भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE BENCH-II (2026-2027)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

File No.: [PR/326/2020-DD/351/2020-DC/1656/2022]
In the matter of:
Shri Simon M S,
Chief Manager- Vigilance, CSB Bank Ltd
Head Office, CSB Bhawan,
St. Mary's College Road,
Thrissur, Kerala-680020 ..... **Complainant**

Versus

CA Venkatrao Vayuvegula Subba Rao (M.No.030916)
32 Rohini Tarangan Complex,
Off. E E Highway, Thane West,
Mumbai, Maharashtra-400606 .....**Respondent**

MEMBERS PRESENT:
1. **CA. Prasanna Kumar D, Presiding Officer**
2. **CMA. Chandra Wadhwa, Government Nominee**
3. **CA. Mahesh Shah, Government Nominee**
4. **CA. Hans Raj Chugh, Member**

DATE OF HEARING	**: 15th October 2026**
DATE OF PRONOUNCEMENT OF ORDER	**: 15th October 2026**
DATE OF ORDER	**: 15th October 2026**

1. That vide Findings dated 29th August 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was, inter-alia, of the opinion that **CA Venkatrao Vayuvegula Subba Rao (M.No.030916)** (hereinafter referred to as 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.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and communication was addressed to him thereby granting him an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 03rd

October 2026.The Committee noted the Respondent vide email dated 29th September 2026 requested for adjournment which was acceded to by it. The Committee noted that an opportunity to make representation before it was once again granted to Respondent on **15th October 2026.**

3. The Committee noted that the Respondent vide email dated 11th October 2026 submitted that he is 74 years old and suffers from severe hearing impairment, due to which he is unable to participate in the proceedings. He further submitted that he did not wish to avail the opportunity of final hearing before the Committee and requested the Committee to consider his written representation dated 01st October 2026 and to proceed further in the matter. The Committee noted that the Respondent, in his written submissions, inter alia stated, as under: -

i. He was neither a statutory auditor nor the internal auditor of the Company.
ii. The Respondent requested the Committee to take a lenient and compassionate view of the matter, considering his age, health and 48 years of unblemished professional career.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis written submissions of the Respondent.

5. Thus, keeping in view the facts and circumstances of the case, material on record including written submissions of the Respondent on the Findings, the Committee noted the charge that the Respondent had issued two Utilization Certificates in respect of the borrowed funds availed by M/s Aspire Fitness Private Limited from Catholic Syrian Bank Limited. It was alleged that the Respondent either colluded with the borrower Company in the fund or issued the utilisation certificate without ensuring its end use.

6. The Committee noted that the Respondent had relied upon proforma invoices, work orders, vendor receipts, bank statements and other documents furnished by the borrower company. However, he had mainly verified the payments made to the designated vendors and had not independently verified the actual end use of the borrowed funds The Committee further noted that substantial amounts disbursed to suppliers and contractors were subsequently transferred to entities belonging to the Talwalkers Group and other related entities, indicating that the funds were not utilized for the purpose for which the loan had been sanctioned.

7. The Committee noted the Respondent's contention that the certificates were only interim utilization certificates and not final end-use certificates. However, the Committee observed that, whether interim or final, the certificates required reasonable verification of the end use of funds, and not merely verification of payments made to vendors.

8. The Committee noted that the material on record does not show that the Respondent undertook any independent verification procedures or obtained sufficient evidence to substantiate the utilization of the funds or the existence and operational status of the assets acquired from the loan proceeds. The Committee further noted that the Respondent did not conduct any physical verification or undertake any other procedures to substantiate the certificate issued by him. The Committee was therefore of the considered view that mere

reliance on the documents and explanations furnished by the borrower company, or verification of payments made to the designated vendors, could not establish that the funds ultimately remained deployed for the purpose for which the loan was sanctioned. The Committee accordingly held that the Respondent had failed to exercise the degree of due diligence and professional skepticism expected of a Chartered Accountant while issuing the said Utilization Certificates. Hence, Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th August 2026 which is to be read in consonance with the instant Order being passed in the case.

9. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

10. **Thus, the Committee, upon considering the seriousness of charges and the gravity of the matter and material on record, ordered that CA Venkatrao Vayuvegula Subba Rao (M.No.030916), Mumbai be Reprimanded, removed his name from the Register of Members for a period of three (03) months and also imposed a fine of Rs. 1,00,000/- (Rupees One Lakh only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.**

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
निशा शर्मा / Nisha Sharma
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी–1, सेक्टर–1, नोएडा–201301 (उ.प्र.)
ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2025-2026)]

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

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

File No:- [PR/326/2020-DD/351/2020-DC/1656/2022]

In the matter of:

Shri Simon M S,
Chief Manager- Vigilance, CSB Bank Ltd
Head Office, CSB Bhawan,
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..... Complainant

Versus

CA Venkatrao Vayuvegula Subba Rao (M.No.030916)
32 Rohini Tarangan Complex,
Off. E E Highway, Thane West,
Mumbai, Maharashtra-400606

.....Respondent

MEMBERS PRESENT:

CA. Prasanna Kumar D, Presiding Officer (In person)
CMA Chandra Wadhwa, Government Nominee (Through VC)
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 May 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026

PARTY PRESENT:

Counsel for the Respondent : CA. Vijay Narayan Kewalramani (Through VC)

1. **Background of the Case:**

1.1 A Private Limited Company namely M/s. Aspire Fitness Private Ltd. (hereinafter referred to as "Company") has borrowed funds from the Complainant Bank (namely Catholic Syrian Bank Limited (CSB, Thrissur). On an investigation conducted by the bank it was observed that the

Company had diverted the funds borrowed from the bank to its Holding Company instead of utilizing the same for the purpose for which it was granted.

2. **Charges in brief:**

2.1. The Respondent has issued two utilization certificates of the borrowed funds. It is alleged that the Respondent has either colluded with the borrower Company in the fraud or had issued the utilization certificate without ensuring its end use.

3. **The relevant issues discussed in the Prima facie opinion dated 27th September 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1. The main allegation levelled by the Complainant was that the Respondent had either colluded with the borrower Company in the fraud or had issued the Utilization Certificates without ensuring the end use of funds.

3.2. In respect of the said allegation, it was seen that the Respondent had issued two Utilization Certificates dated 7th March 2019 and 31st May 2019 in respect of funds availed by the Company from Catholic Syrian Bank. It was also seen that the term loan granted by the Complainant Bank had been sanctioned on 08.10.2018. In the sanction letter, the purpose for which the loan had been granted was stated as under:

"For establishment of 20 No. new Gyms with aggregate project cost of Rs. 50 Crore with margin of not less than 25%".

3.3. Thus, the Respondent was required to issue a certificate to ensure the end use of the funds (as required under Clause 8) for the purpose for which they had been granted (as stated under Clause 1) of the sanction letter. The Respondent, in his Written Statement, had mentioned that he had examined the books of accounts of the borrower Company and that what the recipients of these funds did was beyond his purview. He has mentioned that examination of books & records of supplier parties for utilization of amounts transferred by the borrower Company is not in the scope of his duty.

3.4. It was seen that though the Respondent had rightly mentioned that examination of the books of the suppliers of the borrower Company was not within the scope of his duties, it was seen that, considering the very purpose for which such Utilization Certificate had been issued i.e., to ensure proper utilization of funds for which it was given, the Respondent should have checked and verified other supporting documents of the borrower Company like goods inward receipts for items purchased/ supplied by the parties like gym equipment, work order issued by the borrower

Company for performance of work contract for interior designing/ construction, original invoices etc.

3.5. However, it was seen that the Respondent had brought on record proforma invoices of suppliers, receipt vouchers of sums received by the suppliers, a copy of the bank statement of the borrower Company evidencing disbursement of amounts by the Complainant Bank on various dates, and bank statements highlighting the payments made by the borrower Company to its suppliers.

3.6. It is also seen that the Complainant Bank has brought on record following two documents to support its contentions:

i) Letter dated 27.09.2019 of Standard Chartered Bank being the banker of one of the suppliers of the subject borrower Company namely M/s. Gympac Fitness Systems P Ltd.

ii) Statement of ICICI Bank account being the banker of another service provider of the subject borrower Company namely M/s. Nitash Engineering and Consulting P Ltd.

3.7. From the perusal of the letter dated 27.09.2019 of Standard Chartered Bank addressed to the Complainant Bank, it was seen that the said banker of one of the suppliers, namely M/s Gympac Fitness Systems Pvt. Ltd., had stated that against an inward credit of approximately Rs. 23.76 crore dated 04.12.2018 from the Complainant Bank, there had been two debits on the immediate next day, i.e., on 05.12.2018, amounting to Rs. 20.76 crore and Rs. 2.5 crore, to two entities, namely M/s Growfitter Private Limited and M/s Talwalkers Better Value Business, respectively.

