



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/274/18/DD/277/2018/DC/1234/2019]

In the matter of:

Shri Ramesh Sanka

1611B, Magnolias, DLF-5,

Golf Course Road

Haryana

GURUGRAM- 122009

.... Complainant

Versus

CA Vijay Kumar Sharma (M. No. 092256)

M/s. Vijay Raj & Co.

305, 3rd floor, Kanchan House,

Karampura, Commercial Complex

NEW DELHI-110 015

.... 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: 10th February 2026

1. That vide Findings dated 30th January 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that **CA Vijay Kumar**



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Sharma (M. No. 092256) (hereinafter referred to as the “Respondent”) is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 05th February 2026.

3. The Committee noted that on the date of hearing on 05th February 2026, the Respondent was present through VC. During the hearing, the Respondent made verbal submissions and also referred to the written representation dated 02nd February 2026 on the Findings of the Committee. The Committee noted the verbal and written representation of the Respondent dated 02nd February 2026 on the Findings of the Committee, which, inter alia, are as under:

- The Respondent submitted that he was never auditor of any company in which he was a director or shareholder, and no audit report has been found materially misstated.
- He has produced extensive documentary evidence demonstrating due diligence, professional judgment, and bona fide conduct, with no finding of mala fide intent or deliberate misconduct.
- He stated that the address was used only as a registered office during the incorporation of the companies, prior to the enforcement of Section 144 (i.e., 1 April 2014). No management functions were performed by the Respondent. The provision of an address for correspondence is not a prohibited service under Section 144 or the Code of Ethics. No fees were charged. No operational, advisory, or strategic services were provided.
- There is no provision under the Act or the Code of Ethics that disqualifies an auditor from auditing an unrelated company merely because of his shareholding in another company allegedly within the same group, particularly when no such group structure is legally established.



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- The Respondent prays that no punishment be imposed, the findings be set aside in toto and he be held not guilty, and the complaint be dismissed as non-maintainable and devoid of merit.

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

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal and written representation of the Respondent on the Findings, it is noted that the Respondent, while acting as statutory auditor of several IREO LOCs, was not independent due to being a Director and Shareholder in IREO group companies in violation of ICAI Code of Ethics and the Companies Act, 2013, and he provided office space to 18 IREO group companies in violation of Section 144 of the Companies Act, 2013 as it amounted to a management function. The independence of the Statutory Auditor, in the instant case, is fundamentally compromised due to holding the position of Director in group companies of the audit client by the Respondent. Such a relationship gives rise to significant self-interest and familiarity threats. This dual role impairs both independence of mind and independence in appearance, as a reasonable and informed third party would perceive the auditor to be aligned with the interests of group management, thereby eroding objectivity and professional scepticism. The Committee finds that these threats are structural and continuing in nature and therefore constitute a clear violation of the fundamental principles of integrity and objectivity enshrined in the Code of Ethics of ICAI.

6. Thereafter, the Respondent being statutory auditor of the IREO LOCs has compromised his independence. Such conduct compromises the objectivity and credibility expected of a statutory auditor and raises serious doubts regarding the integrity of the audit process. Accordingly, it is viewed that the registered office of the companies in the instant case was the



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premises of the Respondent and the act of acceptance of appointment as statutory auditor of the group Companies by the Respondent, had compromised his independence. 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.

8. Thus, the Committee ordered that the Respondent i.e. CA Vijay Kumar Sharma (M. No. 092256), New Delhi be REPRIMANDED and also imposed a fine of Rs. 2,50,000/- (Rupees Two lakh fifty thousand only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-

(CA. PRASANNA KUMAR D)

PRESIDING OFFICER

Sd/-

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

GOVERNMENT NOMINEE

Sd/-

(ADV VIJAY JHALANI)

GOVERNMENT NOMINEE

Sd/-

(CA. MANGESH P. KINARE)

MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)

MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

नीलम पुंडीर / Neelam Pundir
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2025-2026)]

[Constituted under Section 21B of the Chartered Accountants Act,1949]

Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007

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MEMBERS PRESENT:

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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 : 08th November 2025

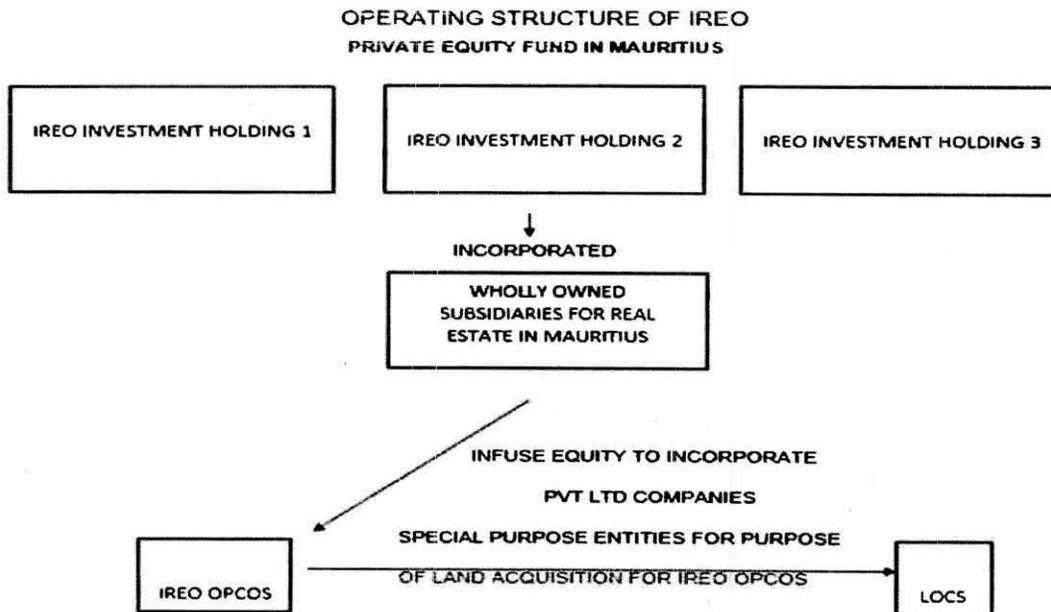
DATE OF DECISION TAKEN : 20th November 2025

PARTIES PRESENT:

Respondent : CA. Vijay Kumar Sharma (Through VC)
Counsel(s) for the Respondent : CA. A. P. Singh and CA. Utsav Hirani
(Through VC)

1. Background of the Case:

- 1.1 IREO fund is the largest real estate FDI in India to the tune of USD 1.6 billion. Most of the inflow has happened in the year 2005 to 2009. Fund 1, Fund 2 and Fund 3 has been set up as companies in Mauritius. Through layers of companies in Mauritius, finally the cashflow has been brought into 100% subsidiaries of IREO into India. These subsidiaries are known as IREO Operating companies (hereinafter referred to as OPCO's).
- 1.2 Because of FDI restrictions into purchase of agricultural land, IREO has setup nearly 180 Special Purpose Vehicle (SPV's) known as Land Owning Companies (hereinafter referred as "LOC's) which have been funded for procurement of land, expenses, government taxes, duties, license fees etc.
- 1.3 Although, the Complainant has not provided a detailed insight into the working structure of IREO while raising allegations against the Respondent, however, on perusal of the documents available on record, the operating structure of IREO as a Group is understood as under.



- 1.4 It is thus clear that the Private equity funds namely IREO Fund 1, IREO Fund 2, IREO Fund 3 are domiciled in Mauritius to infuse money in India in the form of debt or equity through wholly owned subsidiaries incorporated in Mauritius for real estate projects. These subsidiaries infuse equity to incorporate private limited companies in India known as IREO OPCOs, these OPCOs create special purpose vehicles/entities SPV's known as Land Owning Companies (LOCs) for

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the purpose of procurement of land for these OPCOs. OPCOs either advance money or security deposits to these LOCs or in return acquire development right in these LOCs. LOCs are completely financed by these OPCOs whose source of investment is none other than IREO Funds only. It is pertinent to mention here that the Complainant has provided a list 182 companies of IREO group operating (IREO OPCOs in India along with his Complaint.

