

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/290/21/DD/255/2021-DC/1762/2023]

In the matter of:

**Late Shri. Anil Gangadhar Joshi
(Represented by legal heir- Mr. Xitij Joshi)
E-1, State Bank Nagar Sus Road,
Prakalp, 140/3, Sus Road,
Pashan, Pune
MAHARASHTRA – 411021**

..... Complainant

Versus

CA. Govind Shrikant Malu... (M.No.142905)

**Partner of M/s Mantri Malu & Associates.
Chartered Accountants**

<u>Present Address</u>	<u>Address as per PFO</u>
Office No 102, 1 Vighnarth Liméywadi , Opp Tilak Road, Sadashiv Peth, Pune, MAHARASHTRA - 411030	Office No. 101, 1st Floor, 1, Vighnaharta, CTS No. 1171, Tilak Road, Sadashiv Peth, Pune MAHARASHTRA - 411030

.....Respondent

MEMBERS PRESENT:

**CMA Chandra Wadhwa, Government Nominee & Presiding Officer (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 : 05th June 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026**

PARTIES PRESENT:

**Respondent : CA. Govind Shrikant Malu (Through VC)
Counsel of Complainant : Shri Dattatray R. Ogale, CMA along with Mr. Anup Ogale,
(Technical Assistant) (Through VC)**

1. **Background of the Case:**

- 1.1 The Respondent was the statutory auditor of **State Bank Nagar Sus Road Prkalp Co-operative Housing Society Ltd.** (hereinafter referred to as "**Society**") for the financial year 2017-18.

2. **Charges in brief:**

- 2.1. It was alleged that though the members of the Society had not been issued share certificates, since its inception in 2015, still in Audit Report for the financial year 2017-18, the Respondent, in Form I accompanied with Audit Report of the Society, reported that the shares had been issued and the share register was up to date. It was stated that if the Respondent had checked the share register, it would have been evident to him that shares had not been issued, which clearly indicates negligence on the part of the Respondent.

It was further alleged that when the Complainant had made a complaint to the Respondent about the said fact, instead of verifying the details, he had sent the letter to the Society, marked copy to the Complainant's Wife, in which the Respondent had blamed the Secretary of the Society for giving false information and pressurized to put adverse remarks against the society in the Audit Report.

3. **The relevant issues discussed in the Prima Facie Opinion dated 15th March 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1. The Complainant was formerly the member of State Bank Nagar Co-operative Society which was divided into 8 separate units and independent housing societies after obtaining the approval of the Registrar. The Preliminary resolution to that effect had been passed by a Special General Meeting held on 15th August 2014. Thereafter, the Complainant had become the member of State Bank Nagar Sus Road Prkalp, Co-operative Housing Society Ltd. The extant matter pertains to State Bank Nagar Sus Road Prkalp, Co-operative Housing Society Ltd. wherein the Complainant, being member of the said Society, had raised allegations against the Respondent.
- 3.2. The Respondent in his defense had brought on record the Register of Members of the Society which contains the name of the Complainant and number of shares allotted to him (Sr. no. of share 4801 to 4805). On the basis of the same, as per the Respondent, he

had reported his observation in the audit report for the financial year 2017-18 that the shares were issued by the Society. It was noted that the Complainant in his rejoinder had disputed the authenticity of the Register of Members of the Society brought on record by the Respondent. He contended that the said copy of Register of Members provided by the Respondent did not belong to the Society under audit.