3.8. Similarly, from the ICICI Bank account statements of another service provider of the Company, namely M/s Nitash Engineering and Consulting Pvt. Ltd., it was seen that, against deposits of approximately Rs. 3.96 crore dated 29.01.2018, there had been a number of subsequent transfers to Talwalkers Lifestyles aggregating to almost the same amount of Rs. 3.96 crore.

3.9. It was also seen from the letterhead of the Company, namely M/s Aspire Fitness Pvt. Ltd., that all these companies, namely M/s Aspire Fitness Pvt. Ltd., Talwalkers Better Value Business, Talwalkers Lifestyles, etc., belonged to the same group, namely "Talwalkers".

3.10. Thus, it was very clear that the funds received from the Complainant Bank by the subject Company, namely M/s Aspire Fitness Pvt. Ltd., had been diverted to various companies of the same group,through two suppliers of the Company, namely M/s Gympac Fitness Systems Pvt. Ltd. and M/s Nitash Engineering and Consulting Pvt. Ltd.

3.11. It was also seen that the Respondent, in his Written Statement, had himself submitted that he had verified the proforma invoices issued by the suppliers which were submitted to the Complainant Bank before disbursement of funds. Thus, it was amply clear that the Respondent had not verified the end use of funds despite the fact that the said Utilization Certificates had been issued by him on 07.03.2019 and 31.05.2019, well after the disbursement of funds dated 04.12.2018, 29.01.2019 and 18.02.2019.

3.12. Thus, the Respondent had completely failed to observe due diligence while issuing the said two Utilization Certificates by not ensuring the end use of funds for the very purpose for which such certificates had been sought from him, thereby rendering him guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

3.13. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 27th September 2022 opined that the Respondent was Prima Facie Guilty of Professional Misconduct falling within the meaning Clause (7) of Part I of the Second 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; "

3.14. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 31st October 2022. 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 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	15th October 2020
2.	Date of Written Statement filed by the Respondent	27th January 2021
3.	Date of Rejoinder filed by the Complainant	22nd February 2021
4.	Date of Prima Facie Opinion formed by Director (Discipline)	27th September 2022
5.	Written Submissions filed by the Respondent after PFO	07th February 2023, 14th May 2026
6.	Written Submissions filed by the Complainant after PFO	27th February 2023 08th April 2026

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

The Respondent vide letter dated **07th February 2023**, inter-alia, made the submissions which are given as under:-

5.1 That the Company, Aspire Fitness Pvt. Ltd., provided letters dated 5th March 2019 and 29th May 2019 regarding the issuance of fund utilization certificates. These letters stated that loan disbursements from Catholic Syrian Bank and its own margin contributions were paid to Gympac Fitness Systems Pvt. Ltd. and Nitash Engineering and Consulting Pvt. Ltd.

5.2 That according to the Company, the funds were used exclusively for setting up gyms and not for any other purpose, including investments in the capital market, thereby complying with the loan sanction conditions.

5.3 That Gympac, through its letter dated 21st February 2019, confirmed receipt of payment and provided a proposed delivery schedule for gym equipment. Due to delays in completing interior work at the proposed gym locations, delivery of gym equipment could not be taken, and therefore the projects remained incomplete as of the date of the second certificate.

5.4 That the contracts were not completed and equipment had not been delivered by 31 May 2019, verification of original invoices, delivery documents, or physical equipment was not possible at that stage. The amounts paid to Gympac and Nitash were reflected as "Advances to Vendors" in the Company's books of account as of 31st March 2019.

5.5 That the Company had entered into Memorandums of Understanding (MOUs) for leasing proposed gym premises and had issued work orders to Nitash for carrying out interior work at those locations.

5.6 That the certificates issued were only for interim loan disbursals and not final utilization certificates. The auditor states that confirmations from the parties concerned, bank statements, other supporting documents demonstrated that funds were transferred to the intended vendors for the specified purpose. The vendors were independent parties unrelated to the Company and were reputed businesses with established market standing.

