



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-743/2022-DD/628/2022/DC/1853/2024]

In the matter of:

CA. Sandeep Gupta (M. No. 503299)

SCO 93, Sec 20B,

Opp Goldy Stationers Motia Khan,

Mandi Gobindgarh

Dist- Fatehgarh Sahib (Punjab)

.....Complainant

Versus

CA. Himanshu (M. No. 556589)

Professional Address:

157/D, New Town,

BADDI-174103

Distt- Solan

(Himachal Pradesh)

Residential Address:

H.No.351/1, 434,

Village Maloya,

Chandigarh – 160 025, Punjab

.....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. Himanshu (M.No.556589) (hereinafter referred to as the Respondent) is GUILTY of Professional

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Misconduct falling within the meaning of Clause (8) of Part I of the First Schedule 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 a communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 21st January 2026.

3. The Committee noted that on the date of hearing on 21st 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 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: -

- He apologized for the lapse on his part for not obtaining the No Objection Certificate from the previous auditor and stated that he had relied entirely on the representation letter received from M/s Bhangu Rice & Gen Mills.
- He expressed sincere regret for the same and prayed that the Hon'ble Committee may consider awarding the least possible punishment.

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 held that an incoming auditor is mandatorily required to communicate in writing with the previous auditor before accepting an audit assignment. But the Respondent relied on a management representation claiming no objection from the previous auditor. Further, the Respondent admitted his lapse and pleaded guilty.



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6. In respect of the second allegation, the Committee noted that Chapter VII of the Council General Guidelines, 2008 prohibits a Chartered Accountant from accepting an audit assignment if the undisputed audit fees of the previous auditor remain unpaid. The Committee also observed that the Balance Sheet of M/s Bhangu Rice & General Mills for FY 2020–21 showed "Audit & Legal Fee Payable" of Rs. 23,000, and the Profit & Loss Account reflected audit fees of Rs. 23,500. Given the presence of outstanding audit fees in the signed Balance Sheet and the absence of proof of payment, the Committee observed that the fees were undisputed. Accordingly, the Respondent's acceptance of the audit for FY 2021–22 without ensuring settlement of these dues was found to be a violation of Chapter VII of the Council General Guidelines, 2008. 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 him in commensurate with his Professional Misconduct.

8. Thus, the Committee ordered that the Respondent i.e. CA. Himanshu (M.No. 556589), be REPRIMANDED and also imposed a fine of Rs. 20,000/- (Rupees Twenty 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 IRAS (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


अरुण कुमार / Arun Kumar
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई सी ए ऑफ इंडिया, एन. २०१३०१, नया दिल्ली - २०१३०१ (उ.प्र.)
10, B-1, Connaught Place, New Delhi - 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-743/2022-DD/628/2022/DC/1853/2024]

In the matter of:

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Professional Address:	Residential Address:
157/D, New Town, BADDI-174103 Distt- Solan (Himachal Pradesh)	H.No.351/1, 434, Village Maloya, Chandigarh – 160 025, Punjab

.....Respondent

MEMBERS PRESENT:

CA. Prasanna Kumar D, Presiding Officer (in person)
Ms Dakshita Das, I.R.A.S. (Retd.), Government Nominee (through VC)
CA. Mangesh P. Kinare, Member (in person)
CA. Satish Kumar Gupta, Member (in person)

DATE OF FINAL HEARING: 09th October 2025

PARTIES PRESENT:

Respondent: CA. Himanshu (through VC)

1. BACKGROUND OF THE CASE:

The Complainant, CA. Sandeep Gupta, was the statutory auditor of M/s Bhangu Rice and General Mills (the "Firm") for the financial year (F.Y.) 2020-21. The Respondent audited the books of accounts of the aforesaid firm for the next financial year 2021-22 without communicating with the previous auditor before accepting the assignment and without ensuring that whether undisputed audit fees to the previous auditor has been paid or not.

