

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.: - [PPR/333/2016/DD/03/INF/2017/DC/1260/2020]

In the matter of:

M/s. Sudan Kapoor & Associates (FRN 021711N)
Office No 305, U S Complex
120 Mathura Road,
Near Jasola Metro Station,
New Delhi -110076

... Respondent Firm

Member(s) Answerable:

CA. Rajesh Sudan (M.No.092352)
Office No. 305, U.S. Complex
120, Mathura Road,
New Delhi- 110076.

... Respondent - 1

CA. Sachin Kumar Sharma (M.No.420705)
S-50 FF Parampuri, Uttam Nagar
New Delhi – 110059.

... Respondent - 2

CA. Chinky Tripathi (M.No.531265)
G-104 Aditya Celebrity Homes
Sector- 76, Noida
Uttar Pradesh- 201301.

... Respondent - 3

MEMBERS PRESENT :

CA. Prasanna Kumar D, Presiding Officer (In person)
Adv. Vijay Jhalani, Government Nominee (In person)
CA. Satish Kumar Gupta, Member (In person)

DATE OF FINAL HEARING : 06th December 2025

PARTIES PRESENT:

- (i) CA. Rajesh Sudan - Respondent No. 1
- (ii) Sh. Ashish Makhija, Adv. – Counsel for Respondent No. 1 (along with Advocate Deep Bisht)

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- (iii) CA. Sachin Sharma – Respondent No. 2
- (iv) CA. Chinky Tripathi – Respondent No. 3
- (v) Sh. S. S Sharma, Adv. – Counsel for Respondent No. 2 & 3

1. **Background of the Case:**

The Respondent Firm was engaged for conducting the Concurrent Audit of the J&K Bank of the Ghaziabad Business Unit for the period pertaining to May 2014 to April 2015.

2. **Charges in brief:**

The Respondent Firm has failed to point out and report the fraudulent acts being carried out at the branch and accordingly, as a result, the timely remedial measures could not be taken to check the financial irregularities and the Bank was put to huge financial loss. The Respondent firm failed to comment in their report as under:-

- a) The LCs of high value were frequently discounted at the branch beyond the aggregated delegated powers for which the Respondents did not offer any comment in their concurrent audit report.
- b) Unusual time gap between date of issuance, acceptance and discounting as the LCs mostly drawn by purported counter parties from a far-off station were issued, accepted and discounted thereof, on same day.
- c) By hand, receipt/ dispatch of these LCs from/ through their beneficiaries was permitted, instead of using SFSM (Structured Financial Messaging System) platform or any other authentic mode of Communication.

3. **The relevant issues discussed in the Prima Facie Opinion dated 06th December 2019 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1. On the perusal of the documents available on record, it was noted that the Informant Bank had neither provided a copy of the Internal Investigation Report which allegedly revealed the fraudulent acts that were stated to have not been pointed out by the Respondents, nor a copy of the Concurrent Audit Report prepared by the Respondents. Further, according to the Respondents, the Concurrent Audit Report was required to be prepared and filed on the computer system at the concerned J&K

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branch only, and the said report was not allowed to be downloaded or printed; thus, unless it was provided by the Informant Bank, it could not be accessed from any other source. It was accordingly viewed that it was incumbent upon the Informant Bank to provide a copy of the concurrent audit report issued by the Respondents for the period pertaining to May 2014 to April 2015 of the Ghaziabad Business Unit in support of its allegations; however, it was noted that despite sending a reminder letter, it chose not to send any further evidence to corroborate the allegations raised against the Respondents.

3.2. Further, since the Informant Bank had also not provided a copy of its Internal Investigation Report, which was the sole basis for raising allegations against the Respondents, the same could not be established against them. The Respondents, on the other hand, had clearly pointed out that no record was found in respect of LCs as referred to by the Informant Bank. It was also noted that, as an auditor, the report on discounting of LCs could be submitted only upon the production of documents by the Branch/Ghaziabad Business Unit, and if no documents were produced for verification, as in the present case, the Respondents had no option but to state the factual position by writing "no record found" in the online reporting system of the Bank.

3.3. Thus, it was noted that, on one hand, the Informant Bank had failed to provide any documentary evidence on record to substantiate the allegations despite the same being sought at the stage of calling for additional documents by the Disciplinary Directorate, and on the other hand, the Respondents had given a categorical reply that they had duly reported in the concurrent audit report that no records in respect of LCs were found. Accordingly, in light of the fact that no corroborative evidence was provided on record to support the allegations and that the response of the Respondents in the matter appeared justified and reasonable, the extant matter was not maintainable against the Respondents.

3.5 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 06th December, 2019 opined that the Respondent was prima facie **Not Guilty** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) and (8) of

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Part- I of Second Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act, states as under:

Clause (5) of Part I of the Second Schedule:

"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

(5) fails to disclose a material fact known to him which is not disclosed in a financial statement, but disclosure of which is necessary in making such financial statement where he is concerned with that financial statement in a professional capacity."

Clause (6) of Part I of the Second Schedule:

"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

(6) fails to report a material misstatement known to him to appear in a financial statement with which he is concerned in a professional capacity."

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."

