



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/364/22/DD-247/2022/DC/1848/2024]

In the matter of:

CA. Umesh Chandra (M.No. 071564)

4, Kansal Arcade, First Floor, Chhipi Tank

Meerut Pin code- 250001

.... Complainant

Versus

CA. Kanika Gupta (M.No.520423)

1926, Sector 8, Faridabad

Pincode:121006

.... Respondent

MEMBERS PRESENT:

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

DATE OF HEARING: 21st January 2026

DATE OF ORDER: 10th February 2026

1. That vide Findings dated 05th 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. Kanika Gupta (M.No.520423)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I 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 a communication was addressed to her thereby granting an opportunity of being heard in person/



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

through video conferencing and to make representation before the Committee on 21st January 2026.

3. The Committee noted that on the date of hearing on 21st January 2026, the Respondent was present in person and made verbal submissions on the findings of the Committee. An opportunity was given for the submission of written representations; however, the Respondent failed to file any written response/submissions. The Committee noted that the Respondent, in his submissions, inter alia stated, as under: -

- She expressed her willingness to fully cooperate with the Institute and acknowledged its authority to decide appropriately in her case.
- The audit in question was conducted for a firm with a turnover of Rs. 1.10 lakh, which was not mandatorily required to be audited under any law.
- The audit was performed for a relative's firm during a period when she was not in proper mental and physical health.
- Informed the Committee about filing of multiple disciplinary proceedings involving herself /her partner by the same Complainant.

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 observed that the Respondent admitted to having conducted the audit of M/s Scube Solutions for FY 2019–20, a firm in which her sister, Ms. Swati Gupta, was a partner holding a 50% profit-sharing ratio. On examination of the partnership deed and financial statements, the Committee noted that Ms. Swati Gupta is the Respondent's sister and thus a "relative" under the applicable provisions, and that her 50% profit share constitutes a "substantial interest" in the firm. The Committee held that expressing an audit opinion in such circumstances compromises professional independence,



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

irrespective of whether the audit was legally mandatory or whether any financial loss was caused.

6. Accordingly, the Committee was of the view that the Respondent, by auditing the financial statements of a firm in which her relative had substantial interest, contravened Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 05th 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 her in commensurate with her Professional Misconduct.

8. Thus, the Committee ordered that the Respondent i.e. CA. Kanika Gupta, (M. No. 520423), Faridabad 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

चरण सिंह / Charan Singh

कार्यकारी अधिकारी / Executive Officer

अनुशासनात्मक निदेशालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)

ICAI 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.

File No: - [PR/364/22/DD-247/2022/DC/1848/2024]

In the matter of:

CA Umesh Chandra (M.No. 071564)

4, Kansal Arcade, First Floor, Chhipi Tank

Meerut Pincode- 250001

.....Complainant

Versus

CA. Kanika Gupta (M.No.520423)

1926, Sector 8, Faridabad

Pincode:121006

.....Respondent

MEMBERS PRESENT:

CA. Prasanna Kumar D, Presiding Officer (in person)

Adv. Vijay Kumar Jhalani, Government. Nominee (in person)

CA. Mangesh Pandurang Kinare, Member (in person)

CA. Satish Kumar Gupta, Member (through VC)

DATE OF FINAL HEARING : 8th November 2025

PARTIES PRESENT:

Complainant: Shri Umesh Chandra (Through VC)

Respondent: CA. Kanika Gupta (In Person)

①

GA

1. **Background of the Case:**

- 1.1 The Respondent signed the financial statements of M/s. Scube Solution (hereinafter referred to as "Firm") for FY 2019-20 in capacity of auditor while Ms. Swati Gupta (i.e., Respondent's sister) has been stated to be a partner in the said firm. As per Complainant, in the Profit and Loss Account of the firm for FY 2019-20, the audit fee of Rs 20,000/- was debited to convert the profit of the said firm into loss. Complainant has also alleged that in FY 2017-18 and 2018-19, they had booked fake expenses in the Profit and Loss of the firm and claimed whole of TDS deducted as refund to the firm.

2. **Charges in brief:**

- 2.1 Respondent had signed the Balance Sheet of M/s Scube Solutions for FY 2019-20 as an auditor, while the said financial statements of the firm have also been signed by Ms. Swati Gupta (Respondent's sister) in capacity of partner of the said firm. As per Complainant, the audit fee of Rs. 20,000/- was charged by the Respondent for the said financial year from the firm as shown in the Profit and Loss Account for the said period. He has also alleged that Ms. Kanika Gupta was filing IT return of Scube Solutions as income tax advisor of her sister's firm.