- 1.5 All IREO OPCOs are 100% FDI company of IREO Fund incorporated in republic of Maritius and through the funds received from IREO fund companies, IREO OPCOs are carrying out the development of integrated township group housing and commercial projects, although none of these companies are directly group but source of investment for both IREO OPCOs and IREO LOC is the same, therefore same could be considered to have the indirect relation between the companies and accordingly these companies can be treated as IREO Group companies only.
- 1.6 It was further noted that although a Group company had not been defined but it means a set of companies which are promoted, managed and controlled by same promoters and/or any promoter group. In the extant case, on perusal of the operating structure of IREO, it is noted that since all IREO OPCOs established in India were receiving the funds from IREO wholly owned subsidiaries domiciled in Mauritius and IREO LOCs were wholly funded by these IREO OPCOs, and since the source of funds for these LOCs was IREO Fund only, therefore, it can conclusively be stated that both the IREO OPCOs and IREO LOCs were promoted by same promoters and thus IREO definitely falls into a Group Company structure. It is further noted that the Complainant in his Rejoinder has enclosed a copy Form No. CHG-1 which is an application for creation, modification of charge documents filed with MCA by High Profile Realtors Pvt Ltd, whereby many companies namely, Bulls Realtors Pvt Ltd, Masiff Conbuild Pvt Ltd, High Energy Realtors Pvt Ltd and others along with IREO Pvt Ltd has entered into MOU dated 9th November 2017 to mortgage by way of deposit of title deed of certain immovable properties in possession and control of the mortgagers to secure the credit facility of Rs. 375 Crores sanctioned to M/s Ireo Pvt Ltd by M/s L&T Infrastructure Finance Co. Ltd. He further stated that all these companies are Land owning companies and most of these lands are licensed land and pledged to the bank for giving loan to IREO Operating companies and as per the document, all the above named LOCs have become Mortgagor or guarantor to IREO operating companies. It was also noted that the charge have been created in some of the companies in which the Respondent had either held the directorship or has conducted the statutory audit and thus her defence that these all are independent companies is not acceptable as some IREO LOCs have come together alongwith M/s IREO Pvt Ltd to create a charge on the immovable properties owned by them to secure the credit facility sanctioned to M/s IREO

Pvt Ltd which goes to validate the fact that they are group companies which are not only aligned for a common interest but are also controlled by a common management.

2. **Charges in brief:**

- 2.1 As regards the **First charge**, it is alleged that the Respondent acted as the statutory Auditor for many IREO LOC's. He further stated that the Respondent was not the independent auditor of the LOC's as he was also acting as the Director and Shareholder of group companies of IREO. Hence, the Respondent had violated the code of ethics as issued by ICAI as well as the requirements of Companies Act, 2013 that an Auditor should not act as the Officer of the company.
- 2.2 As regards the **second charge**, the Complainant had alleged that the Respondent had given office space to 18 IREO group companies which are in violation of section 144 of the Companies Act, 2013 as it is a management function.

3. **The relevant issues discussed in the Prima Facie Opinion dated 23rd August 2019 formulated by the Director (Discipline) in the matter in brief, are given below (only in respect of allegations in which Respondent had been prima facie guilty):**

- 3.1 With regard to **First allegation**, on perusal of various documents including Financial Statements downloaded from MCA-21 portal and, it was observed that multiple role had been played by the Respondent in many of the companies which according to the Complainant were consolidated with IREO fund 1 during 2011-2014 and with IREO fund 2 during 2011-2015.
- 3.2 It was noted the Commander Realtors Pvt. Ltd (herein after referred to as **CRPL**) which was one of the IREO LOCs was a related party of Ireo Grace Realtech Pvt. Co (one of the IREO Opco's and herein after referred to as IGRPL) and whose financials were consolidated at IREO Fund level during 2011-2014. CRPL in turn had number of subsidiaries with almost 99% holding in each one of them and one related party namely, Arise Properties (P) Ltd (herein after referred to as APPL). On perusing the facts related to the case along with the Financial statements of various companies for various financial years, it had been observed that the Respondent had played all the three multiple roles in the fellow subsidiaries of CRPL simultaneously during the same years which was detailed as under:
- 3.3 The Respondent acted as the Statutory Auditor in the related party of CRPL .i.e., Arise Properties (P) Ltd (2006-2017), and in various fellow subsidiaries of CRPL namely, High Profile

Realtors (P) Ltd (2008- 2017); Victory Buildwell (P) Ltd(2009-2017); Base Buildwell (P) Ltd (2012-2017); Commander Realty (P) Ltd (2012- 2017); Ornamental Realty (P) Ltd (2012-2017) while he held the position of KMP/Director in other fellow subsidiaries of CRPL namely Bulls Realtors (P) Ltd(Sep 07 to Mar 15); Five Rivers Buildcon (P) Ltd (Sep 07 till date) and Five Rivers Township (P) Ltd (Mar 07 till date) and 50% shares in Five Rivers Township (P) Ltd during 2006- 2010. Thus, it was evidently clear that while the Respondent had acted as the statutory Auditor in some fellow subsidiaries of CRPL, he was holding the position of KMP/ Director/ shareholder in various other fellow subsidiaries of the same holding Company, CRPL simultaneously. It was also noted that the Complaint has named various other companies which according to him fall in this relationship but since he had not provided any evidence to establish similar relationship in these companies, accordingly, the veracity of allegations w.r.t these companies could not be established.

- 3.4 In this regard, the provisions of Section 2(30) of Companies Act 1956 and section 2(59) of the Companies Act 2013 were noted.
- 3.5 Thus, it was explicit that, once the Respondent holds the position of director/KMP, he becomes an officer of the company and attracts the disqualification for appointment as an auditor which is dealt with under the provisions of Section 226(3) of Companies Act, 1956 and Section 141 of the Companies Act, 2013.
- 3.6 Thus, the provisions of Companies Act in clear terms provide that a person who ceases to be independent becomes disqualified from holding the auditorship of the Company. The "Guidance Note on Independence of Auditors" issued by ICAI also provides that a person who is disqualified from becoming auditor of any body corporate under the provisions of companies Act is also disqualified from appointment as auditor of such body's subsidiary, co-subsiary or the holding company. Thus, on combined reading of the provisions of the Companies Act and the "Guidance Note on Independence of Auditors", it was abundantly clear that the Respondent while holding the share or the position of a key managerial person (KMP) in subsidiaries of CRPL becomes disqualified to hold the statutory position as an auditor in fellow subsidiary(ies) of CRPL. It was further noted that section 2(51) of the Companies Act 2013, defines 'key managerial personnel', in relation to a company, as a) the Chief Executive Officer or the managing director or the manager b) the company secretary c) the whole-time director d) the Chief Financial Officer; and e) such other officer as may be prescribed. Thus, in precise terms, it can very well be stated that the Respondent while acting as a KMP, assumes the role of a person who holds key position in the company and thus greater responsibility of overall

functioning of the company including the duty to protect the interest of all stakeholders was rested upon him.

3.7 On perusal of above, it was clearly evident that as the Respondent was disqualified to act as a statutory auditor of fellow subsidiary while holding the position of shareholder/ Director in others which very well goes to establish that there existed circumstances which affected his independence as on the one hand he not only had the responsibility of overall functioning of the company while holding the key position while on the other hand, he had took upon himself the statutory duty of expressing an independent opinion on the Financial statements and thus accepting to conduct an independent audit of the companies which he circumstantially failed to do. It was to be appreciated here that independence of mind is a fundamental concept of audit and must always be maintained. Nothing can substitute for the essential and fundamental requirements of independence. It was noted that Guidance note on " Independence of Auditor" also provides that Independence of the auditor has not only to exist in fact, but also appear to so exist to all reasonable persons and his relationship with his client should be such that firstly, he was himself satisfied about his independence and secondly, no unbiased person would be forced to the conclusion that, on an objective assessment of the circumstances, there was likely to be an abridgement of the auditors' independence. Thus, the auditor should himself/ be satisfied about his independent relationship with the client and he should not compromise his independence as all the stakeholders of the company rely on its report.

3.8 Thus, in the extant case, in view of the requirements stated above, it was noted that the Respondent has attracted disqualifications to act as an auditor of the Company as he was an officer or employee of the company while being a Director/KMP in various companies as detailed above and also holding 50% interest in one of the co- subsidiary during 2006-07 to 2009-10 Thus in light of the facts and reasoning given in above stated paras, it was evidently clear that the Respondent was disqualified to act as the statutory auditor the Company and thus has failed to not only comply with the provisions of Companies Act relating to disqualification in force during relevant years but also failed to follow the mandatory requirement of Independence laid down in SA -200 and was thus **GUILTY** of Professional and other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule, Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule , to the Chartered Accountant Act 1949.