- 3.6 The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Board of Discipline in its meeting held on 04th March 2020. The Board on consideration of the same was of the view that non provisioning of the Investigation Report / Concurrent Audit report by the Informant cannot be considered as a ground

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for closing of the case against the Respondent especially in view of the grave nature of allegations alleged against the Respondent. Accordingly, the Board did not concur with the reasons given against the charge(s) and thus, **did not agree** with the prima facie opinion of the Director that the Respondent is **NOT GUILTY** of Professional Misconduct falling within the meaning of Clauses (5), (6), (7) & (8) of Part- I of the Second Schedule to the Chartered Accountants Act, 1949 and decided to refer the matter to the Disciplinary Committee 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 Information	17 th March 2017
2.	Date of Written Statement filed by the Respondents	07 th April 2017
4.	Date of Prima Facie Opinion formed by Director (Discipline)	06 th December 2019
5.	Written Submissions filed by the Respondent(s) after Prima Facie Opinion	CA. Rajesh Sudan – 18 th July 2020, 18 th May 2023 & 04 th August 2025 & 17 th November 2025 CA. Sachin Kumar Sharma 18 th July 2020, 04 th November 2025 & 05 th December 2025 CA. Chinki Tripathi – 25 th July 2020 , 04 th November 2025 & 05 th December 2025
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	---

5. **Further written submissions of the Respondent (CA. Rajesh Sudan) vide letters dated 18th July 2020, 18th May 2023 & 04th August 2025 & 17th November 2025**


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5.1 The Respondent has, inter alia, submitted that –


- Respondent was neither involved in the conduct of concurrent audit of J&K Bank at any stage nor has signed any of the audit reports of J&K Bank at any time. The concurrent audit of J&K Bank was conducted, and the reports were signed by other partners of the firm.
- Respondent was not involved in the concurrent audit of J&K Bank and has not signed any of the concurrent audit reports and the name of the Respondent was mentioned under mistaken belief, the present proceedings against the Respondent are liable to be dropped and closed.
- Concurrent audit reports were signed primarily by CA. Deepesh Sharma and he was the person responsible for conducting the audit. CA. Deepesh Sharma was a partner at the firm at the relevant time when the audit was conducted, and reports were submitted. He resigned with the firm as a partner in the year 2013.
- The Respondent was neither involved in the conduct of concurrent audit of J&K Bank at any stage nor has signed any of the audit reports of J&K Bank at any point of time.
- Concurrent Audit was conducted by other partners of the firm namely Sudan Kapoor & Associates (Chartered Accountants) and all Concurrent Audit Reports were signed by them. The Respondent firm has already clarified about non-involvement/ non-engagement of CA Rajesh Sudan vide letter dated 15.07.2020.
- Contents of reply dated 04.11.2025 by CA Sachin Kumar Sharma are alleged to be false, misleading, and an afterthought meant to evade responsibility and mislead the Disciplinary Committee.
- CA Sachin Kumar Sharma plea of being “not aware of the facts” and signing documents as a “formality” on assurance of CA Rajesh Sudan is termed untenable, self-serving, and against professional ethics.
- As a Chartered Accountant, CA Sachin Kumar Sharma is expected to read and understand documents before signing; ignorance cannot absolve responsibility.
- It is denied that any document was obtained from CA Sachin Kumar Sharma without his knowledge or consent; all filings were prepared and submitted by him independently.
- Withdrawal of earlier submissions is termed unethical, devoid of merit, and intended to nullify his own admissions and evidence. *Bisg*

- Admissions once made are binding and cannot be withdrawn except through prompt retraction with cogent justification, which is absent.
- Legal principles on retraction require timeliness, valid reasons, corroborative evidence, and absence of prejudice — all unmet by CA Sachin Kumar Sharma.
- Affidavit dated 04.11.2025 is filed after nearly five years with no evidence of coercion,
- Affidavit dated 04.11.2025 does not constitute a valid retraction and deserves to be disregarded.
- The claim of CA Sachin Kumar Sharma retiring from the firm on 07.08.2015 is alleged false; records show continued signing and representation beyond that date.
- Documents bearing his signature include multiple Independent Auditor's Reports (2018–2019), Concurrent Audit Reports (2015–2019), and various certificates (2018–2020).
- Additional documents from year 2014–2015 also show his active professional engagement, contradicting his affidavit.
- These records collectively prove his continued association with the firm and falsity of his claim of cessation.
- Denial of involvement in J&K Bank Concurrent Audit (May–Nov 2014) of CA. Sachin Kumar Sharma is termed false and contradicted by records received from ICAI.
- Email dated 17.01.2024 from ICAI includes J&K Bank correspondence referencing his participation in the audit.
- Filing of a false affidavit is stated to undermine the disciplinary process and amount to professional misconduct.
- All contemporaneous documents bearing name or signature of CA. Sachin Kumar Sharma indicate continued role as Partner/Authorised Signatory.
- Present reply by CA Sachin Kumar Sharma is alleged to be an attempt to evade accountability and mislead the Committee.
- Preliminary submissions form an integral part of this response; affidavit is termed an afterthought with mala fide intent and deserves rejection.

