BOARD OF DISCIPLINE

(Constituted under Section 21A of the Chartered Accountants Act 1949)

FINDINGS OF THE BOARD OF DISCIPLINE UNDER RULE 14 (9) READ WITH RULE 15(2) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007

FILE No: PR/249/2021-DD/212/2021/BOD/843/2025

CORAM:

CA. Babu Abraham Kallivayalil, Presiding Officer (In Person)
Dolly Chakrabarty, Government Nominee (In Person)
CA. Pankaj Shah, Member (Through V.C.)

IN THE MATTER OF:

MR. JITIN RAI KHANNA
H-8, Aaron Villa
Sohna Road
Sector- 48
GURUGRAM.. Complainant

Versus

CA. SUNITA MAHESHWARI (M. No.058216)
Proprietor, M/s Sunita Maheshwari & Co.
Unit 443, 4th Floor, Tower A
SPAZE ITECH Park, Sohna Road
GURUGRAM.. Respondent

Date of Final Hearing	:	20th May 2026
Place of Final Hearing	:	ICAI Bhawan, New Delhi
Date of Pronouncement of Judgment	:	27th July 2026

PARTIES PRESENT:

Complainant	:	Mr. Jitin Rai Khanna (Through VC)
Respondent	:	CA. Sunita Maheshwari (Through VC)
Respondent's Counsel	:	Mr. Deepak Sharma and Mr. Ankit Maheshwari, Advocates (In person)

FINDINGS:

BACKGROUND OF THE CASE:

1. As per the case of the Complainant, the Respondent Firm was appointed as the statutory auditor of **Aaron Ville Residents Welfare Association** (hereinafter referred to as the "Society" or "RWA"), a society registered under the **Haryana Registration and**

Regulation of Societies Act, 2012. The Respondent Firm was appointed in place of M/s Agarwal Varun & Co., Chartered Accountants and conducted the statutory audit of the financial statements of the Society for the financial years 2012-13, 2013-14 and 2014-15.

CHARGE ALLEGED:

1. That the Respondent did not seek NOC from M/s Agarwal Varun & Co., Chartered Accountants for conducting the Statutory Audit of the Society for the financial years 2012-13, 2013-14 and 2014-15 after they resigned as Statutory Auditor due to conflict of interest on 4th October 2016.

2. That from the resignation letter of M/s Agarwal Varun & Co., Chartered Accountants dated 4th October 2016, it was evident that the accounts/audit for the financial years 2012-13, 2013-14 and 2014-15 were pending and the Respondent was appointed only for the financial year 2015-16. The Respondent could not have taken up the assignment for the years 2012-13, 2013-14 and 2014-15 without ascertaining the reasons from the previous auditor.

3. That the Respondent did not verify the procedures adopted for the appointment of M/s Agarwal Varun & Co., Chartered Accountants as Statutory Auditor for the years 2012-13, 2013-14 and 2014-15, despite being aware that accounts and audit were in arrears, in contravention of Sections 47, 48 and 50 of the Haryana Registration and Regulation of Societies Act, 2012 read with Rule 24 of the Haryana Registration and Regulation of Societies Rules, 2012.

4. That the Respondent failed to seek clarification from the Management for delay in finalization of the accounts and completion of audit for the years 2012-13, 2013-14 and 2014-15, and deliberately ignored this fact in the Statutory Audit Report, thereby acting in connivance with the Management. The Complainant further alleged that the Respondent connived with the Management Committee and the same can be corroborated with the fact that on 25th September 2016, the alleged Governing Body in the meeting decided to take resignation of M/s. Agarwal Varun & Co., Chartered Accountants and the reasons was specified that "he is not taking interest in closing the audit work" whereas M/s. Agarwal Varun & Co., Chartered Accountants in their resignation letter dated 04th October, 2016 have stated that it is due to conflict of interest. Both the versions were contradictory to each other. Further, the alleged minutes were unsigned and on plain paper.

5. That the Respondent was in connivance with the Management, can be further corroborated with the fact that immediately after resignation of M/s Agarwal Varun & Co., Chartered Accountants on 4th October 2016 at 2:17 PM, immediately at 2.17 P.M., the resignation letter was forwarded to the Respondent without accepting the resignation of M/s. Agarwal Varun & Co. by the alleged Governing Body. The same indicates that the Respondent was waiting for the resignation of the previous auditor.

6. That the accounts for the years 2012-13, 2013-14 and 2014-15 were completed and signed on 15th October 2016 by the Management Committee members, whereas the Respondent signed the financial statements and Auditor's Report on 13th January 2017, without ensuring that the names of the persons signing the financial statements were mentioned.

7. That the Respondent was not aware of the list of Management Committee members until 31st December 2016 and relied on an unsigned list without verifying the same from the official records of the District Registrar, thereby failing to ascertain whether the persons she was dealing with were valid Committee Members or not.

