



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/55/2019/DD/89/2019/DC/1804/2023]

In the matter of:

Shri Mandeep Singh,
C-1/1483, Pocket 1,
Sector C, Vasant Kunj,
New Delhi 110070

.... Complainant

Versus

CA. Udit Bansal (M. No. 529392)
House No. 294,
Rajdhani Enclave,
Pitampura,
Delhi – 110034

.... Respondent

MEMBERS PRESENT:

1. CA. Prasanna Kumar D, Presiding Officer (In person)
2. Ms. Dakshita Das IRAS (Retd.), Government Nominee (In person)
3. Adv Vijay Jhalani, Government Nominee (In person)
4. CA. Mangesh P. Kinare, Member (In person)
5. CA. Satish Kumar Gupta, Member (Through VC)

DATE OF HEARING: 28th January 2026

DATE OF ORDER: 10th February 2026

1. That vide Findings dated 21st 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



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CA. Udit Bansal (M. No. 529392) (hereinafter referred to as the Respondent) is GUILTY of Professional Misconduct falling within the meaning of Clause (4) of Part I and Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 28th January 2026.

3. The Committee noted that on the date of hearing on 28th January 2026, the Respondent was present through video conferencing and made verbal submissions on the findings of the Committee. An opportunity was given for the submission of written representation; however, the Respondent failed to file any written response/submissions. The Committee noted that the Respondent, in his submissions, inter alia stated, as under: -

- Respondent stated that he was in the initial years of his practice when this particular assignment was taken up. He apologized for the mistake and pleaded for the lenient and sympathetic view by the Committee.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal submissions 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 submissions of the Respondent on the Findings, the Committee took note of provisions of Companies Act, 2013, Code of Ethics and Chapter IV of the Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008 wherein it was clearly mentioned that a Chartered Accountant should refrain from accepting position of statutory auditor in the Company where his relative is holding position of Director and holding substantial interest in the said Company.



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6. The Committee noted that the Respondent admitted his misconduct. The Committee also observed that Section 141(3)(f) of the Companies Act, 2013 disqualifies a person from appointment as auditor if he is a relative of a director. By undertaking the audit, the Respondent failed to comply with this provision, compromising independence and objectivity. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 21st 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. Udit Bansal (M. No. 529392), Delhi be REPRIMANDED under Section 21B(3)(a) of the Chartered Accountants Act, 1949.

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 (2025-26)]

[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

Ref. No.: PR/55/2019/DD/89/2019/DC/1804/2023

In the matter of:

**Shri Mandeep Singh,
C-1/1483, Pocket 1,
Sector C, Vasant Kunj,
New Delhi 110 070**

.....Complainant

Versus

**CA. Udit Bansal (M. No. 529392)
House No. 294,
Rajdhani Enclave,
Pitampura,
Delhi – 110 034**

.....Respondent

MEMBERS PRESENT:

**CA. Prasanna Kumar D, Presiding Officer (in person)
Adv. Vijay Jhalani, Government Nominee (in person)
CA. Mangesh P. Kinare, Member (in person)
CA. Satish Kumar Gupta, Member (in person)**

Date of Final Hearing: 28th October 2025

PARTIES PRESENT:

Complainant : Shri Mandeep Singh (Through VC)
Counsel for Complainant : Adv. Ujjwal Jha (Through VC)
Respondent : CA. Udit Bansal (In person)
Counsels for Respondent : Adv. Abhinav Agnihotri (In person)
CA. Naresh Aneja (In person) *92*

1. **Background of the case:**

- 1.1. The Complainant stated that he has incorporated M/s. Anant Sourcing Management Services Pvt. Ltd. (hereinafter referred to as the "Company") with Shri Rajinder Kumar and Shri Naresh Aneja. Shri Rajinder Kumar, being a Chartered Accountant, took responsibility of taking care of all the finances. The Complainant's role was to fetch orders from international buyers. He further stated that he was made a non-active director in the Company, and the entire Company was looked after by Shri Mudit Bansal who is another director and shareholder in the Company and the associate of Shri Rajinder Kumar.
- 1.2. He further stated that Shri Rajinder Kumar and Shri Naresh Aneja have played fraud on him, and he was given the holding of 45% shareholding while 55% was kept in the name of Shri Mudit Bansal. The financials of F.Y. 2013-14 was signed by the Respondent, CA Udit Bansal.