5.2 Further written submissions of the Respondent (CA. Sachin Kumar Sharma) vide letters dated 18th July 2020, 04th November 2025 & 05th December 2025



The Respondent has, inter alia, submitted that –

- The Concurrent auditor of J&K Bank, CA. Deepesh Sharma was primarily responsible and after his resignation from the firm, CA. Yogesh Kumar, was responsible for the Concurrent audit of the bank. The answering respondent had attended the concurrent audit of the bank and in the absence of CA. Chinky Tripathi. The said fact can be sustainable through audit programs which were signed by the partner of the firm.
- With regard to the non-production of working papers, in the year 2014, the office of the firm was filled with water and many files were destroyed at that time. There is a possibility that the working papers as regards concurrent audit were destroyed at the time.
- CA Rajesh Sudan, it is submitted that he was neither involved in the conduct of a concurrent audit of J & K Bank at any stage nor has signed any of the audit reports of J & K Bank at any time. As per the knowledge of the Respondent, the concurrent audit of J & K Bank was conducted, and the reports were signed by other partners of the firm.
- It is a settled proposition of law that a charge of professional misconduct is in the nature of a quasi-criminal charge and that such a charge is required to be proved in the manner of proving a criminal charge and the nature of proof required to prove it, is that of beyond reasonable doubt.
- The concurrent audit report was a software-based report on the online system available with the branch. The Concurrent audit report prepared and filled on the computer system was not allowed to download or print and therefore, the Respondent cannot produce the said documents.
- That the J&K Bank has neither submitted the report nor has provided the internal investigation report on which it was alleged that the Respondent has failed to point fraudulent activities at its branch despite reminder of Director (Discipline).
- The Respondent withdraws his previous submissions (as made above) made to the Director (Discipline), as these were prepared by Respondent firm M/s. Sudan Kapoor & Associates and senior partner CA. Rajesh Sudan without his full knowledge.
- The Respondent denies all allegations and states that the Director (Discipline) had already found him not guilty. 

- He joined the firm on 13.12.2013 as an employee/ partner and left on 07.08.2015.
- He was not involved in the audit under investigation and had no connection with the J&K Bank audit.
- Letters of Credit (LCs) were being discounted since 2010; the firm handled the audit from 2012, before his joining.
- He was only asked to sign attendance sheets for the release of audit fees for October–November 2014.
- He claimed that the audit program and documents used against him were afterthoughts and contained forged signatures.
- Internal investigation report was incomplete, lacking annexures, and requests ICAI to obtain the full report from J&K Bank.
- He Emphasized that record-keeping and working papers are the firm's responsibility.
- He did not sign any audit report, did not visit the branch, and did not conduct any audit.
- Claims he was falsely implicated to deflect responsibility from others.
- He denied violating any provisions of the Chartered Accountants Act, 1949, or ICAI guidelines.

5.3 Further written submissions of the Respondent (CA. Chinky Tripathi) vide letters dated 25th July 2020 , 04th November 2025 & 05th December 2025

The Respondent has, inter alia, submitted that –

- Concurrent Audit of J&K Bank, CA. Deepesh Sharma, membership no. 520834 was primarily responsible and after his resignation from the firm, CA Yogesh Kumar, membership no. 419292 was responsible for the Concurrent Audit of J&K Bank.
- As regards CA. Rajesh Sudan, it is submitted that he was neither involved in the conduct of concurrent audit of J & K Bank at any stage nor has signed any of the audit reports of J & k Bank at any time. As per the knowledge of the Respondent, the concurrent audit of J & K Bank was conducted, and the reports were signed by other partners of the Firm.

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- There is no corroborative evidence on record which could support the allegation made against the Respondent.
- The information supplied by J&K Bank does not take into account the report submitted by the Respondent. It is surprising that J&K Bank has not attached a copy of the report submitted by the Respondent. In the absence of the report, there is no way that a conclusion can be drawn on the conduct of the Respondent. It is vehemently denied that the Respondent has issued a report which is incorrect. On the contrary, the Respondent has conducted the concurrent audit diligently and in a professional manner. Further J& K Bank has also refused to file a formal complaint in prescribed Form- I.
- The Concurrent Audit Report was a software-based report on the online system available with the branch. The Concurrent Audit Report prepared and filled on the computer system was not allowed to be downloaded or printed and therefore, the Respondent cannot produce the said document.
- The present information case has no merit and deserves to be dropped by holding the respondent not guilty of any professional misconduct.
- Respondent is a law-abiding, God-fearing Chartered Accountant with a good reputation and high ethical standards.
- Respondent withdraws all submissions made earlier to the Director (Discipline) or Disciplinary Committee (as above), as these were signed without full knowledge of facts at the request of M/s. Sudan Kapoor & Associates and its senior partner, CA. Rajesh Sudan.
- Denies all allegations, averments, and contentions made in the complaint.
- Director (Discipline) opined in the Prima Facie Opinion that the respondent is not guilty of professional misconduct under Clauses (5), (6), (7), and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
- Allegations against the respondent are false, baseless, and unfounded.
- Nothing is admitted unless expressly stated; no part of the statement should be considered admitted by default.
- Respondent passed the Chartered Accountancy exam in November 2012 and became a member of ICAI on 30.04.2013 (Membership No. 531265).

