

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2026-2027)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(17) read with Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No:- PR/377/2021-DD/385/2021-DC/1750/2023

In the matter of:

Sh. Subramanian Kalyana Raman

506, Shrishti Plaza Commercial Coop. Society Ltd.,

Off Saki Vihar Road, Chandivali,

Andheri (East), Mumbai

Maharashtra-400072

.....Complainant

Versus

CA. Satish Purushottam Kalantri... (M. No.121003)

Partner of M/s Kalantri Assawa & Associates,

Chartered Accountants

Present Address	Address in PFO
801, Ruby Crescent Business Boulevard, Ashok Chakravarti Road, Ashok Nagar, Kandivali (E), Mumbai Maharashtra – 400101	335, Bluerose Industrial Estate, Next to Metro Mall, Western Express Highway, Borivali, Mumbai Maharashtra - 400066

.....Respondent

MEMBERS PRESENT:

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

CMA Chandra Wadhwa, Government Nominee (In person)

CA. Mahesh Shah, Government Nominee (In person)

CA. Satish Kumar Gupta, Member (In person)

CA. Hans Raj Chugh, Member (In person)

DATE OF FINAL HEARING : 20th March 2026

DATE OF DECISION TAKEN : 25th July 2026

DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026

PARTIES PRESENT:

Complainant : Shri Subramanian Kalyana Raman (Through VC)
Respondent : CA. Satish Purushottam Kalantri (Through VC)
Counsel for the Respondent : CA. C N Vaze (Through VC)

1. Background of the Case:

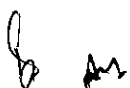
- 1.1. The Complainant is, a Member of Manavsthal Heights Cooperative Housing Society and the complaint was filed in relation to the role of the Respondent as the statutory auditor of Manavsthal Heights Cooperative Housing Society Ltd. for the financial year 2020–21.

2. Charges in brief:

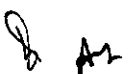
- 2.1. That an expenditure of Rs. 11,25,013/- in respect of Conveyance deed of Property was an expense in nature of capital expenditure which was directly debited to the Reserve Fund instead of charging over the period of time. It was stated that as per Clause F14(a) of Bye Law of Maharashtra Co-operative Society Act, 1960, Reserve Fund of the Society was to be utilised only for the repairs, maintenance and Renewal of Property. Hence, it was alleged that the Respondent had failed to disclose a material fact known to him which was not disclosed in financial statement, thus leading to material misstatement known to him to appear in a financial statement. As per him, there was a material departure from the generally accepted procedure of audit applicable to the circumstances.

3. The relevant issues discussed in the Prima Facie Opinion dated 08th February 2023 formulated by the Director (Discipline) in the matter in brief, are given below:

- 3.1. It was noted that the matter pertained to Manavsthal Heights Co-operative Housing Society Ltd. (hereinafter referred to as 'the Society') wherein the Complainant, being member of the said Society, had raised allegations against the Respondent based on his observation of the adjustment done in the financial statement of Society for FY 2020-21 and thereafter the correspondence held between him and the Respondent.



- 3.2. The Complainant had alleged that the expenditure of Rs. 11,25,013/- held in relation to Conveyance deed of Property had been directly debited/adjusted against the Reserve Fund which the Respondent had failed to report in his audit report. It was stated that the said expenditure was of Capital nature whereas as per Clause F 14(a) of Bye Law of Maharashtra Co-operative Society Act, 1960, Reserve Fund of the Society was to be utilised only for the maintenance and Renewal of Property.
- 3.3. The Respondent in his defense had submitted that in the 8th Annual General Meeting of Manavsthal Heights Co-operative Housing Society Ltd. Rs.15 Lakhs had been approved for the expenditure of Conveyance Deed of the property by the General body of the society and it had also been resolved that the same would be utilized from the Reserve Fund. As per him, the adjustment had been made in accordance with Clause F of Bye Law of Maharashtra Co-operative Society Act, 1960.
- 3.4. It had been noted that the Clause F of the said bye laws explicitly stated only four kinds of funds and that it had laid principle for utilising the reserve fund when it stated that the same be utilised for the expenditure on repairs, maintenance and renewals of the Society's property. It had been noted that expenditure of Conveyance Deed involved expenditure incurred for transfer of the title to the property.
- 3.5. As regards the defence by the Respondent regarding prior-approval obtained from the members of the Society, it was observed that the said principle had been laid only in respect of those expenditures that fell within the ambit of the Utilisation of Reserve Fund as per Clause F of the said bye-laws. Since, the alleged expenditure was outside the ambit of Clause F, hence, any approval obtained from the members of Society for its adjustment against the Reserve Fund was null and void being contrary to the provisions of governing statute.
- 3.6. It had been noted that the Surplus of Income over expenditure before appropriation to Reserve Fund amounted to Rs.14,93,837/- which signified that alleged Conveyance deed expenditure of Rs.11,25,013/- was material.