5.7 That the utilization certificates only confirmed that funds obtained from Catholic Syrian Bank had been used for the sanctioned purpose and that there was no diversion of funds, including to capital markets. Since the contracts were incomplete and the certificates were interim in nature, the auditor states that it was not possible to certify final completion of contracts or delivery of goods. The Company informed the auditor on 29th May 2019 that the contracts remained incomplete as of the certificate date, making verification of delivered goods impossible.

5.8 That the Bank later alleged that Gympac transferred Rs. 20.77 crore to Growfitter Pvt. Ltd. and Rs.2.20 crore to Talwalkars Better Value Business on instructions from Sri Prashanth Martin, but the auditor states that no supporting correspondence was provided to substantiate this claim.

5.9 That the auditor points out that Gympac issued receipts and later communicated a delivery schedule, suggesting no apparent connection between the equipment purchase payments and subsequent transfers made by Gympac. Similarly, Nitash was alleged to have transferred funds to Talwalkars Lifestyles Ltd., but the Bank did not specify whose instructions led to such transfers.

5.10 That receipts issued by Nitash dated 29th January 2019 and 18th February 2019 explicitly stated that the funds were received towards furniture and interior design work. The auditor states that, unlike the Bank, he had no access to the bank accounts of Gympac or Nitash and therefore had to rely on documents provided, including bank statements, contracts, books of account, proforma invoices, and vendor receipts.

5.11 That the Bank alleged that invoices, cash receipts, delivery receipts, and waybills had not been verified before issuing the certificates. The auditor rejects this allegation, stating that cash receipts were verified and that the claim that they were unavailable is factually incorrect.

5.12 That the auditor explains that in normal business practice, final invoices, delivery challans, and waybills are generated only upon delivery of goods or completion of work, whereas advance payments are supported by proforma invoices and work contracts.

5.13 That proforma invoices, contracts, vendor receipts, and Gympac's delivery schedule were available and were considered sufficient evidence to provide reasonable assurance regarding utilization of funds. The auditor emphasizes that no final loan disbursal had occurred and that no final end-use certificate had been issued.

5.14 That referring to the ICAI Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), the auditor highlights that professional engagements involve inherent limitations and rely on professional judgment and available evidence.

5.15 That the auditor states that he was neither the statutory auditor nor the internal auditor of the Company and therefore had no access to its internal affairs beyond the documents presented. The auditor stated that the utilization certificates were issued after proper due diligence based on available evidence and that holding him responsible for any subsequent issues would be unjust and unfair.

5.16 That the written submission of Respondent includes Annexures A to H consisting of the following:

Annexure	**Description**
Annexure A	Letter from the Company to Respondent dated 5th March, 2019
Annexure B	Letter from the Company to Respondent dated 29th May, 2019
Annexure C	Letter from Gympac to the Company dated 21st February, 2019
Annexure D	Letter from the Company to the Bank dated 21st February, 2019
Annexure E	Specimen MOU entered into by the Company with Owner of Gym Premises
Annexure F	List of proposed Gym Locations
Annexure G	Specimen Work Orders entered into by the Company with Nitash
Annexure H	Letter from Bank to Respondent dated 27th April, 2020

The Respondent vide letter dated **14th May 2026**, inter-alia, made the submissions which are given as under:-

5.17 That the finding that proper due diligence was not exercised is disputed. The Respondent submits that the PFO incorrectly equates professional verification of available records with a guarantee regarding the ultimate application of funds by independent third parties. All available

records were examined, correlated, and matched with the sanction conditions, and no specific omitted procedure has been identified.

5.18 That the certificates are "not genuine" is denied. The certificates accurately stated that the borrower had paid specified amounts to Gympac and Nitash for sanctioned purposes. The subsequent use of funds by those vendors was outside the Respondent's scope of verification and professional control.

5.19 That the PFO proceed on assumption that the certificates were final end-use certificates. They were interim utilization certificates issued while the project was ongoing and before full loan disbursement. The borrower had expressly indicated that a final certificate would be sought after the balance loan amount was disbursed and the project completed.

5.20 That invoices, cash receipts, and delivery documents were not verified is factually incorrect. Cash receipts were verified. Since equipment had not yet been delivered and interior work had not commenced, final invoices and delivery documents did not exist at that stage. Instead, proforma invoices, receipts, and shipment schedules were available and examined.

5.21 That no evidence whatsoever exists to support collusion, including any meeting, communication, arrangement, financial benefit, or prior relationship between him and the borrower.