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- Joined M/s. Sudan Kapoor & Associates (FRN021711N) as Employee/Partner on 13.12.2013 and left on 30.04.2014 (4 months, 19 days).
- Audit of J&K Bank in question was allotted after respondent left the firm; thus, respondent had no involvement.
- Concurrent audits for May 2014 was issued on 06.09.2014 — after respondent's departure from the firm.
- Letter of acceptance for audit dated 21.06.2014 proves the assignment came after respondent left the Respondent firm.
- Respondent neither signed nor participated in any audit report from May to November 2014.
- Maintenance of audit records was the firm's responsibility.
- Respondent has been unnecessarily implicated and requests removal of her name from the case.
- Respondent has filed an affidavit confirming non-involvement in audits after 30.04.2014.
- The Respondent alleged that Mr. Rajesh Sudan has retracted his 2020 statement before the Director (Discipline) and is attempting to shift liability onto her. She asserted that her name was wrongly shown as the "answerable member" due to a claimed mistaken belief, while Mr. Sudan fraudulently obtained and filed forged documents, including an index bearing her forged signature, despite her having left the firm in 2014.
- According to the Respondent, Mr. Sudan is the sole beneficiary of these actions.
- She further contended that documents submitted before the Disciplinary Committee are forged, as they carry signatures dated 2020, and that the selective implication of her—while other partners (CA Deepesh and CA Yogendra), who admitted signing the documents, were excluded—demonstrates malafide intent to wrongly implicate junior employees.
- She highlighted the lack of supporting material in Mr. Sudan's later submissions and noted his intention to withdraw the cross-examination application.
- The Respondent clarified that her retraction was timely, as the forgery was discovered only after receiving documents from the Disciplinary Committee in October 2025, following which she filed an affidavit in November 2025.

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- She also pointed out that all written submissions bore the same address and handwriting, indicating they were prepared and submitted by a single person under Mr. Sudan's direction.

6. **Brief facts of the Proceedings:**

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

S. No.	Date of meeting(s)	Status
1	22 nd May 2023	Adjourned at the request of CA. Rajesh Sudan and in absence of other Respondents.
2	21 st November 2023	Part heard and adjourned.
3	23 rd January .2024	Adjourned at the request of Resp. No. 02 (CA. Sachin Kumar Sharma) and Resp. No. 03 (CA. Chinky Tripathi).
4	10 th April 2024	Adjourned at the request of Resp. No. 02 (CA. Sachin Kumar Sharma) and Resp. No. 03 (CA. Chinky Tripathi).
5	29 th August 2024	Adjourned at the request of Resp. No. 02 (CA. Sachin Kumar Sharma) and Resp. No. 03 (CA. Chinky Tripathi).
6	18 th September 2024	Consideration of case was deferred by Committee.
7	05 th August 2025	Part heard and adjourned (CA Rajesh Sudan and CA. Chinki Tripathi was put on Oath
8	26 th September 2025	Part heard and adjourned at the request of CA. Rajesh Sudan
9	28 th October 2025	Adjourned at the request of Respondent no. 02 (CA. Sachin Kumar Sharma) and Respondent no. 03 (CA. Chinky Tripathi)
10	08 th November 2025	Part heard and adjourned.
11	20 th November 2025	Part heard and adjourned.
12	06 th December 2025	Hearing concluded and decision taken

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- 6.2 On the day of hearing held on 21st November 2023, the Committee noted that Respondent 1 along with his counsel was present through video-conferencing mode and appear before it. The office apprised the Committee that the other Respondents (CA. Sachin Kumar Sharma & CA. Chinky Tripathi) were not present and notice of listing of the case has been served upon them.

The Respondent 1(CA. Rajesh Sudan) was put on oath. He pleaded not guilty. The Counsel for the Respondent submitted that the Respondent is not concerned with this case and he innocently disclosed his name as member answerable to this case. He submitted that he has not signed the alleged concurrent audit report of the bank and same was signed by other partners of the firm.

The Committee directed the office to seek: (i) Copy of the internal investigation report highlighting the role of the Respondent(s) in the matter and (ii) copy of the Concurrent Audit Report issued by the Respondent(s) in case of BU Ghaziabad (UP) for period May,2014 to March, 2015 which are essential for the purpose of enquiry and arriving at logical conclusion of the matter from the Informant bank within 10 days.

The case was part heard and adjourned.

- 6.3 On the day of next hearing held on 05th August 2025, the Committee noted that the CA. Rajesh Sudan and CA. Chinky Tripathi with their Counsel were present through VC and appeared before it.

Thereafter, the Committee enquired from the CA. Rajesh Sudan and his Counsel that since the composition of the Committee has changed subsequent to the last hearing held on 21/11/2023 in this case, whether they wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel of both the Respondents opted for de-novo hearing and accordingly both the Respondents (CA. Rajesh Sudan and CA. Chinky Tripathi) were administered on Oath. Thereafter, the Committee enquired from the Respondents as to whether they were aware of the charges against them and then the charges as contained in prima facie opinion were



read out. On the same, the Respondents replied that they are aware of the charges and pleaded 'Not Guilty' to the charges levelled against them.