3.9 With regard to **second charge**, in this regard, Section 144 of the Companies Act 2013 provides that auditor is prohibited to render certain services. The Respondent was providing management services to the IREO group companies by giving them right to use his office

address as registered office address of various IREO group which ultimately helped the IREO group companies to come into existence as the registered office address is the basic requirement for incorporation of any company in India. The Respondent had provided the management services by providing his official address to be the registered office address of various IREO group companies as all the communications by MCA and various other government authorities to the companies would have been done on the registered address of the company which is none other than the professional address of the Respondent on ICAI records. Accordingly, it was viewed that the Respondent had undoubtedly allowed himself to be associated with these companies belonging to the IREO group in official records of ROC and his defence that the companies have not conducted any business becomes immaterial. Thus the Respondent had acted in the capacity of being a representative for these companies as he had assisted these 18 companies of the IREO group to not only run their business by providing them with the leverage of using his office as their registered office from his own premises but rather supported their incorporation as a separate legal entity in eyes of law which is prohibited under the provisions of Section 144 of the Companies Act, 2013.

3.10 Thus in light of the facts and reasoning given in above stated paras, it was evidently clear that the Respondent was disqualified to act as the statutory auditor the Company and could not had acted independently owing to various circumstances that existed since 2006-2007 and thus he had failed to not only comply with the provisions of Companies Act relating to disqualification in force during relevant years but also failed to follow the mandatory requirement of Independence as laid down in SA -200. In this regard , it was further viewed that being a Chartered Accountant, he was expected to be aware of the provisions of the Companies Act and was required mandatorily to comply with them under the provisions of Section 143(2) of the Companies Act 2013 and since he had altogether violated the provisions for many years beginning form 2010 till 2017, he had in view of the under signed thus failed to give an independent opinion on the Financial Statements as his independence was compromised upon . Accordingly, it was viewed that he is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule, Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountant Act 1949.

3.11 It was further observed from above that the Respondent was a 50% shareholder in 2 Companies namely, Evolution Buildcon Pvt. Ltd and Fiverivers Township Pvt. Ltd from the years 2010 till 2017 while he was correspondingly during the same period acted as the statutory auditor for 48 companies as mentioned in para 2.1.3 above, majorly from 2006 till 2017. Although, the Companies for which he had conducted the audit were not the Companies where

he held 50% shares but since all the companies belonged to same IREO Group according to Complainant, therefore , it was viewed that these were under the same control and management whether directly or indirectly and thus attracts the provision of Clause (4) of Part I of second Schedule which prohibits a member from expressing his opinion of the financial statements of any business or enterprise in which he has substantial interest. Accordingly, going by the intent of law, which requires that if the opinion of auditor is to command respect and the confidence public, it was essential that it must be free of any interest which was likely to affect their independence. In light of the same, it was viewed that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I of Second Schedule to the Chartered Accountant Act 1949 also.

3.12 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 23rd August 2019 opined that the Respondent was prima facie **GUILTY** of Professional and Other Misconduct falling within the meaning of Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act states as under:

Clause (4) of Part I of the Second Schedule:

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

x x x x x x x

(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;

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:

x x x x x x x

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

Clause (1) of Part II of the Second Schedule:

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

x x x x x x x

(1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council;

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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:

x x x x x x x

(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."

- 3.13 The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 07th November 2019 and 08th November 2019. The Committee on consideration of the same, concurred with the reasons given against the charges 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 Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. **Date(s) of Written submissions/Pleadings by parties:**

- 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 August, 2018
2.	Date of Written Statement filed by the Respondent	19 th November, 2018
3.	Date of Rejoinder filed by the Complainant	07 th December, 2018
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	23 rd August, 2019
5.	Written Submissions filed by the Respondent after PFO	11 th April 2020 & 13 th August, 2025

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

- 5.1 The Respondent vide letter dated 11th April 2020, inter-alia, made the submissions which are given as under: -

Preliminary Objections:

- From perusal of Form I, it can be seen that mention of part of the clauses or parts of the Schedules under which the allegations levelled against the Respondent would fall is a pre-requisite for the Complaint. The Complainant has failed to mention any relevant clause or part of the schedule and has only listed a series of allegations without fulfilling the basic criteria as prescribed by Form I.
- The Respondent submits that the Complainant did not include the Clauses to the various Parts of the Schedules to the Chartered Accountants Act signifying the charges for professional misconduct. It must be clearly understood that the allegations contain the narratives/assertions made by the Complainant, but the charges are required to be specified in the Complaint by mentioning the Clauses of the various Parts of the two Schedules within the meaning of which misconduct is alleged.
- The Disciplinary Directorate has acted beyond the authorities as prescribed by the Rules and the Act and the procedure followed by the Disciplinary Directorate is bad in law. The fact of the matter is that any inquiry for professional or other misconduct against a member of the Institute can be initiated either on the basis of a complaint received by the Disciplinary Directorate or on basis of the information received by the Directorate. The complaint and the information must specify the allegations against the members of the Institute or the firm; the Rules specify that in case of a complaint the allegations must be linked to the corresponding clauses/parts of the various schedules to the Act. In every case, the concept that the allegations must be provided to the Disciplinary Directorate is absolutely beyond any doubt; in the case of the complaint, the allegations and charges are provided by the complainant, and in the case of an information provided to the directorate, the information is required to contain the allegations/charges against the firm/member.

Submissions on charges:

- The independence of an auditor must be reviewed keeping in view the manner in which the work has been performed. In the instant case, there is no proof beyond reasonable doubt that the quality of audit had suffered. The Respondent had been the share-holder of certain companies, but such shares were never acquired for the purpose of any financial interest or gain to be made from the same. The Director (Discipline) has himself narrated the structure and design of OPCO and the LOCs in this case. Amounts involving crores of rupees had been invested through LOCs for the purpose of acquisition of land or land development rights. Even if the Respondent is holding 50% of the shares of a company it does not mean that the Respondent is owner of the Company. The Director (Discipline) has himself answered that question, so much so that even the Complainant is fully aware of the fact that no ownership

of any nature remained with the respondent in respect of the shares that were apparently held on his name. There could have been no question of compromise of independence based on ownership of securities or any financial interest in such a case. The Complainant has not produced any proof/evidence to demonstrate, at any stage, that the Respondent neither had any financial interest nor was directly/indirectly the beneficial owner of the securities of the LOCS.

- Question of independence of the auditor, either from the perspective of appearance or of application of mind, may be probed keeping in view the information that was available to the Respondent with respect to the relationship status of the entity being audited by the Respondent with those that may be termed as a subsidiary or an associate. In this case, none of the companies where the Respondent was the shareholder or director were either a direct subsidiary or an associate of the auditee company.
- The Complainant has not brought forward any document to demonstrate that the auditor was aware of such relationships. The complainant himself was the CEO of IREO in India, but he had not provided the
- Respondent with any intricate details of such cross holdings. Any auditor may be influenced to impact his independence provided he is first aware of the relationship between the entity that he is auditing and another entity in which he may be interested. In the instant case, since the Respondent was not even aware of the relationship that existed between the landowning companies that he was auditing and certain other companies in which he had some interest, the entire allegation of sacrifice of independence is not maintainable.
- The Respondent states that particular Clause, relates to personal substantial interest and at best may extend to shares held by relatives, and in no circumstances, it can extend to shares being held by other corporate bodies of the clients to whose substantial interest the Director (Discipline) has referred to. Therefore, without prejudice to all the grounds taken, even if it is considered that all the companies are under IREO Group merely hypothetically for argument sake only. Clause (4) of Part I of the Second Schedule to the Act would not automatically extend to any group company of IREO for the simple reason that it refers to substantial interest of the auditor and/or his firm in a personal capacity and not any client company.

5.2 Further, the Respondent vide letter dated 13th August 2025, inter-alia, made the submissions which are given as under: -

- The Respondent submitted that the Complainant has been implicated in multiple criminal proceedings, showing a persistent pattern of misconduct and abuse of legal process. FIR No. 58/2020 under Sections 381 and 409 IPC was registered by IREO Private Ltd. for unauthorized access and misappropriation of confidential information.