5.22 That work orders were not verified is factually incorrect because specimen work orders issued to Nitash were examined and submitted as Annexure G.Goods inward receipts could not have existed when the certificates were issued because equipment had not yet been delivered and installation had not commenced.

5.23 That final invoices also could not have existed because payments represented advances against future supplies and services, for which proforma invoices and receipts are the normal commercial documents.

5.24 That at the relevant stage of the project, only a limited-assurance conclusion regarding payment of funds to vendors for the sanctioned purpose was possible, and that is precisely what the certificates conveyed.

5.25 That the Bank's contention that the statement "not a single rupee has been used by the Company for a purpose other than setting up of gyms" is false is rejected. The statement referred specifically to the borrower's use of funds, which were paid to Gympac and Nitash for sanctioned

project purposes. Any onward transfer by Gympac or Nitash to other entities was a transaction undertaken by those vendors after receipt of the funds and not an act of the borrower.

5.26 That the alleged onward transfers occurred in December 2018 and were discovered by the Bank only through later investigations. Such information was never available to the Respondent when the certificates were issued in March 2019 and May 2019.

5.27 That the Bank's contention that a CA certificate is not required merely to confirm transfer of funds to vendors actually supports the Respondent's position, because the certificate was intended to verify matters within the borrower's books and records, all of which were examined. The Respondent points out that the Bank itself disbursed funds without first obtaining a separate certificate required under Clause 11 of the sanction conditions confirming the parent company's capital infusion. This requirement formed no part of the Respondent's engagement.

5.28 That the Bank was in a far better position than the Respondent to monitor onward movement of funds through inter-bank channels and did not discover the alleged diversion until much later through its own inspection process.

5.29 That the Respondent relies upon multiple judicial precedents establishing that professional misconduct requires more than mere negligence and generally involves failure to act honestly and reasonably. Authorities cited emphasize that misconduct is distinct from inefficiency, errors of judgment, or innocent mistakes and that disciplinary charges are quasi-criminal in nature requiring a high standard of proof.

5.30 That the Guidance Note also places responsibility for underlying records and information on management while limiting the practitioner's role to examination of records made available. The Respondent submits that his work complied fully with these principles and that the records examined were sufficient for the purpose of issuing interim utilization certificates. Reliance is also placed on the "watchdog, not bloodhound" principle from Re Kingston Cotton Mill, under which a professional may rely on apparently genuine records in the absence of suspicious circumstances.

5.31 That the Bank has informed ICAI that FIRs have been filed against borrower-side accused persons and that punitive action has been taken against certain bank officials.

5.32 That the Respondent derived no direct or indirect benefit from the transactions and had no relationship with Gympac, Nitash, Growfitter, Talwalkars Better Value Business, or Talwalkars Lifestyles. The Bank's disbursements were not made on the basis of the Respondent's certificates because the funds had already been released directly to vendors.

5.33 That the Respondent requests the Hon'ble Committee to hold that he is not guilty of professional misconduct under Clause (7) of Part I of the Second Schedule or any other provision of the Chartered Accountants Act, 1949.

Written Submissions filed by the Complainant :

The Complainant vide email dated **27th February 2023**, inter-alia, made the submissions which are given as under:-

5.34 That the Bank contends that the Chartered Accountant's statement that "not a single rupee has been used by the Company for a purpose other than setting up of gyms" is completely false. The Bank relies on the letter from Standard Chartered Bank, Chennai, and the contractor's ICICI Bank account statements, which were submitted with the original complaint.

5.35 That the Bank contends that the borrower company, in collusion with the supplier and contractor, diverted the funds to its holding company instead of utilizing them for the purpose for which the loan was sanctioned. The Bank argues that the purpose of the Chartered Accountant's certificate was not to verify transfer of funds to the supplier and contractor, but to ensure that the funds were ultimately used for the sanctioned purpose.

The Complainant vide email dated 08th April 2026, inter-alia, made the submissions which are given as under:-

5.36 That the Bank informed that intimation was sent to the Indian Banks' Association (IBA) for inclusion of CA V. Venkata Rao, Proprietor of V. V. Rao & Co., Chartered Accountants, in the caution list.