- 3.3. On perusal of documents available on records, it was noted that the abstract of Register of Members, as brought on record by the Respondent neither provide any information about the name of the Society to which it pertains to, date of shares allotted to the Complainant and signatures of the office bearers of the Society. It was further noted that the Respondent had also brought on record copy of the minutes of AGM held on 30th September 2017 in which the matter pertaining to new share certificates was discussed.
- 3.4. From the discussion in the Annual General Meeting held on 30th September 2017, it was observed that as on 30th September, 2017, the share certificates of old Society (State Bank Nagar Co-operative Society) were yet to be replaced by issuing the share certificates with new name of the Society (State Bank Nagar Sus Road Prkalp, Co-operative Housing Society Ltd.). It was noted that the Respondent had signed the Audit Report for the financial year 2017-18 on 15th September 2018 and the approval for issuance of new share certificate in exchange of old share certificate was passed in the Annual General Meeting held on 30th September 2017. It implies that the shares in the name of new Society were pending for issue. It was viewed that when the financials were being issued in the name of new Society then obviously the details or status of share certificates issued and updation of share register was being reported for the new Society only. If the shares with the name of new Society had not been issued to the members of the Society as at the end of the balance sheet date i.e., till 31st March 2018, then it was required to be reported as such in the audit report of the financial year 2017-18. It was also noted that the Respondent in subsequent period had reported about the same as not done i.e., the share certificates not issued to the members as on 31st March 2018. It was noted that in audit report for financial year 2017-18, in accordance with the applicable laws certain questions were also reported by the Respondent wherein for the question "Have the share certificates been issued to the shareholders for all the share subscribed?", "Yes" was reported by the Respondent. In view of the fact that the said information was being reported in respect of new Society, it was viewed that reporting

that the share certificates had been issued was incorrect as also stated by him in his written statement when he submitted that no shares with name of new Society were issued in place of shares of old Society during the financial year 2017-18. It was further noted that the Complainant had brought into record the extract of audit report for the financial year 2018-19 in which the Respondent for the same above-mentioned question had reported as "No" which indicates that the Respondent had taken contrary position in respect of the financial year 2017-18 and 2018-19 which clearly indicates that the reporting done by the Respondent in year 2017-18 was incorrect. Therefore, it was viewed that the Respondent was negligent in performing his professional duties while reporting the facts in the audit report of the Society for FY 2017-18.

3.5. It was also noted that the Respondent had submitted in his statement that the previous auditor "M/s Suyash Pazare & Co." for the financial year 2016-17 had also reported against the same question as "Yes". It was viewed that each auditor of each financial period owns independent responsibility for verifying the facts and reporting the status thereof based on the records available. It was, accordingly, viewed that the contention of the Respondent regarding reporting adopted by previous auditor was irrelevant. It was also observed that the approval for issuance of shares with the new name of Society was passed in the Annual General Meeting held on 30th September 2017, i.e. financial year 2017-18. Hence, in view of the said decision, the obligation was on the Respondent to report the status accordingly. However, the Respondent reported contradictory status from the actual position. Accordingly, it was viewed that such reporting reflects negligence exercised by the Respondent while providing his observations in the audit report for the financial year 2017-18.

3.6. It was further noted that the Complainant had alleged that when the Complainant had made a complaint to the Respondent for the lapse in reporting as discussed above, the Respondent, instead of verifying the details, had sent the letter to the Society, marked copy to the Complainant's wife, in which the Respondent had blamed the Secretary of the Society for giving false information and pressurised to put adverse remarks against the Society in the audit report. On perusal of documents available on records and the said action, it appears that the Respondent had totally relied on the information and documents provided by the Secretary (Mr. Kumardasan) of the Society. It was also observed that after receiving the complaint from the Complainant, the Respondent was

ready to issue Special Audit Report against the Society which was not required if he would have exercised due diligence in conducting the audit. Hence, it was observed that the Respondent as an auditor failed to apply his independent audit procedures and also failed to obtain the relevant information required from the Society while conducting audit.