- Complainant is accused of at least six FIRs, the latest being FIR No. 253/2024 from DLF Ltd., alleging he demanded ₹331 crores in extortion from his former employer. The Complainant, being himself accused in multiple serious cases and declared a proclaimed offender, lacks unimpeachable credibility.
- Complainant was denied anticipatory bail up to the Supreme Court, highlighting the gravity of allegations against him. Any complaint from such a source should be treated with caution and cannot be the sole basis for tarnishing a chartered accountant's reputation without corroboration. Continuing an inquiry based solely on such a complainant's word amounts to abuse of the Institute's disciplinary machinery.
- The Complainant, Mr. Ramesh Sanka, faces multiple criminal proceedings for grave offences such as cheating, breach of trust, extortion, and conspiracy. Complainant has been declared a proclaimed offender by a competent criminal court, and anticipatory bail has been denied up to the Hon'ble Supreme Court. These public record facts raise serious doubts about his bona fides and demand heightened scrutiny of allegations coming from him.
- As per doctrine of natural justice and the maxim audi alteram partem, when rights and reputation are at stake, the affected party must be allowed to test evidence through cross-examination.
- The Respondent seeks leave to cross-examine the Complainant to challenge the veracity of his assertions, highlight inconsistencies, omissions, or contradictions, and expose any ulterior motives behind the complaint.
- Such cross-examination would assist the Hon'ble Disciplinary Committee in judging the credibility of evidence and preventing misuse of the disciplinary process for personal vendetta.
- The Prima Facie Opinion (PFO) in the matter has been framed substantially on the Complainant's version and materials. To ensure transparency, fairness, and a meaningful defence, the Respondent also seeks leave to cross-examine the Director (Discipline).
- This step is necessary to ensure that conclusions in the PFO are not based on untested or incomplete evidence, and that the process meets standards of objectivity and impartiality expected in quasi-judicial proceedings.
- That the scope of the original complaint has been unjustifiably expanded by the Director (Discipline). The Director himself has admitted his conclusions are based on "limited information available" and that "there appears to be professional misconduct," acknowledging lack of complete and cogent evidence.
- A quasi-judicial authority must act strictly within the scope of the complaint and rely only on admissible and duly tested material. Permitting cross-examination would uphold natural justice, ensure fairness, and maintain balance in the proceedings.

- Denial of cross-examination, given the severe professional and reputational consequences, would gravely prejudice the Respondent and undermine the credibility of the adjudicatory process.
- In light of the facts, legal precedents, and principles of natural justice, the Respondent formally requests the Hon'ble Disciplinary Committee to permit cross-examination of: The Complainant, Mr. Ramesh Sanka.
- This request is made to ensure allegations are properly tested, the process and conclusions in the PFO are transparently examined, and the Respondent is given a full and fair opportunity to present a complete defence before further steps in the inquiry.

6. Brief facts of the Proceedings:

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

S. No.	Date of meeting(s)	Status
1.	22 nd May, 2023	Part heard and adjourned..
2.	04 th August, 2025	Part heard and adjourned.
3.	19 th August 2025	Part heard and adjourned.
4.	30 th September, 2025	Part heard and adjourned at the request of Respondent.
5.	28 th October, 2025	Adjourned at the request of Respondent.
6.	08 th November, 2025	Hearing Concluded and judgement reserved.
7.	20 th November, 2025	Decision Taken.

- 6.2 On the day of first hearing held on 22nd May 2023, the Committee noted that the Respondent along-with counsel(s) was present before it through Video Conferencing mode. Thereafter, they gave declaration that there was nobody present except them from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form.

The office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him and an e-mail dated 11/05/2023 was received from Ms. Meghna Sanka (daughter of the Complainant) stating that her father (Complainant) was at present in Gurugram District Jail, and the subject case be postponed till August, 2023 i.e. as he (complainant) desired to present this case personally.

Being first hearing of the case, the Respondent was put on oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges and charges against the Respondent were read out. On the same, the Respondent replied that he is aware of the charge(s) and pleaded 'Not Guilty' to the charge(s) levelled against him. The Counsel for the Respondent also requested that the captioned case may be listed for hearing when the Complainant was available and the matter may be heard in the presence of Complainant. The Committee noted the same.

In the absence of the Complainant and in view of Rule 18 (9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to later date.

- 6.3 On the day of hearing held on 04th August 2025, the Committee noted that the Respondent along with Counsel(s) were present for the hearing through video conferencing. The Committee noted that neither the Complainant nor his authorized Representative was present for the hearing despite the notice of hearing duly served upon the Complainant. Further, the Committee noted that this case was last listed on 22/05/2023 and an e-mail dated 11/05/2023 was received from Ms. Meghna Sanka (daughter of the Complainant) stating that her father (Complainant) is at present in Gurugram District Jail, and the subject case be postponed till August, 2023 i.e. as he (complainant) desired to present this case personally. Accordingly, after the said listing of the matter on 22/05/2023 and acceding to the said request, the matter was thereafter not listed. The Committee noted that the Complainant was not present before it in the current meeting.

In view of this, the Committee was of the view that sufficient opportunity was already granted to the Complainant and in his absence, decided to proceed further in the matter. The Committee enquired from the Respondent/Counsel for the Respondent that since the composition of the Committee had changed subsequent to the last hearing held in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel of the Respondent opted for de-novo hearing and accordingly the Respondent was administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against them.

The Committee directed the Counsel for the Respondent to make submissions. The Counsel for the Respondent submitted that, although this is the first hearing before the present

Committee, however, in view of the Committee's direction to proceed with submissions, he would confine himself at this stage to making preliminary submissions.

The Counsel for the Respondent contended that it is imperative for the Complainant to be present before the Committee in the instant matter. He submitted that the Complainant, who was formerly the Chief Executive Officer ("CEO") of the Company, after cessation of his tenure as CEO, proceeded to file multiple complaints before various authorities, including matters pertaining to the audited financial statements of the Company. It was further submitted that the Complainant has allegedly distorted facts and misrepresented matters before ICAI, and that he is presently in jail on charges, inter alia, of cheating and unlawful removal of the Company's documents. According to the Respondent, the Complainant has not approached this Committee with clean hands and, in his capacity as CEO, bore responsibility for ensuring the Company's regulatory compliances. The Counsel, therefore, urged the Committee to secure the presence of the Complainant so that he may be examined.

The Committee noted that the Complainant is presently in judicial custody and that his appearance before the Committee remains a matter of his discretion and grant of permission by competent authorities. The Committee observed that the conduct of the Complainant is not material to the adjudication of the matter, as the Respondent is required to present his arguments and defence on merits with reference to the reasoning and findings contained in the Prima Facie Opinion, and the matter be proceeded with before the Committee.

The Counsel for the Respondent further submitted that he proposes to advance submissions on the merits of the case at the next hearing. With this, the case was adjourned

- 6.4 On the day of hearing held on 19th August 2025, the Committee noted that Counsel for Complainant and Respondent along with his Counsel were present through VC and appeared before it.

The Counsel for the Complainant requested the Committee that the proceedings of the case may be deferred until the Complainant is personally present in the hearings. She stated that the Complainant has technical and complete knowledge of this case. In this regard the Committee noted the contents of email dated 13/08/2025 of Counsel for the Complainant Ms. Aastha Singh requesting inter-alia for grant of additional time in the instant matter. The Committee considered the said email of the Counsel for the Complainant and clarified that proceedings cannot be indefinitely delayed due to non-appearance of the Complainant and was of the view that a detailed written complaint with its annexures are already on record and

further clarifications or evidence could be supplemented by Counsel for the Complainant if required in the absence of the Complainant and accordingly directed the office to provide the relevant documents to the Counsel for the Complainant. Further, the Committee noted that this case was last listed on 22/05/2023 and an e-mail dated 11/05/2023 was received from Ms. Meghna Sanka (daughter of the Complainant) stating that her father (Complainant) is at present in Gurugram District Jail, and the subject case be postponed till August, 2023 i.e. as he (complainant) desired to present this case personally. Accordingly, acceding to the request of Ms. Meghna Sanka, the matter was not listed thereafter. In view of this, the Committee was of the view that sufficient opportunity was granted to the Complainant and in his absence, decided to proceed further in the matter, and accordingly requested the parties to make their submissions in the matter.

The Committee noted that the case is part heard and Respondent is already on Oath and directed the Respondent/Counsel for the Respondent to make the submissions. The Counsel for the Respondent submitted that the Respondent has filed a writ petition before Hon'ble Delhi Court on 18/08/2025, wherein it has been prayed before the Hon'ble Court to quash or set aside the Prima Facie Opinion of Director (Discipline) and or in the alternative, to give direction to Director Discipline/ICAI to render a reasoned and specific findings after due consideration of Petitioner's representation and the conduct and antecedents of the Complainant in Disciplinary Committee proceedings. Further it has been prayed that the operation and effect of Prima Facie Opinion as well as ensuring disciplinary proceedings before Disciplinary Committee be stay by Court.

