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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **W.P.(C) 4977/2023**

Date of Decision – **19.05.2026**

**IN THE MATTER OF:**

ANIL KUMAR JAIN & ORS. ......Petitioners

Through: Mr. Vidur Mohan, Mr. Indresh Upadhyay, Mr. Kaushal Kumar Singh, Ms. Prachi Batra Advocates.

*Versus*

BOARD OF DISCIPLINE OF INSTITUTE OF CHARTED ACCOUNTANTS OF INDIA & ORS.

......Respondents

Through: Mr. Robin Ratnakar David, Advocate.

**CORAM:**
**HON'BLE MR. JUSTICE PURUSHAINDRA KUMAR KAURAV**

**J U D G E M E N T**

**PURUSHAINDRA KUMAR KAURAV, J. (ORAL)**

1. The petition assails the communication dated 19.10.2022 and opinion dated 24.06.2022 **("Impugned Orders")** issued by the Board of Discipline, Institute of Chartered Accountants of India **("ICAI")**, whereby, the complaint filed by the petitioners alleging professional misconduct against certain Chartered Accountants was closed.

2. The dispute originates from a long-standing family and partnership

property dispute which was originally the subject matter of civil suit titled as ***Shanti Dei Jain & Ors. V. Mohini Devi Jain & Ors***[1]. *Vide* order dated 15.05.2014 the matter was referred to arbitration. Thereafter, *vide* interim award dated 21.03.2015, directions were issued for rendition and settlement of accounts of various partnership firms and parties were permitted to suggest names of Chartered Accountants for carrying out the exercise.

3. *Vide* order dated 25.03.2019, respondent nos. 3 to 5 (Chartered Accountants and their firm) were appointed as Local Commissioners and were directed to undertake rendition of accounts.

4. A rendition report dated 05.09.2019 was submitted by respondent nos. 3 to 5. It is the case of the petitioner that rendition report had multiple deficiencies. Aggrieved thereby, the petitioners filed a complaint dated 25.02.2020 before disciplinary mechanism of ICAI alleging professional misconduct against respondent nos. 3 to 5.

5. Subsequently a *prima facie* opinion dated 24.06.2022 was formed by Directorate (Discipline) ICAI concluding that respondent nos. 3 to 5 were not guilty of professional misconduct and placed the matter before the Board of Discipline.

6. *Vide* communication dated 19.10.2022 the Board of Discipline communicated that it had concurred with the *prima facie* opinion dated 24.06.2022 and accordingly closed the petitioner's complaint.

7. Mr. Robin Ratnakar David, learned counsel appearing on behalf of respondents submits that the impugned orders do not require to elaborately deal with the reasons. According to him, the authority has concurred with the *prima facie* opinion of the Director. He, then, explains from the *prima*

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[1] CS(OS)178/1997

*facie* opinion of the Director that the reasons have been adequately assigned.

8. Additionally, he also submits that in the instant case, the private respondent, against whom the complaint is made was the Local Commissioner appointed by the Arbitrator, whereas, the cited case relates to statutory auditor. He, therefore, tries to draw distinction from the judgment relied upon by the petitioner.

9. The Court has considered the submissions made by learned counsel appearing on behalf of the parties and has perused the record. The impugned order is extracted as under:

> *"Dear Sir*
>
> *Sub: In the matter of Complaint made by Shri Anil Kumar Jain, Shrl Sunil Kumar Jain and Shri Subhash Chand Jain, New Delhi. against you, under Section 21 of the Chartered Accountants Act, 1949.*
>
> *I have been directed to inform you that the above Complaint, your Written Statement, Rejoinder of the Complainant and additional documents on record along with the prima facie opinion formed by the Director (Discipline) under Rule 9(1) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Cond.uct of Cases) Rules, 2007, were considered by the Board of Discipline. The Board 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 NOT GUILTY of 'Professional Misconduct' falling within the meaning of Item (5), (6),(7), (8) and (9) of Part-1 of Second Schedule to the Chartered Accountants Act, 1949.*
> *Accordingly, under Rule 9(3) (a), the Board ordered for closure of the aforesaid Complaint.*
> *The above-mentioned Complaint against you thus stands closed."*

10. Perusal of the aforesaid would transpire that except recording concurrence with the *prima facie* opinion formed by the Director (Discipline), no independent reasons, whatsoever, have been assigned by the Board of Discipline in the impugned communication. The communication

merely reflects the ultimate conclusion arrived at by the authority without disclosing the process of reasoning that led to such conclusion. The Court in the case of ***Trideep Raj Bhandari Vs. Institute of Chartered Accountants of India***[2] in paragraph no. 8 was considering a complaint filed with the Institute of Chartered Accountants of India against the intern auditors for company and complaint against the statutory auditor to the company. The order for rejection in the cited case is almost similar, which has been captured by the Court in paragraph no. 9 therein. The Court, however, in paragraph nos. 28 to 32 of ***Trideep Raj Bhandari*** has held as under:

> *"28. Reading the above three provisions together, therefore, it is clear that where the inquiry is initiated on a complaint filed under Rule 3 of the Rules, the Complainant is entitled to receive a copy of the order closing such inquiry against the member. „Order" would necessarily include the reasons for the same. The Rules having themselves created this right in favour of the Complainant, it cannot be accepted that the Complainant would only be supplied with the "Information" of the closure of the complaint.*
>
> *29. Even otherwise, the duty to assign reasons is one of the essential concomitant of the principles of natural justice. It is not the case of the respondent that the Act or the Rules exempt the Director (Discipline) or the Board of Discipline from recording reasons for the prima facie opinion of the member being not guilty of any misconduct. The only defence taken is that such reasons need not be communicated to the Complainant. I cannot agree with the said submission. Ordinarily, the reasons for the order ought to be communicated to the affected person. Whenever the authority is required to record reasons for taking an action, the Authority has to communicate the same to the concerned party. Communication of the reasons to the affected party is essential for the Complainant to know as to why his complaint has been rejected. It also constitutes a safeguard against arbitrariness of the Authority. It would also allow the Complainant to take an informed decision to accept the decision of the Institute or, if aggrieved, to challenge the same in accordance with law.*
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> *30. The respondents, infact, do not claim any privilege over the reasons recorded for the prima facie finding of not guilty. Respondent's own case is that such reasons can be obtained by the Complainant under the Right*

[2] W.P.(C) 9032/2018 order dated 06.03.2020

*to Information Act, 2005 or could be produced before the Court of Law in answer to such direction of the Court. In light of such submission, the reluctance of the respondent to provide the reasons for its prima facie opinion to the Complainant in the first instance itself, while communicating the order of closure of the complaint bears no logic. It merely results in adding further litigation and/or compliance with the procedural formalities without serving any benefit and therefore, cannot be accepted.*

*31. In Assistant Commissioner, Commercial Tax Department, Works Contract and Leasing, Kota vs. Shukla and Brothers, (2010) 4 SCC 785, the Supreme Court held as under:-*

> *"….. The doctrine of audi alteram partem has three basis essentials. Firstly, a person against whom an order is required to be passed or whose rights are likely to be affected adversely must be granted an opportunity of being heard. Secondly, the authority concerned should provide a fair and transparent procedure and lastly, the authority concerned must apply its mind and dispose of the matter by a reasoned or speaking order. This has been uniformly applied by courts in India and abroad."*

*32. In S.N. Mukherjee vs. Union of India, (1990) 4 SCC 594, the Supreme Court explained the benefit of recording the reasons as under:-*

> *"35. The decisions of this Court referred to above indicate that with regard to the requirement to record reasons the approach of this Court is more in line with that of the American courts. An important consideration which has weighed with the court for holding that an administrative authority exercising quasi-judicial functions must record the reasons for its decision, is that such a decision is subject to the appellate jurisdiction of this Court under Article 136 of the Constitution as well as the supervisory jurisdiction of the High Courts under Article 227 of the Constitution and that the reasons, if recorded, would enable this Court or the High Courts to effectively exercise the appellate or supervisory power. But this is not the sole consideration. The other considerations which have also weighed with the Court in taking this view are that the requirement of recording reasons would (i) guarantee consideration by the authority; (ii) introduce clarity in the decisions; and (iii) minimise chances of arbitrariness in decision-making. In this regard a distinction has been drawn between ordinary courts of law and tribunals and authorities exercising judicial functions on*

> *the ground that a Judge is trained to look at things objectively uninfluenced by considerations of policy or expediency whereas an executive officer generally looks at things from the standpoint of policy and expediency. 36. Reasons, when recorded by an administrative authority in an order passed by it while exercising quasi-judicial functions, would no doubt facilitate the exercise of its jurisdiction by the appellate or supervisory authority. But the other considerations, referred to above, which have also weighed with this Court in holding that an administrative authority must record reasons for its decision, are of no less significance. These considerations show that the recording of reasons by an administrative authority serves a salutary purpose, namely, it excludes chances of arbitrariness and ensures a degree of fairness in the process of decision-making. The said purpose would apply equally to all decisions and its application cannot be confined to decisions which are subject to appeal, revision or judicial review. In our opinion, therefore, the requirement that reasons be recorded should govern the decisions of an administrative authority exercising quasi-judicial functions irrespective of the fact whether the decision is subject to appeal, revision or judicial review. It may, however, be added that it is not required that the reasons should be as elaborate as in the decision of a court of law. The extent and nature of the reasons would depend on particular facts and circumstances. What is necessary is that the reasons are clear and explicit so as to indicate that the authority has given due consideration to the points in controversy. The need for recording of reasons is greater in a case where the order is passed at the original stage. The appellate or revisional authority, if it affirms such an order, need not give separate reasons if the appellate or revisional authority agrees with the reasons contained in the order under challenge."*

11. The Court, thus, finds that the duty to assign reasons is one of the essential concomitants of the principle of natural justice. If the Superior Court is called upon to examine the veracity of a decision, it would not be in appropriate position to examine the same in absence of there being sufficient reason.

12. For the similar reasons recorded by this Court in the case of ***Trideep***

***Raj Bhandari***, the impugned decision deserves to be set aside. The same is accordingly set aside.

13. The matter is remitted back to the concerned authority for fresh decision with speaking order.

14. All rights and contentions on merits of the parties are left open.

15. With the aforesaid observations, the instant petition stands disposed of.

**(PURUSHAINDRA KUMAR KAURAV)**
**JUDGE**

**MAY 19, 2026**
**SH/SS**