- 3.7. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 15th March, 2023 opined that the Respondent was Prima Facie **Guilty** of Professional Misconduct falling within the meaning Clause (7) and (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Clauses 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-

X X X X X X X

(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional capacity; "

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

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

X X X X X X X

(8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion; "

- 3.8. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 13th May 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 was **GUILTY** of Professional Misconduct falling within the meaning Clause (7) and (8) of Part I 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:

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	29 th July 2021
2.	Date of Written Statement filed by the Respondent	07 th October 2021
3.	Date of Rejoinder filed by the Complainant	20 th November 2021
4.	Date of Prima Facie Opinion formed by Director (Discipline)	15 th March 2023
5.	Written Submissions filed by the Respondent after PFO	28 th June 2023, 05 th June 2026 & 08 th June 2026
6.	Written Submissions filed by the Complainant after PFO	21 st July 2023

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

- 5.1 The Respondent vide e-mail dated 28th June 2023, inter-alia, made the submissions which are given as under: -
- That the Society was bifurcated into eight units in 2015 and, as per the bifurcation order, all assets, liabilities and share capital of the original society were transferred to the newly formed societies. He stated that the Complainant, Mr. Anil Gangadhar Joshi, was already a member and shareholder of the original society since 29.05.1996 and his name appeared in the list of shareholders attached to the bifurcation order.
 - That the original share certificates issued by the parent society remained valid until the issuance of new share certificates by the bifurcated society. The Society had initiated the process of reissuing share certificates through a notice dated 19.02.2020. According to him, the delay in reissuing the certificates was due to the demise of the Chairman, election-related issues and litigation challenging the bifurcation of the society. He also stated that the Complainant had subsequently refused to accept the new share certificate.

- iii That the share capital of the original society had been transferred to the bifurcated society and that no fresh share capital was demanded from any member. Accordingly, he contended that the allegation that shares had not been issued to members was incorrect.
- iv That during the audit for FY 2017-18, he had reported violations relating to non-maintenance of statutory records, including Register I and Register J, in his audit report. He stated that the Society had failed to maintain certain records and registers required under the Maharashtra Co-operative Societies Act, Rules and Bye-laws, and that these deficiencies were specifically reported by him.
- v In AGM dated 30.09.2017, members discussed and condemned acts and attitude of Mr. Anil Joshi relating to demolition issues and actions causing loss to society. Society letter dated 13.08.2019 states that Mr. Anil Joshi was making repeated complaints and demanding documents without reason.

5.2 The Respondent vide mail dated 05th June 2026 and 08th June 2026, inter-alia, made the submissions which are given as under: -

- i That the case was pending due to the bifurcation/division of the Society.
- ii That the Chairman of the Society, who was responsible for issuing the share certificate in F.Y. 2017-18, passed away, due to which the position remained vacant for almost one year.
- iii That there were also longstanding issues relating to the behaviour/transactions of Complainant with the existing as well as the main Society, particularly regarding payment of AMC/monthly maintenance charges.
- iv That Complainant had produced receipts allegedly relating to various allotments by the Society to flat owners, which were stated to be fake.
- v That the Complainant also allegedly used his relations to create pressure tactics on all the statutory auditors.
- vi That he needs to submit the relevant case laws concerning bifurcation of the Society, including cases where the bifurcated Society and its bye-laws were challenged by the Complainant, as such proceedings delayed the issuance of the share certificate in the name of the new Society.
- vii That the old share certificates in the old name of the Society remained in the possession of all the members, including Mr. Anil Joshi.

- viii That the Complainant had continually been reluctant to accept the new share certificate due to issues relating to Society maintenance. As Mr. Ogale mentioned, the share certificate was ultimately issued to him in 2025 due to this reason.
- ix That he was the auditor of the main Society before its bifurcation. The audit for F.Y. 2015-16, i.e. the period before the division, was completed in 2020 due to internal disputes among the members and issues relating to the bifurcated Society.
- x That the Society's fee was only Rs. 100 per member as prescribed under the applicable law.