8. That the Respondent failed to verify compliance of Section 33 (5) of the Haryana Registration and Regulation of Societies Act, 2012, and relied on unsigned documents furnished by the Management, without verifying Governing Body approval from the District Registrar. The Respondent, being the auditor of the Society, failed to refer to Section 33 (5) of the aforesaid Act which states that "the constitution of the Governing Body, appointed or elected for the first time or thereafter, shall be valid only upon approval thereof by the District Registrar and its tenure shall commence from the date of its approval".

9. That the Respondent, after the resignation of M/s. Agarwal Varun & Co., Chartered Accountants, signed the first Auditor's Report for the period 1st April 2012, to 31st March 2013, despite the Society having come into existence only in November 2012. Hence, the Respondent conducted the audit for the period when the Society was not in existence.

10. That the Respondent was dealing / exchanging mails on the personal e-mails id of the Society exchanged emails on a personal e-mail ID instead of the official email ID of the Society, giving rise to suspicion in the dealings.

11. That the Respondent did not qualify the Auditor's Report for not furnishing a comparable analysis with previous year figures in the Balance Sheet and Income & Expenditure Account, thereby, failing to perform her work diligently.

12. That the Respondent failed to qualify the Auditor's Report for non-preparation of the Receipt & Payment Account, thereby failing to perform her work diligently.

13. That the Respondent signed the Statutory Audit Reports for the years ending 31st March 2013, 31st March 2014 and 31st March 2015 on 13th January 2017, which were deficient in the following respect: -

    (i) There was non-availability and non-verification of minutes of all Governing Body Meetings, which are essential records for any society, and the Respondent failed to justify how the accounts presented a true and fair view in their absence; and

    (ii) The Respondent failed to disclose under which Act, the audit was carried out and the status of compliance with various provisions of the said Act.

BRIEF OF PROCEEDINGS HELD:

14. The details of the hearing fixed and held in the instant matter are given as below: -

S. No.	Date of Hearing	Status of hearing
1.	20th May 2026	Matter heard and concluded and the Judgement Reserved.

SUBMISSION OF PARTIES:

15. The Respondent, CA Sunita Maheshwari, in her written submission stated that she is a senior Chartered Accountant with nearly three decades of professional experience and has always maintained high ethical and professional standards. She contended that the present complaint is repetitive in nature as the same complainant had earlier raised substantially similar allegations relating to the same audit assignment and financial years, which had already been examined and closed in her favour by the Institute in March 2021. According to her, the present proceedings are merely an attempt to reopen settled issues. She further pointed out that the Prima Facie Opinion had already exonerated her from all major allegations and that the only surviving issue concerned communication with the previous auditor before accepting the audit assignment.

16. Regarding this allegation, the Respondent submitted that she had complied with the spirit and purpose of the professional requirement. She stated that before accepting the audit assignment, she had personally spoken to the previous auditor, CA Varun Aggarwal, who informed her that he was resigning due to a conflict of interest arising from his involvement in maintaining the books of account. She further stated that this understanding was subsequently supported by email correspondence confirming his resignation, his no-objection to her appointment and the absence of any fee dispute or professional objection. The Respondent also emphasized that she conducted the audit diligently, spent considerable time examining records, issued qualified reports wherever documentation was inadequate and even declined to issue an audit report for a later year when sufficient information was unavailable. On this basis, she requested dismissal of the complaint or alternatively, an opportunity to be heard personally.

17. The Complainant in his submissions argued that the Opinion had wrongly accepted the Respondent's explanation that she relied on information provided by the Management Committee. According to him, the Respondent failed to independently verify whether the persons claiming to be office bearers were duly authorized and failed to inspect statutory records or verify information from the Registrar of Companies. He further contended that the Prima Facie Opinion incorrectly concluded that there was no violation relating to communication with the previous auditor, emphasizing that the professional rules require an incoming auditor to communicate in writing with the predecessor auditor before accepting the assignment.

18. The Complainant also challenged the finding that the Respondent had acted in good faith. He referred to a subsequent government-directed audit which allegedly revealed serious irregularities, including missing vouchers, incomplete books of account, absent statutory records, unverified expenses and other compliance deficiencies. According to him, these shortcomings existed during the period covered by the Respondent's audit and her failure to detect or report them demonstrated negligence. He therefore sought rejection of the Prima Facie Opinion, framing of formal charges and commencement of a full disciplinary inquiry.

19. The Complainant specifically disputed the Respondent's defence regarding communication with the previous auditor. He argued that the Respondent had failed to produce any direct written communication sent by her to the previous auditor before accepting the assignment. According to him, a telephonic conversation cannot satisfy the statutory requirement because the law expressly mandates communication in writing. He further submitted that the emails relied upon by the Respondent were exchanged between the previous auditor and the society's office bearers and were merely forwarded to her and therefore could not be treated as independent professional communication between the two auditors.