3. **The relevant issues discussed in the Prima facie opinion dated 26th September 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1 Upon perusal of financial statements of the Firm for the year 2019-20, it is coming out that the same have been audited by the Respondent in the capacity of auditor and one Ms. Swati Gupta (sister of Respondent) has signed the said financial statement as the partner of the firm. It is also noted that Ms. Swati Gupta had 50% profit sharing ratio in M/s Scube Solutions i.e., the firm as per the partnership deed.
- 3.2 The Complainant stated that Ms. Swati Gupta is sister of Ms Kanika Gupta. Ms Swati Gupta (Respondent's sister) was partner of the firm along with another partner namely Shri Amar Nath. The Respondent had brought on record copy of partnership deed dated 6th April 2016 which has been entered between Smt. Swati Gupta and Sh. Amar Nath. On perusal of said partnership deed, it has been observed that Profit sharing ratio of Smt. Swati Gupta (Respondent's sister) was 50%. Further, from membership records of the Respondent as available with ICAI and the partnership deed of the firm, it was noted that Ms. Swati Gupta's father name has been mentioned as Mr. R. P. Gupta who is also father of Respondent and both are having same address which clearly indicates that both are related to each other as sisters. Moreover, the Respondent has nowhere disputed this contention of the Complainant

①

GA

in her submissions. It is also noted that Sister is covered under definition of relative as per the aforesaid provisions. On perusal of financial statements of the firm for the financial year 2019-20, it is further observed that the Respondent had conducted audit of the Firm (M/s Scube Solutions) despite her sister holds 50% profit sharing ratio in the firm i.e., more than 20% of the profits of the firm Hence, the Respondent was deemed to have a substantial interest in the firm. It is thus viewed that the holding of substantial interest by the relative of the member in the enterprise of which the audit is to be carried out and opinion is to be expressed on the financial statement, would affect the independence of mind of the member in the performance of professional duties. Therefore, the member (in the instant case the Respondent) should for the same reasons as not to compromise his/ her independence, desist from undertaking the audit of financial statements of such business or enterprise. Hence, in this case, the Respondent could not express opinion on financial statements of the firm in which Ms. Swati Gupta (relative) was partner. This is in contradiction to the requirement of Clause (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949. Accordingly, the Respondent is prima facie **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.3 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 26th September 2023, opined that the Respondent was prima facie **GUILTY** of Professional Misconduct falling within the meaning of Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Clause to 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

(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."

3.4 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 28th March 2024. The Committee on consideration of the same, concurred with the reasons given against the charges 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) of Part I of second Schedule of the Chartered Accountants Act, 1949 and accordingly decided to



GDK

proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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

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

S.No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	08 th April, 2022
2.	Date of Written Statement filed by the Respondent	18 th July, 2022
3.	Date of Rejoinder filed by the Complainant	06 th September, 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	26 th September, 2023
5.	Written Submissions filed by the Complainant after PFO	10 th July 2025, 05 th November 2025 and 08 th November 2025

5. **Further Written Submissions filed by the Complainant:**

The Complainant, vide letter dated 10th July 2025 inter alia, made the submissions which are given as under:-

- 5.1 The Respondent submitted her Affidavit of Assets and Liabilities dated 02.03.2021 before the Class I Chief Judicial Magistrate, Gurugram. Respondent attached the Balance Sheet of M/s Om Prakash Rathi & Co. as on 31.03.2020, audited on 25.12.2020 by CA Amit Kumar Puniani.
- 5.2 That the Respondent defrauded the honourable court by submitting a fraudulent Balance Sheet to show less income and thereby receive more maintenance. During FY 2019-20, M/s Om Prakash Rathi & Co received Gross Professional Receipts of Rs. 16,11,464.
- 5.3 During F.Y. 2019-20 M/s Om Prakash Rathi & Co. received Gross Professional Receipt at Rs.16,11,464/- Net profit was fraudulently reduced to Rs. 1,40,453 by showing fake expenditure Salary of Rs. 10,50,000 to Radha Agarwal.