The Committee directed the Respondent/Counsel for the Respondent to make the submissions.

The Counsel for CA. Rajesh Sudan submitted that he had included his name amongst the names of members answerable under the bonafide belief that response to the communication received from ICAI had to be sent in the name of managing partner of the Firm. Therefore, the name of CA Rajesh Sudan was mentioned amongst the names of members answerable. He further submitted that after receipt of the Prima Facie Opinion, when he came to know about this fact, he submitted a letter dated 15/07/2020 to the Director Discipline to drop his name as he was not responsible for conducting/signing the audit. He again reiterated that neither he conducted the concurrent audit nor signed any of the audit reports.; and that the name of CA Rajesh Sudan did not appear in any of the concurrent audit reports. He also mentioned that the Audit Program was also submitted to substantiate that CA Rajesh Sudan was not involved in the concurrent audit and the attendance register can be asked from the Bank to substantiate that he has never visited the Bank. In view of the same, CA Rajesh Sudan pleaded that his name shall be dropped as respondent in this case at this stage. Noting the submissions of Counsel for CA. Rajesh Sudan, the Committee observed that the matter will be heard considering the arguments of all the respondents in this case, and the submissions of Counsel for CA. Rajesh Sudan would also be dealt with finally at the time of conclusion of the hearing; and till such time notice/s for future hearings of the Committee will be sent to all the three Respondents in the case.

The Counsel of CA. Chinky Tripathi submitted that since it is virtually first hearing he would like to present his case on merit in next hearing. When asked about her involvement as well as the involvement of CA Rajesh Sudan in the concurrent audit; CA. Chinky Tripathi submitted that the concurrent audit was undertaken by her on behalf of the Firm. She further submitted that CA. Rajesh Sudan was not involved in

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the said concurrent audit assignment and the same has been mentioned in her written submissions dated 25/07/2020.

The Committee also directed the Office to obtain certain relevant documents/information from the Informant Bank, which are as under:

- (i) Copy of Concurrent Audit Reports submitted by the Chartered Accountant Firm for period December 2014 to April 2015.
- (ii) Copy of authority/power delegated to Ghaziabad Branch Manager of Jammu & Kashmir Bank regarding discounting of LCs.
- (iii) Name(s) of the auditor/Chartered Accountant, who signed the concurrent audit report(s) of Ghaziabad branch form period May 2014 to April 2015.
- (iv) Copy of attendance register containing the names of auditor(s)/Chartered Accountants of M/s. Sudan Kapoor & Associates who visited Ghaziabad Branch of Bank for period May 2014 to April 2015 for conduct of concurrent audit.
- (v) Details of LCs fraudulently discounted with amount, date and name of beneficiaries/entities

With this, the case was adjourned.

- 6.4 On the day of hearing held on 26th September 2025, Committee noted that CA. Chinky Tripathi and CA. Sachin Kumar Sharma along with their Counsel were present through VC and appeared before it. The Committee noted that CA. Rajesh Sudan has sought adjournment on account of professional commitments. Thereafter, CA. Sachin Kumar Sharma was put on oath.

The Counsel for CA. Chinky Tripathi and CA. Sachin Kumar Sharma requested that the written submissions of CA. Rajesh Sudan may be shared with them. The Committee acceding to the request, directed the office to share all the submissions of CA. Rajesh Sudan with other Respondents.

Thereafter, the Committee acceding to the request of CA. Rajesh Sudan, adjourned the matter to a future date.

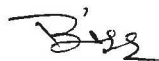


6.5 On next hearing held on 08th November 2025, the Committee noted that CA. Sachin Kumar – Respondent No. 2 were present In person, CA. Chinky Tripathi – Respondent No. 3 were present in person, Sh. Ashish Makhija, Adv. – Counsel for Respondent No. 1 were present Through VC along with Advocate Deep Bisht, CA. S S Sharma – Counsel for Respondent No. 2 & 3 were present In person and appeared before it. the allegations related to improper recording of Letters of Credit (LCs), time gaps in discounting, failure to use authorized mechanisms, and non-reporting during concurrent audits.

The Committee further noted that CA. Sachin Kumar Sharma and CA. Chinky Tripathi (Respondent No 02 & 03) denied their involvement in the audits, claiming they had left the firm before the audit period and were not responsible for the conduct of the audits. Their Counsel argued that their names and signatures were used without their knowledge, and that they had not signed any concurrent audit reports. They also stated that the firm's office was flooded in 2014, which may have led to the destruction of relevant working papers. However, the Committee noted that the acceptance letters and attendance sheets submitted to the bank were signed by the Respondents.

The counsel for Respondent No.1 (i.e. CA Rajesh Sudan) argued that other two Respondents were retracting their earlier signed statements and undertakings, which were equivalent to affidavits under Chartered Accountant Act/Regulations. He emphasized that such retractions, made years later, lacked credibility. He highlighted that the audit assignment was a renewal of previous engagements, and the accused had been involved in audits since 2012. He also pointed out that the attendance sheets and audit reports submitted by the bank, demonstrated their active participation in the audits. The counsel requested permission to cross-examine other two Respondents Nos. 2 and 3.