5.37 That the Bank reported the loan account as a fraud to the Reserve Bank of India (RBI) by filing a Fraud Monitoring Report (FMR) on 4th March 2020 under Fraud No. 2001-0012. An FIR was filed on 9th March 2022 with Marine Drive Police Station, Greater Mumbai, against the following borrower-side officials and authorized signatories:

- Girish Madhukar Talwalkar (Director and Authorized Signatory).
- Anant Ratnakar Gawande (Director and Authorized Signatory).
- Harsha Ramdas Bhatkal (Director and Authorized Signatory).
- Girish Srinivas Nayak (Chief Financial Officer and Authorized Signatory).
- Virendra Sharad Sherlckar (Senior Executive Officer and Authorized Signatory).
- Prashant Sudhakar Talwalkar (Managing Director and Authorized Signatory).

5.38 That the Bank also took disciplinary action against certain bank officials in connection with the matter details are mentioned in the submission.

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.	09th June 2023	Oath taken by AR of Complainant and adjourned at the request of Respondent
2.	31st October 2023	Adjourned in the absence of both parties
3.	17th November 2023	Oath taken by Respondent and adjoiurned.
4.	08th April 2026	Adjourned at the request of Respondent
5.	20th April 2026	Hearing concluded & finding reserved.
6.	25th July 2026	Decision Taken.

6.2 On the day of first hearing on 09th June 2023, the Committee noted that on behalf of Complainant Department Mr. M.C. Paul, AGM, CSB Bank Ltd. was present through Video Conferencing Mode. The Committee further noted that the Respondent vide email dated 6th June 2023 sought adjournment on the ground of travelling outstation. The authorized representative from the Complainant Department was put on oath.

Thereafter, looking into the fact that this was the first hearing and while considering the adjournment request of the Respondent, the Committee decided to adjourn the hearing to a future date. With this, the hearing in the matter was partly heard and adjourned.

6.3 On the day of hearing on 31st October 2023, the Committee noted that neither party was available at the time when case was considered by the Bench. Accordingly, the instant matter was adjourned to a future date.

6.4 On the day of the hearing on 17th November 2023, the Committee noted that the Complainant representative from the bank Mr. Cigin Babu was present through Video Conferencing Mode. The Respondent along with his Counsel CA. Kewalramani was present through Video Conferencing Mode. The Committee noted that the Respondent had appeared before it for the first time. Accordingly, the Respondent was administered on Oath.

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 levelled against him.

The Committee directed the Bank Representative to file the written submissions within 10 days on following points:

a) Whether any complaint is filed by the bank against any other authority.
b) Action taken against the party to whom the loan was sanctioned by the bank.
c) Action taken against the bank officials regarding the instant case.

The Committee also directed the Complainant to send copy of the same to the Respondent also. The Respondent was also directed to send copies of his submissions, if any, in next 10 days with a copy to the Complainant. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date. With this, the hearing in the matter was partly heard and adjourned.

6.5 On the day of hearing on 08th April 2026, the Committee noted that the Respondent sought an adjournment vide email dated 04th April 2026 stating that he is 74 years old and is suffering from hearing impairment, which has not been fully alleviated even with the use of a hearing aid. He submitted that he is constrained by severe limitations arising from inadequate infrastructure, including lack of sufficient manpower and necessary equipment, which has adversely affected his ability to effectively prepare the matter. Further, he submitted that he has appointed an Authorized Representative to appear on his behalf before the Disciplinary Committee. However, he submitted that the requirements communicated by the Disciplinary Committee through its emails are detailed and specific in nature, and that, lack of adequate support, he has been unable to compile the requisite information and provide the same to his Authorized Representative for preparation of an appropriate response.

The Respondent further submitted that his Authorized Representative is presently preoccupied with other matters and is not available for the hearing before Disciplinary Committee on the scheduled date. Acceding to the request of the Respondent, the Committee, keeping in view the principles of natural justice, adjourned the subject case to a future date. Accordingly, the hearing in the case was adjourned at the request of the Respondent.

6.6 On the day of the hearing on 20th May 2026, the Committee noted that the Counsel for the Respondent was present through VC and appeared before it. The Complainant sought an adjournment vide email dated 20th May 2026 due to medical reasons. However, the Committee

proceeded to continue the hearing in the matter based on written submissions/documents and material available on record.

The Counsel for Respondent submitted that the bank had sanctioned a term loan of Rs. 37.50 crore, with the sanction letter requiring utilization certificate within a month. However, the bank failed to obtain these certificates on time and only insisted on compliance at the end of the financial year, when an audit was imminent. The Respondent was neither the statutory nor internal auditor but was approached by the company, and he issued the certificate based on documents and receipts presented to him, including vendor receipts and lease agreements, as the funds were advances and not final payments.

