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

% ***Date of Decision: October 27th, 2026***

\# **CNR No. DLHC010510972026**

\+ **W.P.(C) 15683/2026 & CM APPL. 73461/2026, CM APPL. 73462/2026**

CA R SHANMUGGAM .....Petitioner

Through: Mr. Anoop Prakash Awasthi, Mr. Shubham Dubey, Ms Jasleen Kaur, Advs. through V.C.

versus

THE SECRETARY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA & ORS. .....Respondents

Through: Mr. Vibhooti Malhotra, Mr. Bhuvnesh Satija, Mr. Aniket Khanduri, Advs.

CORAM:
HON'BLE MR. JUSTICE AMIT MAHAJAN

AMIT MAHAJAN, J. *(Oral)*

1. The present writ petition has been filed under Article 226 of the Constitution of India assailing the Order dated 03.06.2026 passed by the Appellate Authority of the Institute of Chartered Accountants of India ('**ICAI**'), whereby the petitioner's appeal was dismissed and the findings of misconduct recorded by the Disciplinary Committee *vide* order dated 03.02.2021, along with the punishment of reprimand along with fine of Rs. 25,000/- imposed *vide* order dated 31.03.2021, were affirmed.

2. It is borne from the record that the petitioner was appointed as a

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Concurrent Auditor of the Anthiyur Branch of Karur Vysya Bank with effect from 01.07.2018 till 30.06.2019.

3. A complaint was filed by Chief of Internal Vigilance, Karur Vysya Bank, before the Disciplinary Directorate of the ICAI, alleging that the Petitioner had failed to report certain unauthorised transactions during the audit period. Although the Petitioner had submitted digitally authenticated concurrent audit reports for July to October 2018, an internal investigation allegedly revealed that the Branch had undertaken unauthorised transactions without supporting cheques, resulting in a loss of ₹1,016.58 lakhs to the Bank. The Petitioner was specifically alleged to have failed to report four transactions undertaken on 18.09.2018, 25.09.2018, 03.10.2018 and 31.10.2018, which allegedly lacked the requisite supporting cheque and RTGS challan.

4. The Complaint was considered by the Director (Discipline). After affording due opportunity to the Petitioner to defend, the Petitioner was held *prima facie* guilty *vide* opinion dated 22.07.2020, of *misconduct* falling within Clause 7 of Part I of Second Schedule to the Chartered Accountants Act, 1949.

5. This opinion was placed before the Disciplinary Committee, which, after examining the material placed forth, held the Petitioner guilty of *professional misconduct vide* Order dated 03.02.2021. The relevant observations are reproduced hereinbelow: -

> *"8. The Committee perused the alleged "Daily Concurrent Checking Report" of the various periods as submitted by the Respondent alongwith his letters dated 9th January 2019 and RBI Circular.* ***It was noted from the 'Daily Concurrent Checking Report' as submitted by the Respondent to the Bank on daily basis that in the said reports dated 18.9.2018, 25.9.2018, 3.10.2018 and 31.10.218, no details for the missing cheque were***

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> ***reported.*** *The said reports appeared to have been signed by the team of Respondent and countersigned by the Branch manager. Further, it was viewed that in case if* ***the Respondent had failed to carry audit as per the scope of his audit assignment due to non-cooperation of the Bank officials or non-availability of the terminal at Bank then he had failed to produce a single piece of evidence wherein he had communicated with respect of such limitations to either the Branch Officials or at the Head Office.***
>
> *9. The Committee noted that,* ***as per scope of work dated 07.06.2018, it was the duty of the auditor to bring to the notice of the RBI, any 'instances of fraud or fraudulent activities where the amount involved Is Rs.100 lakhs or above should be reported to Reserve Bank of India, Department of Banking Supervisions, Central Office, Mumbai and all other instances to Regional Office of the Reserve Bank of India as stipulated in Para 4 of DBS.ARS NO. B.C4/08.91.00/2004-2005 dated August 27, 2004****.*
>
> *10. From the above, it was viewed that the Respondent was required to report the fraud and fraudulent activities of Rs. 100 lakhs and above to RBI, Mumbai and all other instances at Regional Office of RBIL Hence, report to RBI was not restricted to reporting any specific nature or value of transactions****. Hence, in the circumstances, as being explained by the Respondent he was bound to report to the RBL.****"*

6. Thus, *vide* punishment Order dated 31.03.2021, imposed a punishment of Reprimand with fine of Rs. 25,000/-.

7. Aggrieved, the Petitioner approached the Appellate Authority, which, after addressing all the contentions raised by the Petitioner, affirmed the above Orders, by noting that though the Petitioner had verified the vouchers, still not reported the missing cheques. He also did not report the suspisious transactions noticed during the period of his concurrent audit in the month of September 2018 – October 2018 as required by the scope of his Audit. Accordingly, since he was held guilty of *gross negligence* in conducting his duties as a concurrent auditor, it was held that there was no infirmity in the punishment order

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imposing punishment of reprimand with Rs. 25,000/-.

8. It is evident from the record that the Disciplinary Committee and the Appellate Authority have concurrently returned findings against the petitioner on the question of his failure to discharge the obligations attached to his assignment as a concurrent auditor.

9. The petitioner's appointment carried with it the obligation to undertake the prescribed verification and report material irregularities in accordance with the applicable requirements. The authorities, while returning concurrent findings, have examined the scope of the petitioner's assignment, the relevant audit reports and the explanation offered by him, and concluded that the subsequent communications relied upon by the petitioner did not adequately establish that the specific irregularities had been reported in a timely manner during the relevant audit period. Thus, the petitioner's reliance upon the communications dated 09.01.2019 and 14.01.2019 subsequently addressed to RBI, does not, by itself, displace the finding that the irregularities in question were not duly reported in the relevant audit reports for September and October 2018.

10. Though the petitioner's principal defence is that the alleged fraud had occurred before his date of assuming charge, he had subsequently brought the irregularities to the notice of RBI and overall loss allegedly suffered by the Bank has not been correctly assessed, these aspects have already been addressed in detail by both the authorities, and arguments essentially invite this Court to undertake a fresh examination and reassessment of the factual material considered by the disciplinary authorities. Such an exercise is not warranted in the present proceedings, particularly when the impugned findings rest upon the petitioner's failure to report the relevant irregularities in the

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course of his audit.

11. The jurisdiction of this Court under Article 226 of the Constitution is not that of an appellate authority over disciplinary findings. Interference may be warranted where the decision-making process suffers from a recognised legal infirmity, or where the findings are shown to be perverse or otherwise unsustainable in law. However, the mere availability of another possible view of the evidence, or the petitioner's disagreement with the conclusions drawn by the authorities, would not justify the exercise of writ jurisdiction to reappreciate the material and substitute a different factual conclusion.

12. Insofar as, the challenge to the quantum of punishment is concerned, the same also does not merit acceptance. The failure to flag the transactions in question in the relevant audit reports was considered by the disciplinary authorities to constitute *gross negligence* in the discharge of that responsibility. In these circumstances, the punishment of reprimand coupled with a fine of ₹25,000/- cannot be said to be so disproportionate as to warrant interference by this Court in the exercise of its writ jurisdiction.

13. For the foregoing reasons, this Court finds no ground to interfere with the order dated 03.06.2026 passed by the Appellate Authority of the ICAI, or with the disciplinary orders dated 03.02.2021 and 31.03.2021.

14. The writ petition is, accordingly, dismissed. Pending applications, if any, stand disposed of.

AMIT MAHAJAN, J

OCTOBER 27, 2026
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