2. **CHARGES IN BRIEF:**

- 2.1 The Respondent is brother of Shri Mudit Bansal who is one of the Directors of the M/s. Anant Sourcing Management Services Pvt. Ltd. (Company). The Respondent was disqualified to be appointed as auditor of the Company for FY 2013-14; as he was close relative i.e. brother of Shri Mudit Bansal, who was also holding substantial interest in the Company.

3. **The relevant issues discussed in the Prima Facie Opinion dated 8th February 2023 formulated by the Director (Discipline) in the matter in brief, are given below: -**

- 3.1 With respect to the charge mentioned in Para 2.1 above, it was observed that the Respondent denied the allegation and stated that he had been appointed by the Board of Directors of the Company wherein the Complainant was also a member, but no objection had been raised at that time by the Complainant. In respect of the above allegation, it was observed that Shri Mudit Bansal appeared to have held 55% shareholding in the Company besides being one of the Directors and consequently, he was having substantial interest in the Company. Further, the Complainant stated that Shri Mudit Bansal and the Respondent

were real brothers. The Complainant also brought on record a copy of screenshots of the online profile of the Respondent. Further, it was observed that the Respondent denied the allegation, yet he had not specifically denied that Shri Mudit Bansal was not his brother. Furthermore, the Respondent indirectly admitted his relationship with Shri Mudit Bansal by stating that he had, vide a letter dated 03.03.2014, informed the Board of such alleged association/relationship with the Director. Accordingly, in view of the above, Shri Mudit Bansal appeared to be the brother of the Respondent.

3.2 On perusal of the provisions of Section 141(3)(f) of the Companies Act, 2013, it was observed that a person whose relative was in the employment of the Company as a Director or key managerial personnel was not eligible for appointment as an auditor of the Company. Further, on perusal of the definition of relative as given in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, it was observed that the following persons had been included in the definition of relatives:-

Section 2(77) of the Companies Act, 2013 provides definition of "Relative" as under:

"(77) "Relative", with reference to any person, means any one who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed"

3.3. Further, Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 further prescribed the clarification of the persons who were included in the definition of "Relative" as under: *"4. List of relatives in terms of clause (77) of section 2.- A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-*

(1) Father: Provided that the term "Father" includes step-father.

(2) Mother: Provided that the term "Mother" includes the step-mother.

(3) Son: Provided that the term "Son" includes the step-son.

97

- (4) Son's wife.
- (5) Daughter.
- (6) Daughter's husband.
- (7) **Brother**: Provided that the term "Brother" includes the step-brother;
- (8) **Sister**: Provided that the term "Sister" includes the step-sister."

Further, as per Chapter IV of the Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008:-

A member in practice shall not express his opinion on financial statements of any business or enterprise in which one or more persons who are his "relatives" within the meaning of section 6 of the Companies Act, 1956 have, either by themselves or in conjunction with such member, a substantial interest in the said or enterprise

Further, as per Code of Ethics (Eleventh Edition, 2009), it is observed that the following has been included in the list of relatives:-

*"(I) the expression "relative", in relation to a member means the husband, wife, **brother** or sister or any lineal ascendant or descendant of that member; and*

*(II) a member shall be deemed to have a "substantial interest" in a concern -
(i) in a case where the concern is a Company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent of voting power at any time, during the relevant years are owned beneficially by such member or by any one or more of the following persons or partly by such member and partly by one or more of the following persons:-*

*(a) One or more relatives of the member;
(b) Any concerns in which any of the persons referred to above has a substantial interest;*

(ii) in the case of any other concern, if such member is entitled or the other persons referred to above or such member and one or more of the other persons referred to above are entitled in the aggregate, at any time during the relevant years to not less than twenty percent of the profits of such concern."