He further submitted that he has made a request through letter dated 13/08/2025, wherein he has requested for cross-examination of the Complainant and certain officials of Disciplinary (Directorate) including Director (Discipline). The Committee noted the technical issues/objections raised by Respondent and the same would be dealt with at the time of findings. As regards the request of the Respondent for examination of witnesses, the Committee noted that he had sought examination of various office bearers who had either dealt with the matter or had correspondence with the Respondent Firm in relation to the said matter on the grounds for obtaining information relating to facts and procedural issues in the matter. The Committee viewed that the said reason was vague and had no legal basis for compelling the attendance of the officer bearers of ICAI/Disciplinary Directorate for the purposes of examination. It was viewed that the Office bearers had performed their official duties and none of them had performed any duty in their personal capacity. Further, it was noted that the Respondent had not provided any reasons for their examination to prove or disprove any fact and that no witness could be summoned merely to enable the Respondent

to conduct a roving and a fishing enquiry. In the absence of any gist of evidence that the Respondent proposed to lead from each of the named witnesses, the Committee declined the request of the Respondent to cross-examine the enlisted witnesses.

In view of the aforesaid, the request of the Respondent for examination of witnesses was denied as per Rule 18(14) which empowers the Committee to reject any request for examination of witnesses if it is of the opinion that such request is vexatious or intended to defeat the ends of justice

The Counsel for the Respondent further submitted that the Director (Discipline) has acted beyond its powers and has increased the scope of the complaint. He further submitted that the complaint is itself void as same has not been filed as per prescribed Rules of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. He stated that the Clauses have not been mentioned in the complaint.

The Committee noted the submission of the Counsel for the Respondent and directed him to proceed on merits of the case.

Thereafter, he submitted that the Respondent was auditor of 48 LOCs and Director in 11 LOCs and Shareholders in 3 LOCs, but these were not group Companies. The Counsel for the Respondent further submitted that conclusion has been drawn by the Director (Discipline) for which there should be proper legal backing, and he wondered as to which statute provides for definition of the term "group company".

The Counsel further submitted that AS-21 defines "group" only in terms of a parent-subsidary relationship, which is absent in the present case. He clarified that none of the companies in which the Respondent was a director or shareholder were directly or indirectly a holding company, subsidiary, associate, fellow subsidiary, or ultimate holding company of the entities audited by the Respondent. No document has been brought on record by the Complainant to demonstrate that the Respondent was aware of any such relationship.

With respect to allegation 3, the Counsel submitted that providing an office address for communication with statutory authorities is distinct from allowing the use of office premises or providing management services. He contended that books of accounts were maintained separately in a different location, and mere communication address cannot be equated with provision of office space. He further submitted that Section 144 of the Companies Act 2013

was not applicable at the relevant time and thus providing office address for communication purposes does not fall under management services.

Upon being requested to make submissions, the Counsel for the Complainant stated that the facts and details of the case had already been explained in detail and that she had no further submissions to make in the matter.

After recording the submissions of the Counsel for the Respondent, the Committee adjourned the matter. With this, the matters were part-heard and adjourned

- 6.5 On the day of hearing held on 30th September 2025, the Committee noted that the Respondent along-with Counsel were present through VC and appeared before it.

The Counsel of Respondent stated that their earlier submissions had already addressed all technical and procedural issues in detail. They informed the Bench that a writ petition has been filed and is listed for hearing on 06th October 2025, requesting that this quasi-judicial proceeding not be concluded. They argued that the complaint lacks evidence, contains procedural irregularities, relies on incorrect assumptions by the Director (Discipline), and wrongly uses terms like "group companies" and "management services." They emphasized that the Director (Discipline) acted on conjectures and public information without proper verification or legal basis and failed to distinguish between the Companies Acts of 1956 and 2013. They also questioned the credibility of the complainant and requested that he be made to depose before the Bench. They requested that the matter be adjourned until the writ petition is heard and until necessary examination of the complainant can take place. With this, the matter was part-heard and adjourned.

- 6.6 On the day of hearing held on 28th October 2025, the Committee noted that the Respondent had sought an adjournment vide email dated 23rd October 2025 due busy schedule of tax audit deadlines. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date.

- 6.7 On the day of hearing held on 08th November 2025, the Committee noted that Respondent along-with Counsels were present through VC and appeared before it. However, the Complainant was not present despite the fact that notice of the hearing was duly served upon him.




The Counsel for Respondent stated that a writ petition had been filed with the High Court of Delhi, and an order from the Magistrate of First Class had been issued on October 31, 2025. The order convicted the Complainant under Sections 417 (cheating), 201 (destruction of evidence), and 120B (criminal conspiracy) of the Indian Penal Code (IPC), sentencing him to rigorous imprisonment of 10 months, followed by two additional terms of 3 months each.

The Counsel emphasized the importance of the court order in the context of the disciplinary case and stated that it would be provided to the bench. The Counsel argued that the complainant should be cross-examined before the Committee, alleging that the complaint was a deliberate act of mischief intended to harass certain individuals. He further claimed that the complainant's actions were criminal in nature and aimed at misrepresenting facts to ICAI. The Committee noted the submissions of the Counsel for the Respondent.

Based on the documents and material available on record and after considering the oral and written submissions made by both the parties, the Committee concluded the hearing in the matter and judgment was reserved.

6.8 On the day of meeting held on 20th November 2025, the Committee noted that the subject case was heard by it at length in the presence of authorized representative of the Complainant and the Counsel for the Respondent and the hearing was concluded at its meeting held on 08.11.2025 and the judgment was reserved. The Committee deliberated on the said case and took decision on the conduct of the Respondent.

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

7. Findings of the Committee: -

7.1 The Committee noted that there are two charges against the Respondent in which he has been held Prima Facie Guilty and same has been explained in para 2.1 to 2.2 above.

7.2 The Committee noted that the Respondent has raised objection on maintainability of the instant complaint as applicable Clauses has not been mentioned by the Complainant in his Complaint. The Committee noted that although there is a column in Form I for mentioning of particulars of allegations together with corresponding clause/part of the relevant schedule(s)



under which the alleged acts of commissions or omissions or both would fall, but non-mentioning such clauses or wrong mentioning of them in the complaint does not make the complaint defective as being claimed by the Respondent. The Committee was of the view that a Complainant is required to mention the allegations which form factual foundation for the Authority to exercise jurisdiction over the matter. Further, it is now a well settled principle of law that non-mentioning or wrong mentioning of provision(s) of law would not be of any relevance, if the authority/Court had the requisite jurisdiction to pass an order. Hence, mere non-mentioning or wrong mentioning of clause(s) by the Complainant in the prescribed Form-I does not absolve the Respondent from charges levelled against him. Thus, the matter has been dealt with on its merits.

7.3 Thereafter, the Committee noted that the Respondent has made a request to examine the complainant, Director (Discipline) and certain persons/officials of the Disciplinary Directorate as witness. The Committee noted that the Respondent has not given valid reasons for examination of said witness and did not corroborate the relevance of these witness which makes it evident that it is a desperate and vexatious attempt to cause unwanted delay in the proceedings. Thus, calling for examination of witness was not warranted as the documents/evidence placed on record are ample for the purpose of consideration of the matter. The Committee, on consideration, was of the view that the said request was clearly made for the purpose of vexation and delay and therefore, be refused in view the provisions of Rule 18(14) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

7.4 Thereafter, the Committee noted the request of Counsel for the Complainant, wherein she stated that the proceedings of the case may be deferred until the Complainant is personally present in the hearings. She stated that the Complainant has technical and complete knowledge of this case. In this regard the Committee noted the contents of email dated 13/08/2025 of Counsel for the Complainant Ms. Aastha Singh requesting inter-alia for grant of additional time in the instant matter. The Committee considered the said email of the Counsel for the Complainant and clarified that proceedings cannot be indefinitely delayed due to non-appearance of the Complainant and was of the view that a detailed written complaint with its annexures are already on record and further clarifications or evidence could be supplemented by Counsel for the Complainant if required in the absence of the Complainant. Further, the Committee noted that this case was last listed on 22/05/2023 and an e-mail dated 11/05/2023 was received from Ms. Meghna Sanka (daughter of the Complainant) stating that her father (Complainant) is at present in Gurugram District Jail, and the subject case be postponed till August 2023 i.e. as he (complainant) desired to present

this case personally. Accordingly, acceding to the request of Ms. Meghna Sanka, the matter was not listed thereafter. In view of this, the Committee was of the view that sufficient opportunity was granted to the Complainant and in his absence, decided to proceed further in the matter, and accordingly requested the parties to make their submissions in the matter.