The counsel for CA. Rajesh Sudan expressed his intent to file an application for cross-examination to uncover the truth.



The Committee adjourned the matter to a future date.

6.6 On the day of hearing held on 20th November 2025, the Committee noted that Respondent No.1 along with counsels were present through VC, Respondent No.2 along with counsel were present in person and Respondent No.-3 along with counsel were present in person and appeared before it. The matter was part-heard, with developments including a request from CA. Rajesh Sudan to cross-examine the other two Respondents as witnesses, supported by a Rejoinder filed in response to statements by CA. Sachin Sharma. The Committee permitted cross-examination with conditions: questions must be relevant to the case, and all parties must be physically present. Thereafter, the Counsel for Respondent Nos. 2 and 3 requested reciprocity to cross-examine CA. Rajesh Sudan and other firm partners, which was allowed upon filing an application. With this, the hearing was adjourned.

The Committee adjourned the matter to a future date.

6.7 On the day of hearing held on 06th December 2025 CA. Rajesh Sudan - Respondent No. 1 along with Counsels were present in person Respondent No. 2 Respondent No. 3 along with Counsel for Respondents were present in person Respondent No. 1, CA Rajesh Sudan, withdrew his request for cross-examination of Respondent Nos. 2 and 3. The Counsel for Respondent No.1 stated that he would not join any issues against other Respondents and that the matter may be decided based on evidence. The Counsel for Respondent Nos. 2 and 3 also withdrew his request for cross-examination of Respondent No. 1 and stated that the matter may be decided based on evidence.

Respondent No. 1, CA Rajesh Sudan, denied any involvement in the conduct of the audit, contending that he neither signed any audit-related documents nor visited the audited branches. He further submitted that the evidence placed on record did not establish any nexus between him and the alleged misconduct.

Respondent Nos. 2 and 3, CA Sachin Kumar and CA Chinky Tripathi, similarly denied any responsibility in the matter. Respondent No. 3, CA Chinky Tripathi, specifically asserted that she had retired from the firm prior to the relevant audit period. All three

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Respondents alleged that the senior partners of the firm had fabricated documents and had misused their names with a view to falsely implicate them in the proceedings. The Counsel appearing for the Respondent Nos. 2 and 3 submitted that, in any event, liability, if any, ought to be fastened upon the firm and not on the individual partners, as the audit reports were issued and signed in the name of the firm.

The Committee thereafter called upon the learned Counsel for all three Respondents to advance their submissions on the merits of the case. However, the learned Counsel declined to make submissions on the merits, reiterating that the Respondent No.2 was not involved in the conduct of the audit and stating that their arguments would be confined solely to the determination of responsibility of the member, if any, who had conducted the audit. 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 concluded the hearing and took the decision on the conduct of the Respondent.

7. Findings of the Committee:-

- 7.1 On perusal of documents/papers available on record, the Committee noted that a letter dated 6th September, 2016 was received from the Vice-President, Supervision & Control Division, J&K Bank, Corporate Headquarters at Kashmir (hereinafter referred to as "Informant Bank") containing allegations against M/s. Sudan Kapoor & Associates (FRN 021711N) (hereinafter referred to as "Respondent Firm") that Respondent firm failed to point out and report the fraudulent acts being carried out at the Ghaziabad Branch Unit of Informant Bank in relation to Letter of Credit (hereinafter referred to as "LC") of high value which were frequently discounted at the Informant Bank's branch beyond the aggregated delegated powers for which the Respondent Firm was engaged in conducting the Concurrent Audit for the period pertaining to May 2014 to April 2015.
- 7.2 Thereafter, in terms of the provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Informant vide letter dated 29th

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September 2016 was requested to file a formal complaint in prescribed Form "I" in triplicate along with all supporting documents, if any. However, vide letter dated 19th October 2016 the Informant Bank informed that it has no intention to file the formal complaint in prescribed Form-I and in terms of the clause of contract/ fidelity of secrecy bond, disengagement of Respondent Firm on account of failure to detect irregularities has informed to ICAI.

7.3 In the absence of formal complaint and on examination of allegations as contained in the letter of the Informant as referred to above, it was decided to treat the same as "Information" within the meaning of Rule 7 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Accordingly, in accordance with the provision of clause (b) of sub-rule (1) of Rule (8) read with Rule 11 of the aforesaid Rules, an "Information" letter dated 17th March, 2017 along with the reminder letter dated 19th April, 2017 was sent to the Respondent Firm to submit the Written Statement and was requested to disclose the name of the members who is/ are answerable to the allegations and send a copy of the aforesaid information letter along with its enclosures to the said member/ members. In response to the same, CA Rajesh Sudan (M.No.092352), CA Sachin Kumar Sharma (M.No.420705) and CA Chinky Tripathi (M.No.531625) (hereinafter referred to as "Respondents") vide letter dated 21st April 2017 declared themselves to be the members answerable on behalf of the Respondent Firm in extant matter. The Respondents thereafter vide letter dated 7th April 2017 submitted their joint written statement in the matter.