3.3 The Committee further noted that Section 141(3)(f) of the Companies Act 2013 provides as under:

Section 141 – Eligibility, qualifications and disqualifications of auditors

...
“(3) the following persons shall not be eligible for appointment as an auditor of a company, namely: -

...
“(f) a person whose relative is a director or is in the employment of the company as a director or key managerial personnel”

3.4. From the above, it was clear that a brother had been included in the list of relatives and accordingly, the Respondent, whose brother was a Director of the Company, could be considered to be a relative of a director in terms of the aforesaid provisions of the Companies Act, 2013 and the Code of Ethics. Further, Shri Mudit Bansal was holding substantial interest in the Company. Hence, the Respondent appeared to be disqualified from being appointed as auditor of the Company for the financial year 2013-14. Thus, in such cases, for the reason of not compromising the independence of mind, the Respondent was required to desist from undertaking the audit of financial statements and/or expression of opinion on the financial statements of the Company where his close relative was holding substantial interest.

3.5. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 08th February 2023 held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) and (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 to the Chartered Accountants Act, 1949. The said Clause of the Schedule to the Act state as under:

Clause (4) and (7) of Part I of Second Schedule:

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

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

...
“(7) Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties”

Clause (1) of Part II of Second Schedule states as under:

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"

3.4 The Prima Facie Opinion formed by the Director (Discipline) dated 08th February 2023 was considered by the Disciplinary Committee at its meeting held on 11th July 2023. The Committee on consideration of the same, concurred with the reasons given against the charge(s) and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) and (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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

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

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	25 th February 2019
2.	Date of Written Statement filed by the Respondent	Dated nil received on 4 th June 2019
3.	Date of Rejoinder filed by the Complainant	Dated nil received on 2 nd July 2019
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	08 th February 2023
5.	Written Submissions by the Respondent after Prima Facie Opinion	12 th September 2023 and 24 th October 2025
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	24 th September 2025 and 13 th October 2025

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

5.1 The Respondent in this regard in his submissions dated 12th September 2023 and 24th October 2025 inter-alia submitted as under: - 

- a. The Respondent in his submissions stated that he had contravened the provisions of Companies Act, 2013 as well as the Code of Ethics by expressing his opinion on the Financial Statements pertaining to an entity, in which his relative held substantial interest as well as directorship, and accordingly pleaded partially guilty for the charges framed against him. However, he pleaded not guilty on the charges framed against him under Clause (7) of Part I of Second Schedule.
- b. He stated that neither the impugned complaint was procedurally admissible under the CA Rules nor the aforesaid contravention was aimed at willfully defrauding any party but was the result of a bonafide belief.
- c. Sh. Mandeep Singh (i.e. the Complainant) was an associate of Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja and known to them since 2001.
- d. At the time of filing of present complaint, the Complainant was the Managing Director in ASMPL, which was incorporated in 2011.
- e. The Complainant advised Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja (Owner of Laj Exports Limited, a Garments Export Company) that ASMPL must source its garments from Indian Exporters. To implement this advice, it was agreed that an independent director, separate from Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja, would be appointed in ASMPL. Accepting his advice, Sh. Naresh Kumar Aneja approached Sh. Mudit Bansal, who was studying Computer Engineering (B.E.) at Delhi College of Engineering, Delhi University. Sh. Mudit Bansal agreed to take on the position, with all control remaining in the hands of the Complainant.
- f. Since ASMPL's incorporation, Sh. Mudit Bansal was appointed as a director without any significant role, serving as a promoter-director on behalf of Sh. Rajender Kumar Aneja & Sh. Naresh Kumar Aneja. He had no actual involvement or control over the company's affairs, as all policy decisions and day-to-day operations were managed by the then Managing Director of the Company, i.e., the Complainant, in consultation with Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja. Further, Sh. Mudit Bansal was not signatory on ASMPL's bank accounts maintained with Indusind Bank & HDFC Bank. The signatories were Sh. Mandeep Singh, Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja, and the Company's registered mobile number with the banking authorities belonged to Sh. Naresh Kumar Aneja.