He emphasized that the Respondent acted in good faith, verifying available documents at the time, and that the bank's own staff were also at fault for procedural lapses. It was highlighted that while the bank took harsh action against the Respondent, it treated its own staff leniently, imposing only minor penalties, despite their involvement. The Counsel argued that the bank was attempting to shift blame onto the Respondent to cover its own shortcomings and requested that these factors be considered by the Committee. The Committee noted the submissions of Counsel of the Respondent.

Based on the documents and material available on record and after considering the oral and written submissions made by both the parties, the Committee concluded the hearing in the matter and findings was reserved. With this, the hearing in the case was concluded and the findings was Reserved.

6.7. 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 Counsel for the Respondent, and the hearing was concluded at its meeting held on 20th May 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

7. Findings of the Committee:-

7.1 The Committee noted that the charge against the Respondent is that while issuing Utilization Certificates dated 07.03.2019 and 31.05.2019 in respect of funds availed by M/s Aspire Fitness Private Limited from Catholic Syrian Bank Limited, he failed to exercise due diligence and professional care expected of a Chartered Accountant. It is alleged that the Respondent either colluded with the borrower company in diversion of funds or issued the certificates without verifying the actual end use of the loan funds.

7.2 The Committee noted that Catholic Syrian Bank had sanctioned a term loan of Rs. 37.50 crore to M/s Aspire Fitness Private Limited on 08.10.2018 for the specific purpose of establishing 20 new gyms with an aggregate project cost of Rs. 50 crores with a margin contribution of not less than 25%. Out of the Sanctioned Facility of Rs.37.50 Crores, the Bank made following disbursals:

Date of disbursement	Amount Disbursed by Bank
4th December,2018	17,82,39,846
29h January,2019	2,97,66,826
18thFebruary, 2019	3,63,39,810
29th March,2019	3,97,00,000
Total	**28,40,46,482**

7.3 The Committee noted that from a letter dated 29th May 2019 by borrower company M/s. Aspire Fitness Private Ltd to Respondent, a total loan amount of Rs. 28.40 crore disbursed by the Bank together with the borrower's margin contribution of Rs. 9.46 crore, aggregating to Rs. 37.86 crore was utilized for payments to two vendors named M/s Gympac Fitness Systems Pvt. Ltd. and to M/s Nitash Engineering and Consulting Pvt. Ltd. Out of the said amount, a sum of Rs. 23,76,53,128 was paid to M/s Gympac Fitness Systems Pvt. Ltd. towards supply of gym equipment, while a sum of Rs. 14,10,42,181 was paid to M/s Nitash Engineering and Consulting Pvt. Ltd. towards interior works for the proposed gym locations.

7.4 The Committee noted that the Respondent, in his written submissions, submitted that his verification was restricted to examination of the borrower company's books of account, proforma invoices, work orders, vendor receipts, bank statements and other documents furnished to him. The Respondent has consistently taken the position that the subsequent movement of funds by the suppliers and contractors was beyond the scope of his assignment.

7.5 The Committee considered the Respondent's contention that the certificates were merely interim utilization certificates and not final end-use certificates. However, the Committee observed that irrespective of whether the certificates were interim or final in nature, the statement made by the Respondent that the funds had not been used for any purpose other than setting up gyms necessarily required reasonable verification of the actual utilization of funds and not merely verification of transfers made to vendors.

7.6 The Committee noted that a Chartered Accountant carries with it a high degree of credibility and assurance, and third parties are entitled to place reliance upon the professional competence, and diligence exercised by the member while issuing such certification. The Committee observed that the Bank had itself directly disbursed the loan proceeds to the supplier and contractor. Therefore, mere verification that payments were made to the designated vendors could not have satisfied the objective for which the Utilization Certificates were sought.

7.7 The Committee observed that the documents relied upon by the Respondent consisted primarily of proforma invoices of M/s. Gympac Fitness Systems P Ltd. dated 21.10.2018 and Nitash Engineering and Consulting Pvt. Ltd. from 04.01.2019 to 12.02.2019, work order dated 12.02.2019 issued to Nitash Engineering and Consulting Pvt. Ltd. for carrying out interior works at those premises, vendor acknowledgement (Gympac Fitness Systems P Ltd.) through letter dated 21.02.2019-confirming receipt of payment and providing a proposed delivery schedule for gym equipment., bank statement of M/s. Aspire Fitness Private Ltd evidencing payments made to supplier Nitash Engineering and Consulting Pvt. Ltd. , and representations made by the borrower company through MOU dated 19.01.2019.