- 3.7. The Director (Discipline) in his Prima Facie Opinion dated 08th February 2023 opined that the Respondent was Prima Facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Clause of the Schedule to the Act, states as under:

Clause (7) of Part I of the Second Schedule:

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

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(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties."

- 3.8. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 10th April 2023. 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 (7) of Part I of the 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:

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	30 th November 2021
2.	Date of Written Statement filed by the Respondent	06 th January 2022
3.	Date of Rejoinder filed by the Complainant	15 th February 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	08 th February 2023

5.	Written Submissions filed by the Respondent after PFO	25 th October 2023
6	Rejoinder filed by Complainant after PFO	---
7	Documents submitted by Respondent after PFO	17 th March 2026

5. **Written Submissions filed by the Respondent:**

- 5.1 The Respondent vide his submissions dated 25th October 2023, inter-alia, made the submissions which are given as under:
- Section 66 of the Maharashtra Co-operative Society Act, 1960 states that every society that earns or can earn profits must maintain a reserve fund. Each year, at least one-fourth of its net profits must be added to this fund. The reserve fund may be used for the society's business, invested as directed by the State Government, or with prior approval partly used for public purposes that support the objectives of the Act or for some such purpose of the State, or of local interest. This flexibility implies that the reserve fund can be employed for purposes beyond the immediate scope of the society's activities and object stated in clause 5.
 - Clause 5 of the Society's Bye Laws states that one of the society's objectives is to obtain conveyance from the owner/promoter in accordance with the Ownership Flats Act and applicable rules. This supports the view that the reserve fund may be used for purposes specifically provided in the bye laws, including the acquisition of conveyance.
 - Clause 154 read with Section 72 empowers the managing committee, with general body approval, to undertake conveyance-related actions, including fund utilisation. Section 72 emphasizes the authority of the general body, reflecting collective decision-making in matters such as fund utilisation. The decision to use the reserve fund was made by the general body, reflecting the collective wisdom of the society's members.
 - The use of the word "may" in Clause 14 suggests that the provision is inclusive and not restrictive, allowing flexibility in fund utilisation. Reserve fund utilisation is therefore not confined only to the purposes listed in Clause 14 but can align with Section 66 and other relevant bye-laws.

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- v. The reserve fund comprises contributions from members, and its utilisation was approved in the Annual General Meeting. The opening reserve fund balance of Rs. 67,83,806 supports that sufficient funds were available for such utilisation. The decision to use the reserve fund avoided imposing additional financial burden on the society's members. The society has acted within the legal framework of the Maharashtra Co-operative Society Act, 1960 and its bye-laws.

5.2 The Respondent vide his email dated 17th March 2026, inter-alia, submitted the following documents:

- i. Manavsthal Society's mail reply
- ii. Minutes of 8th AGM - 2016 - Manavsthal CHS

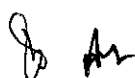
6. **Brief facts of the Proceedings:**

6.1 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.	09 th June 2023	Oath taken by both parties and adjourned
2.	20 th March 2026	Hearing concluded and Findings Reserved
3.	25 th July 2026	Decision Taken.

6.2 On the day of first hearing held on 09th June 2023, the Committee noted that both the parties i.e., the Complainant and the Respondent were present through Video Conferencing Mode from their respective places. Both parties were administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charge(s) alleged 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 'Not Guilty' to the charges levelled against him. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date.

6.3 On the day of first hearing on 20th March 2026, the Committee noted that Complainant and Respondent along with his Counsel were present through VC and



appeared before it. Thereafter, the Committee noted that the case was part heard and the Respondent was already on oath. The Committee enquired from the Respondent that since the composition of the Committee had changed subsequent to the last hearing held on 09th June 2023 in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard, by taking all submissions already on record. The Respondent submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

The Counsel for Respondent inter alia stated that the reserve fund was used appropriately for legal expenses related to obtaining conveyance of the building in the society's name, which is a fundamental objective of the society as per its bylaws and the Maharashtra Co-operative Society Act, 1960. He emphasized that the expenditure was approved by the general body in 2016 and was permissible under Clause 14F of the model bylaws, which states that the reserve fund "may" be used for repairs, maintenance, or other purposes aligned with the society's objectives. He also highlighted the materiality of the expenditure, which was minimal compared to the value of the building, and asserted that the respondent followed statutory requirements.