- g. Sh. Mudit Bansal has not received any financial benefits, gain, remuneration, honorarium, stipend, salary, or compensation from the company and therefore, any apprehension that the Respondent's relative held a substantial interest in the Company is unfounded and without merit.
- h. The Respondent qualified as a Chartered Accountant and became a member of the Institute of Chartered Accountants of India on 29.01.2013. Additionally, he obtained Certificate of Practice as Chartered Accountant on same date. At the initial stage of his practice, the Respondent accepted the impugned audit assignment, which was offered by the Company through its management, and diligently discharged his professional duties.
- i. The Respondent served as the statutory auditor of the Company for FY 2013-14 only and subsequently withdrew from the impugned assignment at his own volition. Therefore, there is no basis for any allegation that he wilfully or with malicious intent accepted the appointment as the statutory auditor of the company. It is evident that he accepted the audit assignment in good faith and conducted himself professionally, preserving his independence throughout the process.
- j. The Respondent further stated that the Complainant exhibited malicious behavior in the past as he was involved in the misappropriation of the company's assets and, on the nights of December 11, 2018, and December 12, 2018, he removed the company's movable properties to an undisclosed location with the intent to defraud his strategic business allies and partners, Mr. Rajender Kumar Aneja and Mr. Naresh Kumar Aneja. In this regard, Complaint Case No. 406/2019 has been filed in the Court Sh. Aviral Shukla, MM, South District, Saket Courts, Delhi by Sh. Naresh Kumar Aneja, while the Complaint Case No. 2015 12019 filed by the Complainant has already been dismissed. Further, an FIR bearing No. 0529/2019 has been lodged with the H.A.L. Police Station, Bangaluru against Sh. Mandeep Singh and his trusted employee, Sh. Sumeet Behnot, for misappropriating the assets of the company ASMPL.
- k. It is further stated that the Complainant has filed frivolous complaints against every auditor of the company, alleging that they were colluding to conspire against him. However, he has failed to provide any specific material in support of said allegations. It appears that his sole intention is to make the auditors of the company scapegoats to settle the ongoing



economic dispute between him and Sh. Rajender Kumar Aneja and Sh. Naresh Kumar Aneja.

- i. It is further stated that neither Mr. Mudit Bansal, who is a relative of the Respondent, held any substantial interest in the company, nor did the Board of Directors of the company, including the complainant in question, object to the appointment of the Respondent, even after acknowledging the relationship between Mr. Mudit Bansal and the Respondent. This led the Respondent to genuinely believe that such a disclosure of the fact, with no objections from any of the members or directors of the company, would legally rectify any potential deficiencies in his appointment.
- m. It is further submitted that there was an allegation of negligent discharge of professional duties, but no instance of negligence was presented by the Complainant in the impugned complaint or by the Director (Discipline) in the impugned Prima Facie Opinion dated February 8, 2023.
- n. Regarding the Expert opinion report dated 27th November 2024 on the disputed signatures on Balance Sheets of year 2012 to year 2017 submitted by the Complainant, the Respondent in his submissions stated that despite ample time and opportunity, the Complainant never produced any handwriting expert opinion before the Director (Discipline) during the inquiry and examination. The Complainant further failed to provide reasonable or credible explanation as to why handwriting expert opinion could not be obtained earlier. The said opinion is based on photocopies and therefore inherently unreliable, inconclusive and inadmissible as evidence. The Respondent further alleged that the so called forgery was perpetrated by the Complainant himself or under his direct instructions and supervision and also stated various grounds in this regard in his written submissions.