The Complainant, vide email dated 08th November 2025 inter alia, made the submissions which are given as under:-

①

OK

- 5.4 That the Respondent annexed the Balance Sheet of M/s Om Prakash Rathi & Co. as on 31.03.2020 with her Affidavit of Assets and Liabilities dated 02.03.2021. The residence of CA Kanika Gupta at H. No. 1926, Sector-8, Faridabad functioned as the head office of M/s Om Prakash Rathi & Co. The firm earned gross professional receipts of Rs.16,11,464/- during F.Y. 2019-20; however, the net profit was allegedly suppressed to Rs.1,40,453/- by booking fictitious expenditure of Rs.10,50,000/-. As a result, the three partners were left with a profit of only Rs.46,817/- each for the entire financial year.
- 5.5 That while the amount of Rs.10,50,000/- has been shown as "salary" in the Profit and Loss Account, it has been reflected as "professional charges" in the annexure, indicating inconsistency and misrepresentation in the financial statements.
- 5.6 That the Respondent, being a partner of M/s Om Prakash Rathi & Co., failed to deduct TDS on the payment of Rs.10,50,000/- and failed to comply with Section 40(a)(ia) of the Income-tax Act, 1961. Similar booking of bogus expenditure and non-deduction of TDS is alleged to have been continued during F.Y. 2018-19, F.Y. 2020-21 and F.Y. 2021-22, with the intent to suppress profits and defraud the public exchequer.

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

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

S.No.	Date of meeting(s)	Status
1	16 th July 2025	Part heard and adjourned
2	26 th September 2025	Adjourned at the request of the Respondent
3	08 th November 2025	Hearing concluded and Decision Taken

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

①

CA

6.2. On the day of the hearing on 26th September 2025, the Committee noted that the Complainant was present through VC and the Respondent had sought an adjournment vide email dated 24th September 2025 due to some health issues. Being first hearing of the case after oath and the respondent had sought adjournment, acceding to the request of the Respondent, the Committee adjourned the subject case to a future date. With this, the case was part-heard and adjourned.

6.3. On the day of hearing on 08th November 2025, the Committee noted that the Complainant and Respondent were present through VC. The Complainant alleged that the Respondent conducted an audit for a firm related to her sister, which raised concerns about professional misconduct. The Respondent submitted that the audit conducted was for a firm with a turnover of Rs. 1.10 lakhs, which did not require mandatory auditing under any law. She admitted to auditing the accounts of a relative's firm during a period when she was not in proper mental and physical health. She argued that no loss was caused to the Complainant and alleged harassment by him, and his complaints against her at various forums. She also claimed that the Complainant had stolen her documents and pursued disciplinary action against her. The Respondent stated that the audit was requested by his partner for a specific purpose and offered to provide an affidavit to support this claim.

7. Findings of the Committee:

7.1 The Committee noted the allegation against the Respondent that she had conducted an audit for a firm in which her sister is partner, which raised concerns about professional misconduct. The Respondent admitted to auditing the accounts of a relative's (sister's) firm with a turnover of Rs. 1.10 lakhs, which did not require mandatory auditing under any law. The Respondent explained that the audit was conducted during a period when she was not in proper mental and physical health. She further argued that no financial loss was caused to the Complainant and alleged that he had harassed her by filing complaints at various forums and had stolen her documents to pursue disciplinary action against her.

7.2 The Committee noted that the Respondent stated that the audit was requested by her partner, for a specific purpose, as he was not from an accounting background. The Respondent offered to provide an affidavit from her partner to support this claim.

7.3 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:

①

Ch

"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.

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

Ⓟ

Colk

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. (emphasis added).

- 7.4 The Committee noted the admission of the Respondent to auditing the accounts of a firm in which her sister was having substantial interest. The Committee observed that auditing the accounts of a relative's firm compromises the objectivity and impartiality required of an auditor, regardless of whether the audit was legally mandatory or not. The Committee further observed that the Respondent's justification that the firm of which she conducted the audit was having turnover of Rs. 1.10 lakh only, which did not require mandatory Audit under any law, does not absolve her of the ethical obligation to maintain independence.
- 7.5 Upon consideration of the submission of parties and material placed on record, including the partnership deed dated 6 April 2016, the Committee finds that Ms. Swati Gupta, who is holding a 50% profit-sharing ratio in M/s Scube Solutions, stands established as the Respondent's sister and therefore falls within the definition of "relative" under the applicable provisions. The financial statements of the firm for FY 2019-20 further reveal that the Respondent undertook and conducted the audit of the said firm despite her relative holding more than 20% interest therein.
- 7.6 The Committee opined that such a substantial interest, arising through a relative, compromises the independence required of a member while expressing an audit opinion and contravenes Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. CONCLUSION:

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

Charges (As per PFO)	Findings	Decision of the Committee
Para 2.1 as above.	Para 7.1 to 7.6 as above	GUILTY - Clause (4) of Part I of the Second Schedule.

9. In view of the above observations, considering the oral and written submissions of the party and material on record, the Committee held the Respondent GUILTY of Professional Misconduct falling within the meaning Clause (4) of Part I 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. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Date: 05th January 2026

Place : Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
Charan Singh
Charan Singh / Charan Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासन विभाग / Disciplinary Directorate
भारतीय सशरी 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.)