7.4 Before proceedings on merits of the case, the Committee noted that all three Respondents (i.e. CA. Rajesh Sudan, CA. Sachin Kumar Sharma and CA. Chinky Tripathi) vide their written submissions and during the hearings before it, have denied their involvement in the concurrent audit assignment performed by the Respondent Firm during the period May 2014 to April 2015 and submitted that they are not member answerable to this case. Further, they submitted that they have not signed any concurrent audit report and or performed this audit assignment of concurrent audit of Informant bank. Moreover, CA. Rajesh Sudan submitted that he

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discloses his name as member answerable under the bonafide belief that response to the communication received from ICAI had to be sent in the name of managing partner of the Firm. CA. Chinky Tripathi submitted that these concurrent audit reports were signed/issued after she had left the Respondent firm and thus, she is not member answerable to this information case and she also filed an affidavit to this effect dated 30/04/2014.

- 7.5 After noting the above facts, the Committee on perusal of papers/documents available on record, observed that CA. Rajesh Sudan was Partner of the Respondent firm since 14.09.2007 to 15.07.2021 and CA. Sachin Kumar Sharma, as per his own admissions before the Committee had joined the Respondent firm on 13.12.2013 as an employee/ partner and left the firm on 07.08.2015. However, member's data record available with office, the Committee observed that he again joined the Respondent firm on 22.08.2018 and left on 23.07.2020. On perusal of submissions of CA. Chinky Tripathi and member's data record available with office, the Committee observed that she joined the Respondent firm on 13.12.2013 and left on 30.04.2014.
- 7.6 In view of above noted facts and observations, the Committee is of the view that CA. Rajesh Sudan (Respondent No. 01) and CA. Sachin Kumar Sharma (Respondent No. 02) were the active partners of the Respondent Firm during the concurrent audit period of Informant Bank i.e. May 2014 to April 2015 and held both of them as member answerable to this Information case. The Committee further noted that, upon being called upon to make submissions on the merits of the case, the Respondents stated that they did not wish to advance any arguments on the merits.
- 7.7 Moreover, as observed above, the Committee was of the view that CA. Chinky Tripathi (M. No. 531265) was not the employee/partner of Respondent firm for the relevant period of misconduct i.e. April 2014 to May 2015. Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes

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an Order for Closure of this case against CA. Chinki Tripathi (M. NO. 531265) the Respondent no. 03.

Date Of Signing	Month of Signing	SIGNED BY
09.06.2014	May 2014	Sachin Sharma
09.07.2014	June 2014	Sudan Kapoor & Associates
08.06.2014	July 2014	Sudan Kapoor & Associates
08.06.2014	August 2014	Sudan Kapoor & Associates
15.10.2014	September 2014	Sudan Kapoor & Associates
05.11.2014	October 2014	Sudan Kapoor & Associates
12.09.2014	November 2014	Sudan Kapoor & Associates

7.8 Thereafter, the Committee noted that the charge(s) against the Respondents (Respondent No. 01 & 02) is that the Respondents being concurrent Auditor failed to point out various infirmities in the procedure adopted by Ghaziabad Branch Unit of Jammu and Kashmir Bank regarding discounting of LCs, such as:-

- The LCs of high value were frequently discounted at the branch beyond the aggregated delegated powers.
- An unusual time gap between date of issuance/ acceptance and discounting the LCs.
- Receipt/dispatch of LCs was permitted by hand instead of using SFMS (Structured Financial Messaging System) platform.

The details of charge(s) are given in para 2.1 above.

7.9 The Committee noted the background of the case as well as oral and written submissions made by the Respondents, documents / material provided by the Informant (viz. Internal Investigation Report and Concurrent Audit Report(s) of the Respondents/Respondent firm) and gives its findings as under: -

7.10 On perusal of Internal Investigation Report submitted by the Informant bank, the Committee noted the contents of said report, wherein balance outstanding against

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fraudulent/fake LCs at Ghaziabad branch unit of Jammu & Kashmir Bank was reported Rs.73.61 Crores. The investigation established that bills were purportedly drawn on various banks such as State Bank of Mysore, Kolkata - 62 bills of Rs. 32.27 Crores.

7.11 It was mentioned in the Investigation Report that in past, the bills had been realized in normal course of business, but after joining of Mr. Khazanchi at the branch in June 2013 the branch was indulged in unethical/ fraudulent practice of discounting of fake LCs. The branch has accepted the LCs issued on plain paper signed by two officials of the bank, without seeking any confirmation/authentication from any of the local branches. The beneficiaries of most of these fake LCs discounted, had opened fresh accounts and thereafter bills were discounted on their behalf without monitoring the transactions in the accounts. Most of the customers did not have any regular credit facility at the branch. As such, the branch has discounted LCs in total violation of the credit policy of the bank. While handling the documents, proper procedures had not been adhered to at all levels as the documents of fake LCs had never been properly dispatched or directly delivered to the address of issuing banks under proper receipt.

7.12 Thereafter, the Committee noted that in said report, the role of the Respondent has been specifically discussed and narrated that the branch was under the purview of concurrent audit carried out by M/s. Sudan Kapoor & Associates (Respondent/Respondent firm) and they had failed to point out the irregularities in these transactions despite the fact that the LCs were of high value in nature. The Concurrent auditors had not even commented on the relevant account head in monthly concurrent audit report(s) instead a passing reference has been given in most of the audit reports as "no record found" which defeats the purpose of conducting audit.