6. **WRITTEN SUBMISSIONS FILED BY THE COMPLAINANT:**

- 6.1 The Complainant, in his written submissions dated 24th September 2025 and 13th October 2025, inter-alia submitted as under:- 92

- a. The Complainant sought modification of prima facie opinion dated 8th February 2023 to as he initiated action against the Respondent for forgery of signature by Respondent, for no meeting held with the auditor of the Company, for relationship of Respondent with Sh. Mudit Bansal and for breach of trust.
- b. The Complainant stated that the Respondent himself admitted in his written submissions that he audited the financial statements of a Company in which his brother, Sh. Mudit Bansal, held substantial interest and directorship, establishing a conflict of interest and breach of independence.
- c. The Respondent failed to detect forged signatures of the Complainant, amounting to gross negligence, collusion, and professional misconduct. The Respondent's justification of "bona fide belief" is rejected as self-serving and meritless.
- d. The Respondent also admitted for violation of provisions of the Companies Act, 2013 and the Code of Ethics, confirming culpability.
- e. The Respondent's act of auditing a company where his close relative was a director is not an inadvertent lapse but a conscious breach of integrity. The Complainant further stated that the issue concerns the Respondent's statutory and ethical breach, not internal relationships among directors. The Respondent's claims about his brother being a "name-sake director" are contradicted by ROC records showing substantial interest and shareholding.
- f. The ethical violation arises from the directorship itself, irrespective of financial gain, and the Respondent failed to apply professional skepticism.
- g. The Respondent's plea of being newly qualified and acting in good faith is untenable; as due diligence is a fundamental obligation. He further submitted that the Respondent ignored forged signatures and certified falsified statements, which amounts to gross negligence. The Complainant has acted in good faith, exposing forged signatures and misstatements caused by the Respondent's negligence.
- h. Regarding references made by the Respondent with respect to complaint cases and FIR lodged before other forums, the Complainant stated that the same were not related to extant complaint and were immaterial and cannot discredit the complaint.
- i. It is further submitted that consent or silence of directors cannot cure professional breach; the auditor alone bears responsibility for independence. The plea of "bona fide belief" is an

afterthought; no competent auditor could have reasonably believed such engagement to be proper. The Respondent's conduct demonstrates conscious disregard for statutory obligations, warranting disciplinary action. The plea that the complaint was filed "as an afterthought" is speculative and self-serving.

- j. It is further submitted that filing Company returns by the Complainant did not absolve the Respondent from his independent duty to verify and report irregularities.

7. **BRIEF FACTS OF THE PROCEEDINGS:**

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

S. No.	Date of meeting(s)	Status of Hearing
1.	14 th September 2023	Part Heard & Adjourned
2.	30 th September 2025	Adjourned at the request of the Respondent
3.	28 th October 2025	Hearing concluded and decision taken

- 7.1 On the day of hearing held on 14th September 2023, the Committee noted that the Respondent along-with Counsel were present through Video conferencing mode. Thereafter, they gave a 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. 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 in the affirmative and pleaded Not Guilty to the charges levelled against him. 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.

- 7.2 On the day of hearing held on 30th September 2025, the Committee noted that the Complainant along with their Counsel was present through video conferencing and

Respondent had sought an adjournment vide email dated 28th September 2025 due to professional commitments which are due by 31st October 2025. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date

- 7.3 On the day of hearing held on 28th October 2025, the Respondent made his submissions in the matter and also admitted to the conflict of interest, citing it as an unintentional mistake during the early years of his career. The Complainant asserted that the Respondent knowingly facilitated fraudulent activities and failed to exercise due diligence, particularly regarding the authenticity of financial statements and digital signatures. The Committee clarified that it was not concerned with the inter se disputes between the Directors or the criminal proceedings pending in other forums; and it would consider only the professional misconduct under the Chartered Accountants Act.
- 7.4 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

8. Findings of the Committee

- 8.1 The Committee noted the submissions of the Respondent with respect to the charge mentioned above in Para 2.1, that Shri Mudit Bansal was only a promoter-director in M/s. Anant Sourcing Management Services Pvt. Ltd. (Company) with no control, no bank signatory authority, no salary or benefits, and his appointment was made only on advice of the Complainant. The Respondent qualified CA in January 2013 and accepted audit at the initial stage of his practice. He further stated that acted professionally and served the Company only for Financial Year 2013-14, and later voluntarily withdrew with no prior complaints. The Complainant has history of disputes and misappropriation of company assets; cases and FIRs filed against him and has filed frivolous complaints against multiple auditors. The Complaint is procedurally defective under CA Rules and no evidence of conspiracy or intent to defraud, has been produced by Complainant. 

