respondent at paragraph number 5(1) of the report mentioned that "*The Wife of Auditor has Substantial Interest in the Firm*". Further, upon perusal of Tax Audit Report of Hotel for Financial Year 2014-15, it was mentioned that "*The Wife of Auditor has Substantial Interest in the Firm Upto 09.06.2014*". The said Tax Audit Reports establishes that despite having knowledge of the fact that his wife has substantial interest in the Hotel he went ahead and performed audit of the Hotel.
- 8.4 The Committee noted that Code of Ethics (issued by ICAI) while explaining the provisions of Item (4) of Part I of the Second Schedule to the Chartered Accountant (Jan. 2009 Edition Page No. 239) states as under:

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

"Clause (4): expresses his opinion on financial statements of any business or enterprise in which he, his firm or a partner in his firm has a substantial interest;

If the opinion of auditors are to command respect and the confidence of the public, it is essential that it must be free of any interest which is likely to affect their independence. Since financial interest in the business can be a substantial interest and one of the important factors which may disturb independence, the existence of such an interest direct or indirect affects the opinion of the auditors. As per this Item, an auditor should not express his opinion on financial statements of any business or enterprise wherein he has a substantial interest. This is intended to assure the public as regards the faith and confidences that could be reposed on the independent opinion expressed by the auditors.

In this connection attention of members is also invited to Chapter IV of Council Guidelines No. 1-CA(7)/02/2008 dated 8th August, 2008. The said guidelines state that a member of the Institute shall not express his opinion on financial statements of any business or enterprise in which one or more persons, who are his "relatives" within the meaning of Section 6 of the Companies Act, 1956, have either by themselves or in conjunction with such members, a substantial interest in the said business or enterprise."

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From the above, it is clear that a practicing Chartered Accountant is prohibited from expressing his opinion on financial statements of any enterprise in which he, his firm or his relative has substantial interest.

- 8.5 The Committee noted that the Respondent in his submissions took a plea that at the time of conducting the said audit, there was no specific prohibition under the Income Tax Act, 1961 against a relative of the assessee performing a tax audit. In this regard, the Committee viewed that the core allegation relates to the Respondent having undertaken the audit of the financial statements of a concern in which his wife held substantial interest. The Committee noted that the wife of the Respondent is a "relative" within the meaning of the Chartered Accountants Act, 1949 and the Code of Ethics issued by ICAI. The Respondent has admitted that his wife owned a substantial interest in the audited entity during the relevant period. Under the Code of Ethics and the provisions governing professional conduct, a Chartered Accountant must maintain independence while performing audit and assurance functions. Thus, the Code expressly prohibits a member from undertaking assurance engagements for an entity in which the member himself or a relative has a substantial interest, as such a relationship creates a self-interest threat that impairs professional judgement.
- 8.6 The Committee further observed that a Chartered Accountant is expected to decline or discontinue any professional assignment where his independence stands compromised. In the present case, despite being fully aware of his wife's financial interest in the entity, the Respondent chose to accept and conduct the audit. By undertaking the audit, the Respondent exposed the assurance engagement to a significant threat of bias. The Committee is of the view that the presence of substantial interest held by his wife strikes at the very foundation of independence on which audit assurance relies. This act is inconsistent with the high ethical standards expected of a Chartered Accountant.
- 8.7 The Committee further noted that the Respondent during the first hearing itself admitted his guilt and opted not to defend the case. He further requested the Committee to take lenient view in the matter as this was his first mistake. Looking into acceptance of guilt under Rule 18(8) of the Chartered Accountants (Procedure of Investigations of

Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee held the Respondent **Guilty** of Professional Misconduct falling within the meaning of Item (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Conclusion

9. In view of the Findings stated in the 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
S.no.4 of Para 2 as above	Para 8.1 to Para 8.7 as above	Guilty- Item (4) of Part-I of the Second Schedule

10. In view of the above observations, considering the oral and written submissions and material on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
[CA. Charanjot Singh Nanda]
Presiding Officer

Sd/-
[Shri Jiwesh Nandan]
Member (Govt. Nominee)

Sd/-
[CA. Piyush S Chhajed]
Member

Date: 16th January, 2026

Place: New Delhi

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Anju Grover
अंजू गровер / Anju Grover
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सार्वजनिक लेखाकार संस्थान
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