- 7.5 After dealing with the preliminary objections of the Respondent and Counsel for the Complainant, The Committee noted that there are two charges against the Respondent in which has been held Prima Facie Guilty and has been explained in paras 2.1 and 2.2 above.
- 7.6 In respect of **first charge** related to the independence of Respondent being Statutory Auditor of the IREO LOC's (Land Owing Companies) and also acting as the Director and Shareholder of the group companies of IREO, the Committee noted that the Counsel for the Respondent during the hearing admitted that the Respondent was auditor of 48 LOCs and Director in 11 LOCs and Shareholders in 3 LOCs, but these were not group Companies.
- 7.7 The Committee noted that as per Code of Ethics (Reprinted May 2009, Page 3 to 4 and 28 to 31) provides as under: -

“Conceptual Framework Approach

100.5 The circumstances in which professional accountants operate may give rise to specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates such threats and specify the appropriate mitigating action. In addition, the nature of engagements and work assignments may differ and consequently different threats may exist, requiring the application of different safeguards. A conceptual framework that requires a professional accountant to identify, evaluate and address threats to compliance with the fundamental principles, rather than merely comply with a set of specific rules which may be arbitrary, is, therefore, in the public interest. This Code provides a framework to assist a professional accountant to identify, evaluate and respond to threats to compliance with the fundamental principles. If identified threats are other than clearly insignificant, a professional accountant should, where appropriate, apply safeguards to eliminate the threats or reduce them to an acceptable level, such that compliance with the fundamental principles is not compromised.”

...

100.7 A professional accountant should take qualitative as well as quantitative factors into account when considering the significance of a threat. If a professional accountant

cannot implement appropriate safeguards, the professional accountant should decline or discontinue the specific professional service involved, or where necessary resign from the client (in the case of a professional accountant in public practice) or the employing organization (in the case of a professional accountant in service).

...

"Threats and Safeguards

100.9 Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:

- (a) **Self-interest threats, which may occur as a result of the financial or other interests of a professional accountant or of a relative;**
- (b) Self-review threats, which may occur when a previous judgment needs to be re-evaluated by the professional accountant responsible for that judgment;
- (c) Advocacy threats, which may occur when a professional accountant promotes a position or opinion to the point that subsequent objectivity may be compromised;
- (d) Familiarity threats, which may occur when, because of a relationship, a professional accountant becomes too sympathetic to the interests of others; and
- (e) Intimidation threats, which may occur when a professional accountant may be deterred from acting objectively by threats, actual or perceived."

...

"Section 280

Objectivity—All Services

280.1 A professional accountant in public practice should consider when providing any professional service whether there are threats to compliance with the fundamental principle of objectivity resulting from having interests in, or relationships with, a client or directors, officers or employees. For example, a familiarity threat to objectivity may be created from a personal or business relationship.

280.2 A professional accountant in public practice who provides an assurance service **is required to be independent of the assurance client. Independence of mind and in appearance is necessary to enable the professional accountant in public practice to express a conclusion, and be seen to express a conclusion, without bias, conflict of interest or undue influence of others.** Section 290 provides specific guidance on independence requirements for professional accountants in public practice when performing an assurance engagement.

280.3 The existence of threats to objectivity when providing any professional service will depend upon the **particular circumstances of the engagement** and the nature of the work that the professional accountant in public practice is performing.

280.4 A professional accountant in public practice should evaluate the significance of identified threats and, if they are other than clearly insignificant, safeguards should be considered and applied as necessary to eliminate them or reduce them to an acceptable level. Such safeguards may include:

- Withdrawing from the engagement team.*
- Supervisory procedures.*
- Terminating the financial or business relationship giving rise to the threat.*
- Discussing the issue with higher levels of management within the firm.*
- Discussing the issue with those charged with governance of the client."*

...

"Section 290

Independence—Assurance Engagements

290.1 *In the case of an assurance engagement it is in the public interest and, therefore, required by this Code of Ethics, that members of assurance teams, firms and, when applicable, network firms be independent of assurance clients.*

...

290.8 Independence requires:

Independence of Mind

The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.

Independence in Appearance

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional scepticism had been compromised."

7.6 The Committee further noted that as per Guidance Note on Independence of Auditors (Reprint June 2012 – Page No. 6) –

"2. Threat to Independence

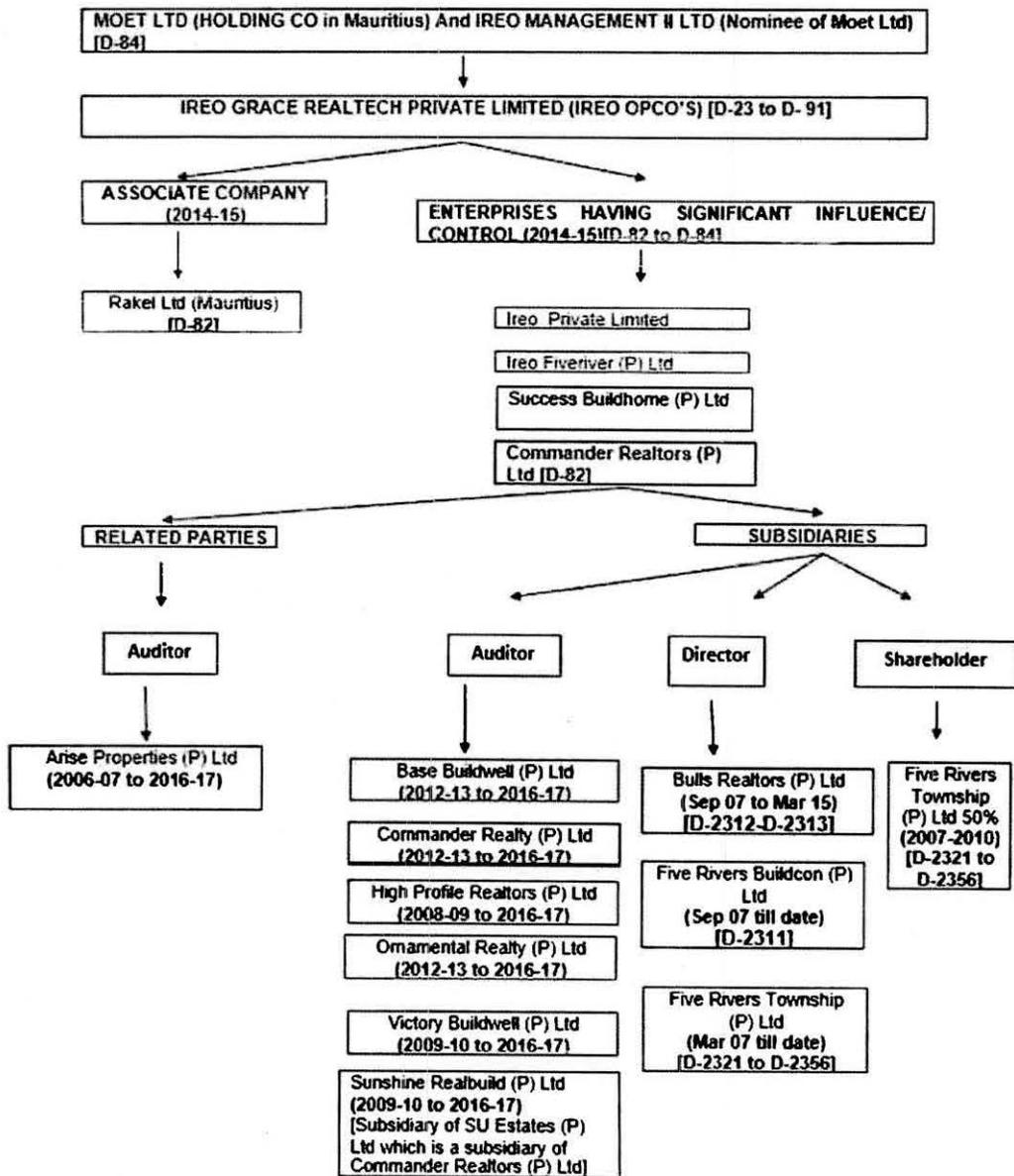
2.1 *The Code of Ethics for Professional Accountants, prepared by the International Federation of Accountants (IFAC) identifies five types of threats. These are:*

*Self-Interest threats, which occur when an auditing firm, its partner or associate **could benefit from a financial interest in an audit client.** Examples include (i) **direct***