6. **Submissions of the Complainant:**

6.1 The Complainant vide mail dated 21th July 2023, inter-alia, made the submissions which are given as under:-

- i That validity of Share Certificates issued by earlier Society was not a point raised by complainant.
- ii That newly registered Society has to issue new Share Certificates to all members, in stipulated time. It should be noted that, other 6 societies (from the parent Society) issued Share Certificates without much delay.
- iii That our Society failed to issue new Share Certificates and this failure was not detected by CA Govind Malu in his Audit Report for year 2017-18. He accepted information given by Office Bearer without cross checking. He wrote that Share Certificates were issued.
- iv That after complaint, next year he wrote that Share Certificates are not issued.
- v The Fact is the Society was registered in 2015 but distribution of newly printed Share Certificates started in 2020.
- vi The Response of the Respondent is full of unrelated issues, like Share Capital, Issuance of Share Certificate to complainant in 1998, etc
- vii This information complainant have received under complainant application under RTI made to Co - Op Housing Department of Maharashtra.
 - a. The Respondent audited accounts of State Bank Nagar Sus Road Prakalp Co-op Hsg Soc Ltd, for the financial years, 2017 - 18, 2018 - 19 and 2019 - 2020.
 - b. The Complainant further stated that information obtained under the RTI Act from the Co-operative Department revealed that the Society had not submitted any Audit Rectification Reports during the period from 2015 to 2022, despite the requirement under the Maharashtra Co-operative Societies Act, 1960. Since the Respondent

conducted the audit of the Society for FYs 2017-18, 2018-19 and 2019-20, the Complainant alleged that the non-submission of Rectification Reports during these years was attributable to the Respondent. He also stated that this fact was not included in his original complaint as the information became available only through the RTI reply received on 12.01.2023.

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

7.1 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.	25 th July 2023	Oath taken by Respondent and adjourned
2.	25 th March 2026	Adjourned at the Request of Complainant's legal heir.
3.	14 th May 2026	Adjourned at the request of Respondent.
4.	05 th June 2026	Hearing concluded & Findings reserved.
5.	25 th July 2026	Decision taken.

7.2 On the day of first hearing held on 25th July 2023, the Committee noted that, the Complainant over phone had informed that he is not well and is not in position to participate in the hearing. The Respondent was administered on Oath in absence of the Complainant. 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 'Not Guilty' to the charges leveled against him. The Committee, looking into the fact that this was the first hearing in the matter, decided to adjourn the hearing to a future date by giving opportunity to the Complainant to present his representations, if any.

7.3 On the day of hearing held on 25th March 2026, the Committee noted that, the Complainant's son sought an adjournment vide email dated 25th March 2026 requesting that he required additional time for preparation of necessary documentation pertaining to the impleadment process of his late father, Mr. Anil Gangadhar Joshi. Since the request for adjournment of hearing had been received for the first time in the instant case, the Committee, keeping in view the principles of natural justice, acceded to the request of the Respondent for adjournment with the stipulation that no further request for adjournment

shall be entertained by it. Accordingly, the hearing in the case was adjourned at the request of the Respondent.

7.4 On the day of hearing held on 14th May 2026, the Committee noted that the Respondent sought an adjournment vide email dated 11th May 2026 due to medical reasons in family on the scheduled date of hearing. Since the request for adjournment of hearing had been received for the first time in the instant case from the Respondent, the Committee, keeping in view the principles of natural justice, acceded to the request of the Respondent for adjournment with the stipulation that no further request for adjournment shall be entertained by it. Accordingly, the hearing in the case was adjourned at the request of the Respondent.

7.5 On the day of the hearing held on 05th June 2026, the Committee noted that the Respondent and Counsel for the Complainant 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 25.07.2023 in this case, whether he wished to have a de-novo hearing by taking all submissions/representations already on record or may continue from the stage it was last heard. The Respondent submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

The Committee noted that the allegation was that though members of the Society had not been issued share certificates, since its inception in 2015, still in Audit Report for the financial year 2017-18, the Respondent, in Form-I accompanied with Audit Report of the Society, reported that the shares had been issued and the share register was upto date.

The Respondent stated that he had verified all documents and prepared his audit accordingly. He explained that although society resolved to issue new share certificates after the bifurcation, the process was delayed due to ongoing court proceedings and the Chairman's demise. He submitted the old share certificates continued to be valid, and the share application money was transferred to the new society. The Respondent emphasized that his audit was based on available records and that the maintenance and verification of the share register were not within his scope.