The Complainant argued that the reserve fund is a statutory requirement meant exclusively for repairs, maintenance, or renewal of property, as defined under Clause 14F. He contended that the use of the reserve fund for legal expenses was a violation of its intended purpose and emphasized the importance of maintaining the sanctity of the reserve fund for future contingencies. The Committee noted the submissions of the parties.

Based on the documents and material available on record and after considering the verbal and written submissions made by both the parties, the Committee concluded the hearing in the matter and Findings was reserved.

- 6.4 At the meeting held on 25th July 2026, the Committee noted that the subject case was heard by it at length in the presence of the Complainant and the Respondent and the hearing was concluded at its meeting held on 20th March 2026 and the Findings was reserved. The Committee considered the material on record including

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submissions of the parties. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

7. Findings of the Committee:-

- 7.1 The Committee noted the charge against the Respondent (as given in para 2 above) pertained to the audit of Manavsthal Heights Co-operative Housing Society Ltd. (hereinafter referred to as "the Society"). The Complainant, being a member of the Society, alleged that an amount of Rs. 11,25,013/- incurred towards the conveyance deed of the property, being capital in nature, was directly debited to the Reserve Fund instead of being properly accounted for over a period of time, which the Respondent had failed to report in his audit report.
- 7.2 The Committee further noted that as per Clause 14(a) of the Bye-laws of the Maharashtra Co-operative Societies Act, 1960, the Reserve Fund may be utilised for the expenditure of repairs, maintenance, and renewals of the Society's property.
- 7.3 The Complainant argued that such use is contrary to the statutory mandate, which restricts the reserve fund to repairs, maintenance, or renewal of property, and has raised concerns regarding the accounting treatment and transparency of the transaction. The Complainant further contended that the sanctity of the reserve fund must be preserved and that the Registrar's approval is necessary for such utilisation.
- 7.4 The Respondent's counsel submitted that the expenditure was duly authorised by a Resolution passed at the Society's Annual General Meeting in 2016, reflecting the collective wisdom of its members, with only the Complainant raising any objection. It is further contended that Clause 14(f) of the bye-laws employs the term 'may', indicating an enabling provision rather than a mandatory restriction, and that the primary object of the Society is to secure conveyance of the property in its name. The Respondent has also referred to Section 66 of the Maharashtra Co-operative Societies Act, 1960, which permits the Reserve Fund to be used to promote the objects of the Society, including conveyance, and has emphasised that the expenditure in question is minimal relative to the value of the Society's property.

7.5 The Committee also noted the submissions of the Respondent, wherein it was stated that in the 8th Annual General Meeting of the Society, an amount of Rs. 15 lakhs were approved by the General Body for expenditure towards the conveyance deed of the property, and it was further resolved that the said amount would be utilised from the Reserve Fund. Accordingly, the expenditure was adjusted against the Reserve Fund and disclosed in Schedule-7 under Current Assets & Advances in the Balance Sheet for the Financial Year 2020-21.

7.6 The Committee noted the relevant content of Clause 14(a) of the Model Bye-laws of Co-operative Housing Societies, 2014 which read as under:-

"The Society may utilise its Funds in the manner indicated below:

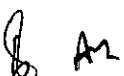
a. Reserve Fund: The Reserve Fund of the Society may be utilised for the expenditure on repairs, maintenance and renewals of the Society's property."

7.7 On further examination of Clause 14(a) of the Model Bye-laws of Co-operative Housing Societies, 2014, the Committee noted that the Reserve Fund of the Society may be utilised for the expenditure on repairs, maintenance and renewals of Society's property. Utilisation of all the Funds shall be with the specific prior approval of Society's General Body. The Committee noted that expenditure towards conveyance of property pertained to transfer of title and is capital in nature, and does not fall within the scope of repairs, maintenance, or renewal.

7.8 The Committee considered the submissions made by the Respondent and the relevant provisions of the Maharashtra Co-operative Societies Act, 1960, along with the applicable bye-laws of the Society. The Respondent submitted that Section 66 of the Maharashtra Co-operative Societies Act, 1960 provides flexibility in the utilisation of the Reserve Fund, permitting its use not only for business purposes but also for investment or other purposes, subject to applicable provisions. It was contended that such flexibility allows utilisation of the Reserve Fund beyond the limited scope of repairs, maintenance, and renewal.

The relevant provisions of said *Section 66* are reproduced hereunder: -

Section 66 – Reserve Fund



"(1) Every society which does, or can, derive a profit from its transactions shall maintain a reserve fund.