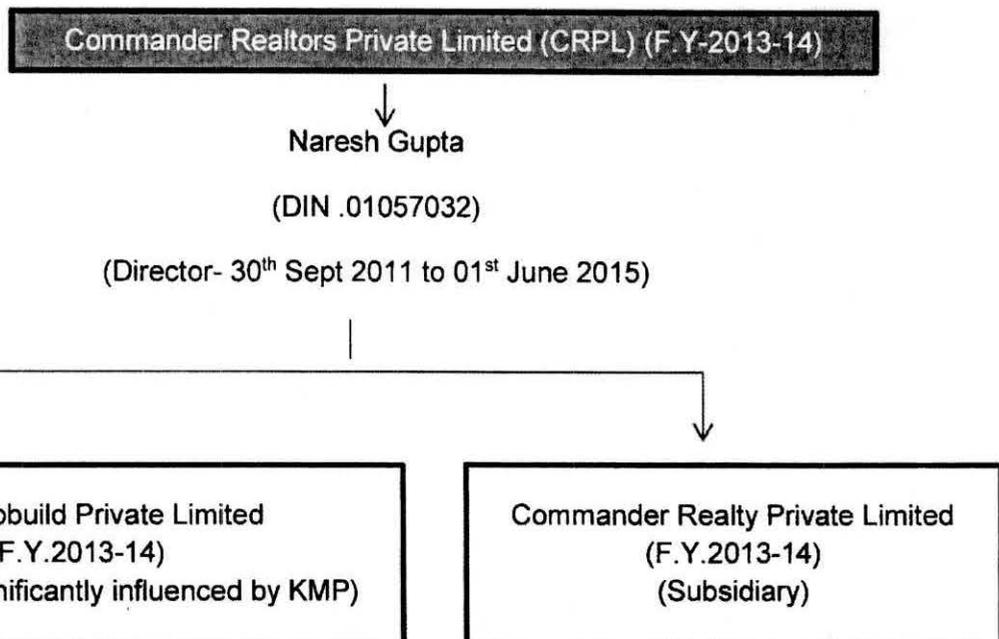
financial interest or materially significant indirect financial interest in a client.....(iv) close business relationship with an audit client....."

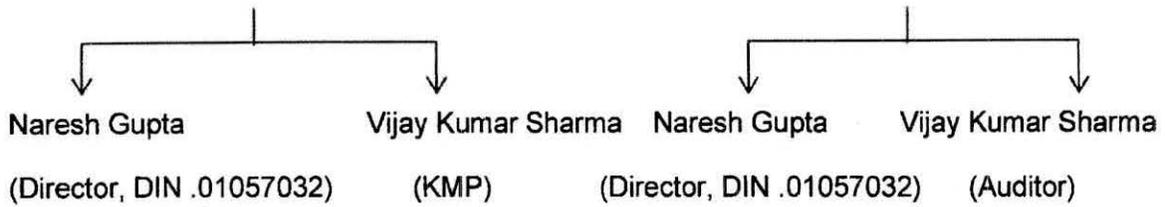
7.8 The Committee noted that the ICAI Code of Ethics adopts a conceptual framework requiring identification and evaluation of threats to objectivity and independence, and mandates application of appropriate safeguards where such threats are other than clearly insignificant. The Code emphasizes that independence of both mind and appearance is essential in assurance engagements.

7.9 On perusal of various documents including Financial Statements on record, certain facts in relation to various companies have been observed by the Committee which is presented as under:



- 7.10 On perusal of the above flowchart, it is apparent that the Commander Realtors Pvt. Ltd (herein after referred to as CRPL) which is one of the IREO LOCs is a related party of Ireo Grace Realtech Pvt. Co (one of the IREO Opco's and herein after referred to as IGRPL) and whose financials are consolidated at IREO Fund level during 2011-2014. CRPL in turn has number of subsidiaries with almost 99% holding in each one of them and one related party namely, Arise Properties (P) Ltd (herein after referred to as APPL). On perusing the facts related to the case along with the Financial statements of various companies for various financial years, it has been observed that the Respondent has played all the three multiple roles in the fellow subsidiaries of CRPL simultaneously during the same years.
- 7.11 The Committee observed that the Respondent acted as the Statutory Auditor in the related party of CRPL i.e., Arise Properties (P) Ltd (2006-2017), and in various fellow subsidiaries of CRPL namely, High Profile Realtors (P) Ltd (2008- 2017); Victory Buildwell (P) Ltd(2009-2017); Base Buildwell (P) Ltd (2012-2017); Commander Realty (P) Ltd (2012- 2017); Ornamental Realty (P) Ltd (2012-2017) while he held the position of KMP/Director in other fellow subsidiaries of CRPL namely Bulls Realtors (P) Ltd(Sep 07 to Mar 15); Five Rivers Buildcon (P) Ltd (Sep 07 till date) and Five Rivers Township (P) Ltd (Mar 07 till date) and 50% shares in Five Rivers Township (P) Ltd during 2006- 2010.
- 7.12 The Committee further noted from the given records that Mr. Naresh Gupta was director in Commander Realtors Private Limited (CRPL) as well as in Yule Propbuild Private Limited (significantly influenced enterprise) and Commander Realty Private Limited (subsidiary of CRPL) in F.Y. 2013-14. However, the Respondent was KMP in one of the related party of group company while auditor in subsidiary of the same group company i.e. Commander Realty Private Limited, which is presented as under: -





From the above, it is noted that said companies formed part of same group, being under common management & control. Even though, the term "Group Companies" is not expressly defined. The factual matrix given above clearly demonstrates common control and management, thereby bringing the companies within the ambit of group entities for the purpose of examining auditor independence. Thus, it is evidently clear that while the Respondent has acted as the statutory Auditor in some fellow subsidiaries of CRPL, he was holding the position of KMP/ Director/ shareholder in various other fellow subsidiaries of the same holding Company, CRPL simultaneously.

The Committee was of the view that in private limited company the directors/KMPS/Shareholders have close working/business relationship with each other and have significant influence on the affairs of the company. Hence when the respondent is one of the directors/KMP with others in a private limited company he might be having close working/business relationship with them; while on the other hand the Respondent is auditor in the companies where same persons are one or more directors and so having significant influence on the working of the Company. The Committee opined that in such scenario independence of the Respondent as an auditor would certainly be questionable.

In the present case, the Respondent simultaneously occupied the position of Statutory Auditor in certain companies and the position of Director/KMP/Shareholder in other companies under the same management and controlling authority. Such dual roles, even though held in different corporate entities, created a situation of conflict of interest and placed the Respondent in a compromising position incompatible with the role of an independent statutory auditor.

7.13 The Committee noted the following provisions from the Guidance Note on Independence of Auditors –

1.2 It is not possible to define "independence" precisely. Rules of professional conduct dealing with independence are framed primarily with a certain objective. The rules themselves cannot create or ensure the existence of independence. Independence is a

condition of mind as well as personal character and should not be confused with the superficial and visible standards of independence which are sometimes imposed by law. These legal standards may be relaxed or strengthened but the quality of independence remains unaltered.

1.3 There are two interlinked perspectives of independence of auditors, one, independence of mind; and two, independence in appearance. The Code of Ethics for Professional Accountants, issued by International Federation of Accountants (IFAC) defines the term 'Independence' as follows:

"Independence is: (a) Independence of mind – the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism; and

(b) Independence in appearance – the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised."

1.4 Independence of the auditor has not only to exist in fact, but also appear to so exist to all reasonable persons. The relationship between the auditor and his client should be such that firstly, he is himself satisfied about his independence and secondly, no unbiased person would be forced to the conclusion that, on an objective assessment of the circumstances, there is likely to be an abridgement of the auditors' independence.

1.5 In all phases of a Chartered Accountant's work, he is expected to be independent, but in particular in his work as auditor, independence has a special meaning and significance.

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- 7.14 The Committee further noted that 'independence of mind' and 'independence in appearance' are both essential to preserve and demonstrate the credibility of the audit function to stakeholders, as independence of mind ensures that the auditor forms judgments objectively, with integrity and professional scepticism, free from undue influence, conflicts of interest or bias, while independence in appearance assures stakeholders that no relationships or circumstances exist which, to a reasonable and informed third party, would create a perception that the auditor's objectivity is compromised. The absence of either undermines

confidence in the audit opinion, since even an objectively formed judgment loses its value if stakeholders reasonably perceive a lack of independence; therefore, the concurrent maintenance of both is fundamental to sustaining trust in financial reporting and upholding the public interest role of the auditor.