8.2 The Committee further noted that the Complainant in his submissions stated that the Respondent's act of auditing the books of accounts of a company where his close relative was a director was not an inadvertent lapse. The ethical violation arises from the directorship itself, irrespective of financial gain, and the Respondent failed to apply professional skepticism. The Complainant further reiterated that filing Company returns by him did not absolve the Respondent from his independent duty to verify and report irregularities.

8.3 The Committee, in this regard, noted the relevant provisions as under:-

Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949:

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

x x x x x x x

(4) If they express an opinion on the financial statements of any business or enterprise in which they, their firm, or a partner has a substantial interest."

Chapter IV of Council Guidelines No. 1 CA (7)/02/2008 dated 8th August, 2008:

The said guidelines state that "a member of the Institute shall not express his opinion on financial statements of any business or enterprise in which one or more persons, who are his "relatives" within the meaning of Section 6 of the Companies Act, 1956, have either by themselves or in conjunction with such members, a substantial interest in the said business or enterprise.

Explanation- For this purpose and for the purpose of compliance of Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, the expression "substantial interest" shall have the same meaning as is assigned thereto under Appendix (F) to the Chartered Accountants Regulations, 1988.

9/

In this connection Appendix F to the Chartered Accountants Regulations, 1988 states as under:

- (i) *the expression "relative", in relation to a member means the husband, wife, brother or sister or any lineal ascendant or descendant of that member; and*
- (ii) a member shall be deemed to have a "substantial interest" in a concern -
 - a. in a case where the concern is a Company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent of voting power at any time, during the relevant years are owned beneficially by such member or by any one or more of the following persons or partly by such member and partly by one or more of the following persons:
 - i. One or more relatives of the member;
 - ii. Any concerns in which any of the persons referred to above has a substantial interest;
 - (iii) in the case of any other concern, if such member is entitled or the other persons referred to above or such member and one or more of the other persons referred to above are entitled in the aggregate, at any time during the relevant years to not less than twenty percent of the profits of such concern.

8.4 Further, Section 2(77) of the Companies Act, 2013 provides definition of "Relative" as under:

"(77) "Relative", with reference to any person, means any one who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

*(iii) **one person is related to the other in such manner as may be prescribed***

Further, Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 provides further prescribed the clarification of the persons who are included in the definition of "Relative" as under:

"4. List of relatives in terms of clause (77) of section 2.- A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

(1) Father: Provided that the term "Father" includes step-father.

(2) Mother: Provided that the term "Mother" includes the step-mother.

(3) Son: Provided that the term "Son" includes the step-son.

(4) Son's wife.

(5) Daughter.

(6) Daughter's husband.

*(7) **Brother**: Provided that the term "Brother" includes the step-brother;*

(8) Sister: Provided that the term "Sister" includes the step-sister."

Further, as per Chapter IV of the Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008:-

A member in practice shall not express his opinion on financial statements of any business or enterprise in which one or more persons who are his "relatives" within the meaning of section 6 of the Companies Act, 1956 have, either by themselves or in conjunction with such member, a substantial interest in the said or enterprise.

- 8.5 The Committee, on perusal of financial statement of the Company for the financial year 2013-14, noted as under:
- a. The said financial statement was signed by the Complainant and Sh. Mudit Bansal as Directors of the Company.
 - b. The said financial statement was further certified by the Respondent as Partner of M/s. Trilok Udit & Co. on 8th September 2014. 97/