20. The Complainant further reiterated his submissions in his further written statement. He emphasized that the requirement of written communication with the previous auditor is a mandatory professional obligation intended to ensure ethical and independent transition of audit assignments. According to him, the Respondent's own documents showed that she relied only on a telephonic conversation and management-routed emails, while no direct email, letter or professional clearance request initiated by her had been produced. Referring to the Prima Facie Opinion, he argued that it had correctly observed that the Respondent ought to have independently communicated in writing with the previous auditor. Accordingly, he requested that the disciplinary authority uphold the finding of professional misconduct under Item (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 and proceed in accordance with law.

OBSERVATIONS OF THE BOARD:

21. It is pertinent to note that out of the thirteen allegations levelled against the Respondent in the complaint, the Director (Discipline), vide Prima Facie Opinion dated 3rd September 2025, held the Respondent prima facie guilty only in respect of allegation no. 1. The remaining allegations were not found sufficient to constitute a prima facie case of professional or other misconduct against the Respondent. The said Prima Facie Opinion was thereafter considered by the Board of Discipline, which concurred with the reasoning and conclusions recorded therein. Accordingly, the disciplinary proceedings before the Board were confined solely to the limited allegation forming the subject matter of allegation no. 1 that the Respondent did not seek NOC from M/s Agarwal Varun & Co., Chartered Accountants for conducting the Statutory Audit of the Society for the financial years 2012-13, 2013-14 and 2014-15 after they resigned as Statutory Auditor due to conflict of interest on 4th October 2016 and thus no findings are required to be rendered in respect of the remaining allegations which stood closed at the prima facie stage.

22. Upon consideration of the complaint, written submissions of the parties, documents available on record and the oral submissions made during the hearing, the Board noted that the allegation against the Respondent relates to the acceptance of the statutory audit assignment of the Society for the financial years 2012-13, 2013-14 and 2014-15 without communicating with the previous auditor, allegedly attracting the provisions of Item (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949.

23. The Board observed that the applicability of Item (8) is contingent upon the existence of a "previous auditor" who had held the same or a similar audit assignment immediately prior to the appointment of the incoming auditor. In the present case, although M/s Agarwal Varun & Co. had been associated with the Society and had initially been considered for the audit assignment, the material available on record indicates that the said firm did not actually carry out or complete any statutory audit of the Society before the Respondent's appointment. The previous auditor himself had resigned citing a conflict of interest arising from his involvement in maintaining the books of account of the Society. No statutory audit report signed by M/s. Agarwal Varun & Co. for any preceding financial year was brought on record.

24. The Board further noted that the Respondent was, in effect, the first auditor who undertook and completed the statutory audit of the Society. During the hearing, the Complainant himself acknowledged that the previous auditor had accepted the assignment but had not commenced the audit work or reached the stage of issuing any audit report. In such circumstances, the Board was of the considered view that the relationship contemplated under Item (8) that of an incoming auditor succeeding a previous auditor who had held and performed the audit assignment was not established in the present case.

25. The Board also took note of the Respondent's submission that she had, in any event, spoken with the concerned Chartered Accountant telephonically and had before her email correspondence reflecting his resignation, absence of professional objections and confirmation that no dues were pending. While the question of sufficiency of such communication would ordinarily arise where Item (8) is applicable, the primary issue in the present matter is whether there existed a previous auditor within the meaning of the Code of Ethics. Since the evidence on record does not establish that M/s Agarwal Varun & Co. had functioned as the statutory auditor of the Society, the requirement of communication under Item (8) cannot be invoked against the Respondent under such scenario.

26. The Board further observed that the requirement of communication with the previous auditor is intended to ensure a smooth, professional and ethical transition between two auditors in respect of the same audit engagement. In the present case, however, it was noted that no statutory audit had been carried out by the alleged predecessor auditor and no audit report had been issued by him. In such circumstances, the very basis for alleging a violation of Item (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 appeared to be unproved/unsubstantiated. The Board also took note of the fact that no complaint, grievance or objection had been raised by the concerned Chartered Accountant alleging any failure on the part of the Respondent to communicate with him before accepting the audit assignment.

27. Having regard to the totality of the facts and circumstances, the Board is of the view that the allegation of professional misconduct under Item (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 has not been substantiated. The evidence on record is insufficient to establish that there existed a previous auditor whose assignment was succeeded by the Respondent to attract the mandatory requirement of communication under the said provision.

28. Accordingly, the Board holds that the Respondent is Not Guilty of Professional Misconduct within the meaning of Item (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949

CONCLUSION:

29. Thus, in conclusion, in the considered opinion of the Board, the Respondent is **'Not Guilty'** of Professional Misconduct falling within the meaning of Item (8) of Part I of First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Board passed an Order for closure of the case in terms of the provisions of Rule 15 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

30. Ordered accordingly. The case stands disposed of.

Sd/-
CA. Babu Abraham Kallivayalil
Presiding Officer

Sd/-
Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
मीनू गुप्ता / Meenu Gupta
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
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Sd/-
CA. Pankaj Shah
Member