(2) Every society shall carry at least one-fourth of the net profits each year to the reserve fund; and such reserve fund may, subject to the rules made in this behalf, if any, be used in the business of the society or may, subject to the provisions of section 70, be invested, as the State Government may by general or special order direct, or may, with the previous sanction of the State Government, be used in part for some public purpose likely to promote the objects of this Act, or for some such purpose of the State, or of local interest."

- 7.9 Upon consideration of the rival contentions, the Committee observed that the language of clause 14(f) of the bye-laws, as well as the relevant statutory provisions, does not categorically prohibit the use of the Reserve Fund for purposes aligned with the Society's primary objectives, provided such use is duly authorised by the General Body. The Committee noted that the expenditure was approved by a resolution in the AGM, and that the overwhelming majority of members supported the action, with only a single dissent. The Committee further finds that the Respondent acted in accordance with the enabling provisions of the bye-laws and the Maharashtra Co-operative Societies Act, and that the expenditure was incurred in furtherance of the Society's legitimate interests.
- 7.10 With respect to the concerns regarding accounting treatment and transparency, the Committee noted that these issues, while important, do not in themselves establish professional misconduct in the absence of evidence of material irregularity. The Committee was satisfied that the Respondent's actions were guided by the collective decision of the Society and were not in violation of any mandatory legal or professional standard.
- 7.11 The Committee further noted the submission of the Respondent that as per Clause 5 of the Society's Bye-laws, one of the primary objectives of the Society includes acquisition of conveyance from the promoter/owner. Accordingly, expenditure incurred towards conveyance of the property was in furtherance of the stated objects of the Society.

7.12 The Committee also observed that, in terms of Section 72 of the Maharashtra Co-operative Society Act, 1960, the Managing Committee, with the approval of the General Body, is empowered to take decisions relating to conveyance or deemed conveyance of the property.

The relevant provision of said *Section 72* is reproduced hereunder: -

Section 72 – Final authority of society

(1) Subject to the provisions in this Act and the rules, the final authority of every society shall vest in the general body of members in general meeting summoned in such manner as may be specified in the bye-laws.

7.13 Further, the Committee took note of the interpretation of Clause 14 of the Bye-laws, as per Clause 14 of the Model Bye-laws of Co-operative Housing Societies, 2014, issued by the Commissioner & Registrar, Co-operative Societies, Maharashtra State, Pune, vide Circular dated 29th September 2014 (available in the official Model Bye-laws document) wherein the term “may” indicates an enabling and inclusive provision, and not a restrictive one. Accordingly, the utilisation of the Reserve Fund cannot be construed as being confined strictly to the purposes enumerated therein, particularly when read in conjunction with the broader provisions of Section 66 of the Act and other relevant bye-laws.

7.14 The Committee also noted that the Reserve Fund had been accumulated out of contributions from the members. The decision was taken transparently with due approval of the General Body. In view of the above facts and circumstances, the Committee is of the opinion that the utilisation of the Reserve Fund for conveyance of the property was in accordance with the applicable provisions of the Act and the Bye-laws, and the Respondent cannot be held to have failed in his professional duties.

7.15 In the instant case, the expenditure incurred towards execution of the Conveyance Deed pertained directly to the affairs and business objectives of the Society, namely securing conveyance and transfer of title of the property in favour of the Society. The said expenditure was also approved by the General Body of the Society in its Annual General Meeting. It is further noted that the Respondent had disclosed the accounting treatment in the financial statements and had acted on the basis of the



resolutions passed by the General Body and the prevailing understanding of the applicable bye laws and statutory provisions.

7.16 The Committee, after considering the material on record, is of the view that the expenditure incurred towards conveyance of the property was directly connected with the objects and business of the Society and was duly approved by the General Body in accordance with the provisions of the Maharashtra Co-operative Societies Act, 1960 and the Society's Bye-laws. The utilisation of the Reserve Fund was supported by Section 66 of the Act, which permits its use for the business of the Society. The Committee viewed that the Respondent had appropriately disclosed the accounting treatment in the financial statements and acted on a bonafide interpretation of the applicable legal provisions. The Committee opined that in the absence of any material misstatement, concealment, or lack of due diligence, no professional misconduct is established against the Respondent. The Committee was therefore of the opinion that the Respondent was **NOT GUILTY** of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. Conclusion:

8.1 In view of the findings stated in above paras, vis-a-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 7.16 as above	Not Guilty - Clause (7) of Part I of the Second Schedule.

9. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

10. **ORDER**

Accordingly, in terms of Rule 19 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for closure of this case against the Respondent.

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026

PLACE: Noida

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
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