The Counsel for Complainant argued that the law required new share certificates to be issued after bifurcation, which was not done in a timely manner. The Counsel contended that the Respondent failed to verify the actual shareholding as per statutory requirements and was not properly authorized by a resolution in the annual general meeting to conduct the audit. The Committee noted the submissions of both of the parties.

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

- 7.6 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 05th June 2026 and the Findings was reserved. The Committee considered the material on record including submissions of the parties. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

8. **Findings of the Committee:-**

- 8.1 The Committee noted the charge against the Respondent (as mentioned in para 2.1 above) that, the members of the Society had not been issued share certificates, since its inception in 2015, still in Audit Report for the financial year 2017-18, the Respondent, in Form I accompanied with Audit Report of the Society, reported that the shares had been issued and the share register was up to date. It was stated that if the Respondent had checked the share register, it would have been evident to him that shares had not been issued, which clearly indicates negligence on the part of the Respondent.

When the Complainant had made a complaint to the Respondent about the said fact, instead of verifying the details, he had sent the letter to the Society, marked copy to the Complainant's Wife, in which the Respondent had blamed the Secretary of the Society for giving false information and pressurised to put adverse remarks against the society in the Audit Report.

- 8.2 The Committee noted from the submissions of the Respondent that the Register of Members relied upon by the Respondent did not contain essential particulars such as the name of the Society, date of allotment of shares, and signatures of the office bearers,

and its authenticity was disputed by the Complainant. On perusal of documents available on records and the said action, it appears that the Respondent had totally relied on the information and documents provided by the Secretary (Mr. Kumardasan) of the Society.

- 8.3 The Committee further noted the Respondent has also brought on record copy of the minutes of AGM held on 30th September 2017 in which the matter pertaining to new share certificates was discussed as under :-

"7. New Share Certificates and Nomination

Issuing of share certificate with new name of the Society was discussed and decided to reissue the share certificate with new name of the Society after taking back the old one in original form and preserve it till the time it is required as per the rules. It is also decided to take the new nomination forms with new Society name and the old nomination forms remains invalid after issuing the new nomination forms."

- 8.4 The Committee observed that the minutes of the AGM held on 30.09.2017 showed that the share certificates of the old Society (State Bank Nagar Co-operative Society) had not yet been replaced with share certificates in the name of the new Society (State Bank Nagar Sus Road Prkalp, Co-operative Housing Society Ltd.). The Respondent signed the audit report for FY 2017-18 on 15.09.2018, nearly one year after the resolution regarding issuance of new share certificates had been passed. However, the minutes are silent as regards the period within which the process of replacement was to be undertaken or concluded.
- 8.5 The Committee noted that the Respondent stated that in FY 2017-18, in audit report (he wherein for the question) "Have the share certificates been issued to the shareholders for all the share subscribed?", reported "Yes" because members were continuing with the old share certificates. He further submitted that in FY 2018-19 he reported "No" because, although a decision had been taken to issue new certificates, the new share certificates had still not been issued. The Respondent explained that the delay was due to the pending court proceedings and the death of the Chairman.
- 8.6 The Committee noted from the submissions of the Respondent that he relied upon the Register of Members, which recorded the Complainant's name along with the shares allotted to him bearing Serial Nos. 4801 to 4805. Based on the entries contained therein, the Respondent formed the view that the shares had been duly issued by the Society and, accordingly, reported the same in the audit report for the financial year 2017-18.

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period, cannot, by itself, constitute professional misconduct on the part of the Respondent. Therefore, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct under Clause (7) and (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

9. Conclusion:

- 9.1 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 8.1 to 8.10 as above	Not Guilty- Clause (7) and (8) of Part I of Second Schedule.

10. 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 under Clause (7) and (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

11. 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/-

(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE & PRESIDING OFFICER

Sd/-

(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-

(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-

(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026

PLACE: Noida

Jyotika
सीए ज्योतिका / CA. Jyotika
उप सचिव / Deputy Secretary
अनुशासनिक विभाग / Disciplinary Directorate
भारतीय सनदी सेवाकार संस्थान
The Institute of Chartered Accountants of India
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