7.8 The Committee observed from the documents placed on record, including the communication received from Standard Chartered Bank through letter dated 27.09.2019 and the account statements of Nitash Engineering and Consulting Pvt. Ltd. of ICICI Bank (01.04.2019 to 30.03.2019), that substantial amounts disbursed by the Complainant Bank to the suppliers and contractors were subsequently transferred to entities belonging to the Talwalkers Group and related group entities. The Committee further noted that these documents indicate that the funds did not remain deployed for the purpose for which the loan had been sanctioned.

7.9 The Committee further noted that the Utilization Certificates were issued in March 2019 and May 2019, several months after the loan disbursements had been made in December 2018, January 2019 and February 2019 and March 2019. During this intervening period, the Respondent had sufficient opportunity to undertake additional verification procedures commensurate with the purpose of the certification. However, no evidence has been produced showing that the Respondent carried out any such verification.

7.10 The committee noted that the material on record does not demonstrate that the Respondent undertook any independent verification procedures or obtained appropriate evidence to substantiate the utilization of funds or the existence and operational status of the assets purportedly acquired out of the loan proceeds. The Respondent also did not conduct any physical verification or other corroborative procedures that could reasonably support the conclusions contained in the certificate.

7.11 The Committee is of the view that mere reliance on documents and explanations furnished by the management cannot, by itself, constitute adequate due diligence where a Chartered Accountant is certifying matters involving utilization of substantial loan funds.

7.12 The Committee also examined the contention of the Respondent that he was neither the statutory auditor nor the internal auditor of the company and had been engaged solely for issuance of the certificate. The Committee also considered the Respondent's contention that he had no access to the bank accounts of the suppliers and contractors. While this factual position is not disputed, the Committee is of the view that the nature of the engagement does not dilute the professional obligations attached to the issuance of a certificate.

7.13 The Committee further considered the Respondent's plea that the bank itself failed to follow certain procedural requirements and that disciplinary action against its officials was comparatively lenient. The Committee viewed that the professional responsibility of a member under the Chartered Accountants Act, 1949 is independent and distinct, and must be assessed on the basis of his own conduct and compliance with professional standards. The Committee is unable to accept the Respondent's contention that he acted in good faith. Good faith, howsoever bonafide, cannot substitute the requirement of due diligence, independent verification, and professional skepticism. The Committee opined that failure to undertake reasonable verification before issuing a certificate is a departure from the standards of professional conduct expected of members of the Institute.

7.14 The Committee noted the submissions of the Complainant that the borrower company, acting in collusion with the supplier and contractor, diverted the loan proceeds to group entities and the holding company. The Committee further noted that the Complainant has reported the account as fraud to the Reserve Bank of India through Fraud Monitoring Report and has also lodged an FIR against the directors and key managerial personnel of the borrower company. The Committee also noted of the fact that the Complainant Bank initiated action for inclusion of the Respondent's name in the caution list maintained by the Indian Banks' Association. Further, disciplinary action was taken against certain officials of the Bank in relation to the transaction, indicating the seriousness with which the matter was viewed by the Bank.

7.15 Upon consideration of the submissions and other facts on record, the Committee is of view that the Respondent issued the Utilization Certificates without obtaining sufficient and appropriate evidence regarding the actual end use of the funds. The Committee is therefore of the view that the Respondent failed to exercise the degree of due diligence and professional skepticism expected of a Chartered Accountant while issuing the said certificates.

7.16 In view of the facts and circumstances of the case, the Committee held that although the Respondent contended that the Utilization Certificates were issued based on documents such as invoices, work orders, vendor acknowledgements and bank statements furnished by the borrower company, he failed to demonstrate that any independent verification was undertaken regarding the actual end use of the loan funds. Mere verification of payments made to vendors could not establish that the funds ultimately remained deployed for setting up the proposed gyms. Accordingly, the Committee is of the opinion 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.

8. Conclusion:

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	**Guilty**- Clause (7) of Part I of the Second Schedule

09. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

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

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सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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