- 7.15 Thereafter, on perusal of documents on record, it is observed by the Committee that the Respondent was an Auditor in 48 IREO Group companies, Director in 11 IREO Group companies and Shareholder in 3 IREO Group companies. The details of the same are mentioned hereunder:

S. No.	Name of the Company having Respondent as Auditor	Name of the Company having Respondent as Director	Name of the Company having Respondent as the Shareholder
1	Amur Realtors Pvt. Ltd (2012- 2017)	Apex Propbuild Pvt. Ltd (2010-2017)	Apex Propbuild Pvt. Ltd (2010-2017) Holding 1% shares
2	Arise Properties Pvt. Ltd (2006- 2017)	Auspicious Infrastructure Pvt. Ltd (2010-2017)	Evolution Buildcon Pvt. Ltd (2010-2017)Holding 50% shares
3	Ascent Township Pvt. Ltd (2006- 2017)	Bulls Realtors Pvt. Ltd (2010-2014)	Fiverivers Township Pvt. Ltd (2007-2010) Holding 50% shares [D-2321 to D-2356]
4	Base Buildwell Pvt. Ltd (2012- 2017)	Evolution Buildcon Pvt. Ltd (2010-2011)	
5	Beam Facilities Management Pvt. Ltd (2009- 2017)	Fiverivers Buildcon Pvt. Ltd (2010-2017)	
6	Cloud Nine Infratech Pvt. Ltd (2010- 2017)	Fiverivers Township Pvt. Ltd (2010-2017)	
7	Commander Realcon Pvt. Ltd (2012- 2017)	Freesia Propbuild Pvt. Ltd (2010-2017)	
8	Commander Realty Pvt. Ltd (2012- 2017)	Fiverivers Developers Pvt. Ltd (2010-2017)	
9.	Dainty Realcon Pvt. Ltd (2012- 2017)	Massif Conbuild Pvt. Ltd (2010-2017)	
10	Era Propbuild Pvt. Ltd (2007- 2017)	Platoon Propbuild Pvt. Ltd (2010-2017)	

11	Family Realtors Pvt. Ltd (2006-2017)	Yule Propbuild Pvt. Ltd (2010-2017)	
12	Flying Realtors Pvt. Ltd. (2006-2017)		
13	Focus Propbuild Pvt. Ltd (2010-2017)		
14	Heaven Realtors Pvt. Ltd. (2006-2017)		
15	High Profile Realtors Pvt. Ltd (2008-2017)		
16	Inception Realty Pvt. Ltd (2006-2017)		
17	Initiate Builders Pvt. Ltd (2012-2017)		
18	Ireo Developers Pvt. Ltd (2012-2017)		
19	Ireo Investment Advisors Pvt. Ltd (2011-2017)		
20	Ireo Residence Management Company Pvt. Ltd (2011-2017)		
21	Ireo Trustee Company Pvt. Ltd. (2011-2017)		
22	Ireo Waterfront Clubs Pvt. Ltd (2010-2017)		
23	Iris Propbuild Pvt. Ltd (2007-2017)		
24	Leopard Realtors Pvt. Ltd (2006-2017)		
25	Lily Realtors Pvt. Ltd (2006-2017)		
26	Magma Conbuild Pvt. Ltd (2007-2017)		

27	Magnolia Propbuild Pvt. Ltd (2007-2017)		
28	Manor Conbuild Pvt. Ltd (2007-2017)		
29	Mezen Realcon Pvt. Ltd (2012-2017)		
30	Mogul Conbuild Pvt. Ltd (2007-2017)		
31	Ornamental Realty Pvt. Ltd (2012-2017)		
32	Paddock Propbuild Pvt. Ltd (2007-2017)		
33	Panoply Propbuild Pvt. Ltd (2007-2017)		
34	Pilaster Buildcon Pvt. Ltd (2007-2017)		
35	Prong Propbuild Pvt. Ltd (2007-2017)		
36	Sach Constructions Pvt. Ltd (2006-2017)		
37	Sach Estates Pvt. Ltd (2006-2017)		
38	Soul Mates Propbuild Pvt. Ltd (2007-2017)		
39	Sparkle Realcon Pvt. Ltd (2012-2017)		
40	Sunshine Realbuild Pvt. Ltd (2009-2017)		
41	Swapn Ghar Propbuild Pvt. Ltd (2007-2017)		
42	Systematic Relcon Pvt. Ltd (2006-2017)		
43	True Properties Pvt. Ltd (2006-2017)		
44	Veld Propbuild Pvt. Ltd (2007-2017)		
45	Victory Realbuild Pvt. Ltd (2009-2017)		

46	Vishwas Propbuild Pvt. Ltd (2008-2017)		
47	Yalu Buildhome Pvt. Ltd (2012-2017)		
48	Ornamental Realty Pvt. Ltd (2012-2017)		

- 7.16 On the basis of above table, the Committee noted that the Respondent was Statutory Auditor, Director and as well as Shareholders of group Companies for the same period and the act of acceptance of appointment as statutory auditor of the group Companies by the Respondent during the same period when he was Director and Shareholder, had compromised his independence.
- 7.17 In view of the above, the Committee was of the view that the independence of the Respondent was compromised and there existed self-interest threat and despite that, the Respondent continued to act as Statutory Auditor of the Companies. The Committee was of the view that a member is expected to interpret the requirement regarding independence much more strictly than what the law required and he should not place himself in a compromising situation or in that which jeopardised his independence. Such an act of the Respondent was unbecoming of a Chartered Accountant, and it has also brought disrepute to the profession.
- 7.18 In the light of the foregoing discussion, the Committee concludes that the independence of the Statutory Auditor, in the instant case, is fundamentally compromised due to holding the position of Director in group companies of the audit client by the Respondent. Such a relationship gives rise to significant self-interest and familiarity threats. This dual role impairs both independence of mind and independence in appearance, as a reasonable and informed third party would perceive the auditor to be aligned with the interests of group management, thereby eroding objectivity and professional scepticism. The Committee finds that these threats are structural and continuing in nature and therefore constitute a clear violation of the fundamental principles of integrity and objectivity enshrined in the Code of Ethics of ICAI.
- 7.19 Thus, in the extant case, in view of the requirements stated above, it is noted that the Respondent has attracted disqualifications to act as an auditor of the Company as he was an officer or employee of the company while being a Director/KMP in various companies as detailed above and also holding 50% interest in one of the co-subsidiary during 2006-07 to 2009-10. Thus in light of the facts and reasoning given in above stated paras, it is evidently

clear that the Respondent was disqualified to act as the statutory auditor the Company and thus has failed to not only comply with the provisions of Companies Act relating to disqualification in force during relevant years and is thus **GUILTY** of Professional and Other Misconduct falling within the meaning of Clauses (7) of Part I, Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountant Act 1949.

7.20 In respect of **Second Charge** that the Respondent had given office space to 18 IREO group companies, which are in violation of section 144 of the Companies Act, 2013 as it is a management function. The Committee noted the submissions of the Respondent wherein he has accepted to have given his office space for registration of the Companies. He further submitted that Section 144 of the Companies Act 2013 was applicable w.e.f. 1st April 2014 and he has rendered professional services before commencement of said Section. He further submitted that providing office space is not a management services and not covered under said section.

7.21 The Committee observed that in the instant case, as per prima facie opinion it is noted that the Respondent was providing management services. The Committee viewed that the Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, will be applicable as it contravenes the provisions of the Code of Ethics. The said Clause of the Schedule to the Act states as under:

Clause (1) of Part II of the Second Schedule:

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

(1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council;

7.22 The Committee further noted that the ICAI Code of Ethics adopts a conceptual framework requiring identification and evaluation of threats to objectivity and independence, and mandates application of appropriate safeguards where such threats are other than clearly insignificant. The Code emphasizes that independence of both mind and appearance is essential in assurance engagements.

7.23 On perusal of Financial Statements, it is evident that the Respondent being statutory auditor of the IREO LOCs (shown in above table) has compromised his independence. Such conduct

compromises the objectivity and credibility expected of a statutory auditor and raises serious doubts regarding the integrity of the audit process. Accordingly, the Committee was viewed that the registered office of the companies in the instant case was the premises of the Respondent and the act of acceptance of appointment as statutory auditor of the group Companies by the Respondent, had compromised his independence. Accordingly, he is charged for Professional Misconduct in terms of the provisions of the Chartered Accountants Act 1949 read with Code of Ethics issued by ICAI. Accordingly, the Committee held the Respondent **GUILTY** of Professional and Other misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule, Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountant Act 1949.

7.24 Similarly, where the Respondent was a 50% shareholder from the years 2010 till 2017, he was appointed correspondingly statutory auditor for 48 companies during the same period majorly from 2006 till 2017. Considering the same group of companies, the Committee was viewed that as per provision of Clause (4) of Part I of second Schedule, he is prohibited for expressing his opinion of the financial statements of any business or enterprise in which he has substantial interest. Accordingly, it is viewed that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I of Second Schedule to the Chartered Accountant Act 1949 also.

7.25 In view of the above findings, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountant Act 1949.

8. Conclusion:

8.1 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 7.5 to 7.19 as given above	GUILTY - Clause (7) of Part I of the Second Schedule, Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule.
Para 2.2 as given above	Paras 7.20 to 7.24 as given above	GUILTY - Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule.

9. In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clauses (4) & (7) of Part I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 30th January 2026
PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

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