2. CHARGES IN BRIEF:-

- 2.1 The Respondent audited the books of accounts of the firm for F.Y. 2021-22 without first communicating with the Complainant (the previous auditor).
- 2.2 The Respondent accepted the audit assignment despite the fact that the undisputed fee payable to the Complainant (the previous auditor) for F.Y. 2020-21 was outstanding in the books of accounts of the Firm.

3. THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 03rd JANUARY 2024 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF, ARE GIVEN BELOW: -

- 3.1 As regards the first allegation, it was observed that Clause 8 of Part I of first schedule of the Chartered Accountants Act, 1949 requires that it is mandatory on the part of the incoming auditor to communicate with the previous auditor in writing before accepting any audit assignment. Code of ethics (Revised Edition 2020) also mentions certain duties and responsibilities of the incoming auditor.
- 3.2. It was noted that that the incoming Auditor should accept the position as an auditor which was previously held by another auditor by first communicating with the previous auditor in writing in such a manner so as to retain in hand a positive evidence of delivery. Letter sent through registered post with acknowledgement due or by hand against a written acknowledgement or acknowledgement of the communication from retiring auditor's vide email address registered with the Institute or his last known official email address would in the normal course provide such an evidence. In the light of above, it is concluded that the requirement of Chartered



Accountants Act read with Code of Ethics - 2020 as discussed in preceding paragraph cast clear responsibility on the incoming auditor to communicate with the previous auditor and there is no circumstance mentioned in such provisions under which the requirement of such communication can be eased-up / relaxed. Hence, the contention of the Respondent that the management of the firm has confirmed in writing about receipt of NOC from the previous auditor cannot be considered as compliance of the requirement of Clause (8) of Part I of First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (8) of Part I of First Schedule to the Chartered Accountants Act, 1949.

3.3. In respect of the **Second Allegation**, it was noted from the Balance Sheet of the firm as on 31.03.2021 that the "Audit & Legal Fee Payable" amounting to Rs. 23,000/- was outstanding. Though the bifurcation of the same into legal and audit fees had not been given separately in the Balance Sheet but in the Profit & Loss Account for the financial year ended 31st March 2021, audit fees of Rs. 23,500/- had been shown as expenses. In addition, the Complainant did not appear to have raised any bills to the client, as the Complainant had stated that his firm was maintaining accounts on a cash basis. On the other hand, the client/firm had stated that since the Complainant had not provided any bill and had only provided a slip chit, it was not clear to them for which service the Complainant had charged the fees. Further, it was also observed that there had been a dispute between the client and the Complainant over the return of records by the Complainant and payment of audit fees by the client.

3.4. In respect of this allegation, it was noted from the guidelines on the topic "Appointment of an Auditor in Chapter VII of the Council General Guidelines, 2008 which states that the amount of audit fees as shown in the balance sheet signed by the client and the auditor would be considered as undisputed fees. In the extant matter, though the bifurcation of "Audit & Legal Fee Payable" had not been available, it could not be completely stated that no audit fees were payable, as the heading "Audit & Legal Fee Payable" in the balance sheet indicated that both audit and legal fees had been outstanding as on 31.03.2021. Accordingly, the benefit could not be extended to the Respondent merely on the ground that the bifurcation of Audit & Legal Fee had not been given in the balance sheet. Further, the Respondent could not bring on record any documentary evidence to show that the audit fees payable to

the previous auditor had been paid before accepting the audit for the financial year 2021-22. Hence, keeping in view, the requirement of Chapter VII of the Council General Guidelines, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

- 3.5. Accordingly, the Director (Discipline) in his prima facie opinion held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (8) of Part I of First Schedule and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. The said Clause of the Schedule to the Act, states as under:

Clause (8) of Part I of the First Schedule:

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

(8) accepts a position as auditor previously held by another chartered accountant or a certified auditor who has been issued certificate under the Restricted Certificate Rules, 1932 without first communicating with him in writing;"

Clause (1) of Part I 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."