- 8.6. The Committee, further on perusal of financial statement of the Company for the financial year 2014-15 at Note No. 1 of the Notes forming integral part of the Balance Sheet as at 31st March 2015, noted that the Complainant's holding in the Company in shares was 45% and the holding in shares of Shri Mudit Bansal was 55% both in the current financial year as well in the previous financial year i.e. during the financial year 2013-14 which was audited by the Respondent.
- 8.7. Thus, in light of above provisions of the Companies Act, 2013, Rules framed thereunder, the Code of Ethics and the Council Guidelines and the documents brought on record by the parties, the Committee observed that the explanation/ clarification submitted by the Respondent is inadequate and it is not expected from a professional to certify financial statements of the Company wherein his brother (Shri Mudit Bansal) was holding directorship and substantial interest in the Company during the financial year 2013-14. Accordingly, the Respondent, whose brother is a director in the Company, as admitted by him in his written submissions and Shri Mudit Bansal was holding substantial interest in the Company as per the financial statements of the Company, it is clearly established that the Respondent was not eligible for appointment as auditor of the Company for the financial year 2013-14. Thus, in such case for the reason as not to compromise with the independence of mind, the Respondent was required to desist from undertaking the audit of financial statements and/or expression of opinion on the financial statements of the Company where his close relative was holding the position of directorship and holding substantial interest in the said Company.
- 8.8. The Committee also considered the Respondent's argument that the Complainant himself was involved in certain fraudulent activities and perpetuated the alleged misconduct. However, the Committee was of the view that such arguments are irrelevant to the specific charge of professional misconduct under allegation shown in Para 2.1 as above. The Respondent's duty as an auditor was to ensure compliance with the ethical and statutory requirements. 92

- 8.9. The Committee also noted the Respondent's defense that the misconduct occurred during the initial years of his career and was a mistake committed unknowingly does not absolve him of his professional obligations. As a member of ICAI, the Respondent was bound by the ethical standards and professional conduct prescribed under the Chartered Accountants Act, 1949. The Committee viewed that the Respondent's actions demonstrated lack of due diligence. The Committee was further of the view that the Respondent, despite being aware of the substantial interest held by his brother in the company, failed to exercise the necessary caution and due diligence to avoid a conflict of interest.
- 8.10. The Committee observed that the Respondent has admitted to this misconduct during the hearing and in his written submissions, acknowledged that he was auditor in a company where his brother was holding substantial interest. The Committee observed that Section 141(3)(f) disqualifies a person from being appointed as an auditor of a company if such person is a relative of a Director of the Company. The Committee further observed that by undertaking the audit of the financial statements of the company, the Respondent failed to comply with this statutory provision, thereby compromising the independence and objectivity required of a Chartered Accountant.
- 8.11. The Committee, considering the overall submissions and documents brought on record, observed that the Respondent failed to adhere the mandatory provisions of Companies Act, 2013, Code of Ethics and Chapter IV of the Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008 wherein it was clearly mentioned that a Chartered Accountant should refrain from accepting position of statutory auditor in the Company where his relative is holding position of Director and holding substantial interest in the said Company.
- 8.12. The Committee viewed that the said acceptance together with holding audit of the Company and certifying financial statement of the Company for the Financial Year 2013-2014 makes him guilty for expressing opinion on financial statements of an enterprise in which his brother had substantial interest. 

- 8.13. Considering the above, the Committee finds that the Respondent's actions are in contravention of the provisions of the Companies Act, 2013, and the Code of Ethics, and constituted professional misconduct under the Chartered Accountants Act, 1949. Accordingly, the Committee holds the Respondent **GUILTY** of professional misconduct under Clause (4) of Part I and Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.
- 8.14. The Committee observed that the allegation against the Respondent was limited to disqualification for being appointed as Auditor of the company, as his relative was holding substantial interest in the company. There was no substantive evidence on the other allegation against the Respondent in relation to the quality of services being rendered as auditor of the company for which he was held prima facie guilty by Director (Discipline). In view of the same, the Committee decided to drop the charge against the Respondent under Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act.

9. **CONCLUSION**

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

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 7.1 to 7.12 as given above	GUILTY - Clause (4) of Part I and Clause (1) of Part II of the Second Schedule.
	Para 7.13	DROPPED CHARGE – Clause (7) of Part I of the Second Schedule.

8

10. In view of the above observations, considering the oral and written submissions and material on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I and Clause (1) of Part II of the 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

Sd/-
(CA. MANGESH P KINARE)
MEMBER

DATE: 21st January 2026

PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

Geetha
गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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