7.13 After recording the submissions of the Respondents and contents of internal Investigation Report of Informant Bank, the Committee was of the view that the Respondents had made observation/adverse comments/remarks in his concurrent Audit Report(s) in respect of;

- (i) outstanding debit balance, if any, in current deposit accounts.

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- (ii) irregularities in fresh sanctions/disbursed during the month.
- (iii) details of authorised overdraw (other than adhoc limits)
- (iv) Report on stock statements overdue more than 3 months.
- (v) Statement of defaults in cash credit and SOD account.
- (vi) Statement of defaults in instalments/interest (Excluding NPA)
- (vii) Detail of accounts with W.C. limit of Rs. 1.00 Crore and above falling due for stock audit.
- (viii) Detail of irregularities reported in earlier audit report that remain to be rectified.
- (ix) Cash.

7.14 The Committee observed that allegation in this matter are regarding LCs discounting, however, on perusal of concurrent Audit Report(s) of the Respondents available on record for the period May, 2014 to November, 2014, it is noted that the Respondents had not given a single comment and or adverse remark/observation in these reports on LCs discounting and procedure adopted in this regard by the branch. The Respondents had simply mentioned that "No Record Found" in respect of (i) Report of invoked bank guarantees; (ii) default in payment of invoked bank guarantees; (iii) report on devolved letter of credits and outstanding for more than 15 days from date of payment and (iv) Report on expired guarantees and LCs.

7.15 The Committee further observed that as per investigation report, the branch had a total outstanding of Rs. 73.61 crores as on 19/11/2014 out of which an amount of Rs. 32.27 crores, comprises of 62 bills discounted on behalf of various account holders. A bill no. OBP – 750 for Rs. 49,32,700/- drawn on SBM Kolkata favouring M/s. Nitin Trading Co., purchased on 24/07/2014 at the branch, covering letter dated 21/07/2014 and acceptance is of dated 23/07/2014. Further, it is also stated that a bill no. OBP – 853 for Rs. 52,91,118/- drawn on SBM Kolkata favouring M/s. Utsav Traders, purchased on 09/08/2014 at the branch. The covering letter to opening/drawing bank for acceptance is dated 06/08/2014, the acceptance letter is dated 08/08/2014 and branch released the amount on 09/08/2014 to the beneficiary. It is pertinent that LC is of dated 04/08/2014. Thereafter, it is also pointed out in the Investigation Report that a bill no. OBP – 975 for Rs. 2,53,72,135/- drawn on SBM Kolkata favouring M/s. R.S. Trading Company, purchased on 04/09/2014 at the

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branch. The covering letter to opening/drawing bank for acceptance is dated 01/09/2014, the acceptance letter is dated 02/09/2014 and branch released the amount on 04/09/2014 to the beneficiary.

- 7.16 The Committee is of the view that concurrent auditors are supposed to verify not only it's documents but also the internal records of the Branch to check whether these are overdue and whether this outstanding amount is within the delegated powers of the respective officers. In fact, not getting the records from the Branch should have further raised doubts in concurrent auditor's mind and as per accepted concurrent audit procedures, the issue could have been escalated by the Respondent to the higher authorities of the Bank.
- 7.17 In view of above, the Committee observed that the treatment of discounting of LCs and disbursal of payment to parties concerned would have been reflected in the books of the Bank and Respondents should have verified the same. In fact, if the records were not made available to them, the Respondents should have exercised much more care and diligence than simply reporting "No Record Found". Thus, the Committee opined that the Respondents failed to report above discrepancies in discounting of LCs and fraudulent procedure adopted by the branch/business unit of Informant Bank in concurrent audit report(s).
- 7.18 The Committee observed that mere reporting in concurrent Audit Report(s) "No Record Found" cannot be construed as sufficient audit observation. The Committee was of the view that the LCs discounted were of high value, but the Respondents had not given any comment in concurrent Audit Report(s) and had issued a clean report(s) during all such periods without independent verification of such material LCs. Therefore, the Committee opined that the Respondents have failed to exercise due diligence, while carrying out his Professional duties as concurrent auditor of Ghaziabad branch of Jammu and Kashmir Bank.
- 7.19 The Committee, considering the above facts, was of the considered view that the Respondents did not perform their professional duties diligently, which is evident by the documents on record. Hence, the Committee held the Respondents (CA. Rajesh Sudan, M. N. 092352 and CA. Sachin Kumar Sharma, M. No. 420705) GUILTY of

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Professional Misconduct within meaning of Items (5), (6), (7) & (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

8. **Conclusion:**

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

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above.	Para 7.8 to 7.19 as above.	GUILTY – as per Clause (5), (6), (7) & (8) of Part I of Second Schedule

9. In view of the above observations, considering the oral and written submissions of the Respondents and material on record, the Committee held the Respondents (CA. Rajesh Sudan, M. No. 092352 and CA. Sachin Kumar Sharma, M. No. 420705) **GUILTY** of Professional Misconduct falling within the meaning of Clause (5), (6), (7) & (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

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

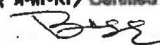
Sd/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 21st January 2026

PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


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