- 3.6. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at 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 (8) of Part I of First Schedule 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:

No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	26 th October 2022
2.	Date of Written Statement filed by the Respondent	27 th January 2023
3.	Date of Rejoinder filed by the Complainant	Dated Nil, received on 20 th February 2023
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	03 rd January 2024
5.	Written statement by the Respondent after Prima Facie Opinion	21 st May 2024, 07 th October 2025
6.	Written statement by the Complainant after Prima Facie Opinion	27 th May 2024, 08 th October 2025

5. WRITTEN SUBMISSIONS FILED BY THE RESPONDENT:

5.1 The Respondent vide his written statements dated 21st May 2024 inter alia submitted as follows:

- i. He apologized for his misconduct of not taking the NOC from the previous auditor and completely relied on the representation letter received from M/s Bhangu Rice & Gen Mills i.e. auditee.
- ii. He relied on the representation letter presented before him on 30.09.2023 by the management of M/s Bhangu Rice & Gen Mills.
- iii. The Respondent apologized and informed he would never repeat this mistake in future.
- iv. He also accepts to clear the dues of Mr. Sandeep Gupta regarding his pending fee.

5.2. The Respondent vide email dated 07th October 2025, submitted the bank statement along with a declaration from Mr Yogesh Kumar, Partner of M/s Bhangu Rice and General Mills.

6. WRITTEN SUBMISSIONS FILED BY THE COMPLAINANT:

6.1. The Complainant has, inter alia in his written statements dated 27th May 2024, stated the following-

- i. UDIN has not been mentioned on the Independent Audit Report of M/s Bhangu Rice Mills, it means that the Respondent is grossly negligent while performing his professional duties.
- ii. If No Income Tax audit in form 3CB and 3CD has been conducted by the Respondent, then why UDIN has been generated. This is a serious matter as UDIN has been generated with PAN AATFB9563G which is of assessee M/s Bhangu Rice & General Mills.

As per the letter dated 28.04.2023 from M/s Bhangu Rice & General Mills, it is stated that the party approached the Respondent on 30.09.2022, and he accepted the audit assignment on 30.09.2022. It is impossible to complete the audit assignment in a single day without compromising with Audit rules. Further, the Respondent conducted audit only on the basis of Management representation letter and failed to communicate with the previous auditor.

6.2. The Complainant vide email dated 08th October 2025 submitted that it was duty of the Respondent to communicate with previous auditor before acceptance of audit assignment as per clause 8 of part 1 of First schedule of the chartered Accountants Act, 1949 which he failed to comply and it is incorrect to say that Rs. 111500/- has been paid to accountant Sh. Major Singh on 16/04/2022 via neft.

7. BRIEF FACTS OF THE PROCEEDINGS:

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

S. No.	Date of meeting(s)	Status
1.	29 th July 2025	Part heard and adjourned in absence of complainant.
2.	26 th September 2025	Part heard and adjourned.
3.	09 th October 2025	Hearing concluded and decision taken

7.2. During the first hearing held on 29th July 2025, the Committee noted that the Respondent was present through VC and appeared before it. However, the Complainant (CA. Sandeep Gupta) had sought adjournment vide e-mail dated 24/07/2025 on account of his prior professional engagement. 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 against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded Guilty for first charge i.e. accepting audit assignment without making prior communication with the Complainant. However, he pleaded 'Not Guilty' in respect of second charge i.e. undisputed audit fees of the Complainant was outstanding at the date of accepting audit assignment.

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 decided to adjourn the case to a future date.

7.3. On the day of hearing held on 26th September 2025, the Committee noted that the Complainant and Respondent were present through VC and appeared before it. The Committee further noted that the Respondent admitted to not communicating with the Complainant before accepting the audit assignment. Regarding the second allegation, the Complainant claimed that Rs. 23,000 in audit fees for FY 2020-21 remains unpaid, while the Respondent asserted that the fees were paid in cash through an accountant but lacked supporting evidence such as a receipt or voucher. The Committee emphasized the need for proof of payment, including ledger statements and receipts, to substantiate the Respondent's claim. The case was adjourned with instructions to the Respondent to submit proof of payment at the earliest.

7.4. On the day of hearing held on 09th October 2025, the Committee noted that the Respondent was present through VC and appeared before it. The Committee emphasized the importance of proper communication and documentation in making the payment of previous auditor. The Respondent submitted that the payments of audit fees were made through bank account to Mr. Major Singh, who later made

payment to auditors. The Committee expressed their concern about the rationale behind making payment to Mr. Major Singh instead of directly paying to the auditors.

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

8. FINDINGS OF THE COMMITTEE:

8.1. As regards the **first charge**, the Committee considered that it is a mandatory duty on the incoming auditor to communicate with the previous auditor in writing before accepting the position as per the requirement of Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

8.2. The Respondent stated in his Written Statement that he relied on a representation letter received from Shri Yogesh Kumar, Partner of the firm, confirming that confirmation had been taken from the previous auditor and that the previous auditor had no objection to the Respondent's appointment. The Committee noted that this letter also stated the firm would be "solely responsible" if any issue arose from the previous auditor.

8.3. At the time of hearing held on September 26, 2025, the Respondent accepted his mistake for not communicating with the previous auditor and pleaded guilty on this charge.

8.4. The Committee noted that the Respondent was required to communicate with the previous auditor in writing, retaining positive evidence of delivery. The requirement for communication is mandatory and does not provide an exception for reliance on representations from management.

8.5. The Committee concluded that the Respondent failed to ensure compliance with the requirement of Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

9. As regards the **second charge**, the Committee observed that Chapter VII of the Council General Guidelines, 2008, prohibits a member from accepting an appointment as an auditor if the undisputed audit fee of another Chartered Accountant has not been paid. Explanation 1 to these guidelines' states that the provision for audit fee in accounts signed by both the auditee and the auditor shall be considered as "undisputed" audit fee.
- 9.1 On examination of the Balance Sheet of M/s Bhangu Rice & General Mills as on 31st March 2021 (F.Y. 2020-21), the Committee observed that an amount of Rs. 23,000/- was shown under the head "Audit & Legal Fee Payable." The Profit & Loss Account for the same year reflected audit fees of Rs. 23,500/- as an expense. During the hearing, the Complainant confirmed that an amount of approximately Rs. 23,000/- relating to F.Y. 2020-21 remained outstanding.
- 9.2 The Respondent contended that the client had informed him that the audit fee for F.Y. 2020-21 had been paid in cash to an accountant associated with the Complainant. He further stated that when he asked the Complainant for a professional bill to clear any pending dues, the Complainant provided only a handwritten slip mentioning various amounts rather than a formal bill.
- 9.3 However, the Committee observed that the Respondent failed to produce any documentary evidence in support of his contention, such as a ledger copy, cash voucher, or receipt acknowledging payment. Given that the Balance Sheet—signed by both the auditee and the previous auditor—reflected "Audit & Legal Fee Payable" of Rs. 23,000/-, the Committee viewed this as constituting undisputed fees. The Respondent could not claim exemption merely because the bifurcation between audit and legal fees was not provided, particularly when no evidence of payment was placed on record.
- 9.4 The Committee, therefore, concluded that the Respondent accepted the audit assignment for F.Y. 2021-22 without ensuring that the undisputed outstanding fee of the previous auditor had been settled. Such conduct amounted to a clear violation of Chapter VII of the Council General Guidelines, 2008.

CA. Sandeep Gupta (M.No.503299), Punjab -Vs- CA. Himanshu (M.No.556589), Punjab

9.5 Accordingly, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

10. 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 8.1 to 8.5 as above	Guilty - Clause (8) of Part I of the First Schedule
Para 2.2 as above	Para 9 to 9.5 as above	Guilty – Clause (1) of Part II of the Second Schedule

11. 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 Misconduct falling within the meaning of Clause (8) of Part I of the First Schedule and Clause (1) of Part II of the Second Schedule.

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

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

Arjo Grover
अंजू गौर / Arjo Grover
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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