



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-III (2024-2025)]

[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

PR/G/154/2022/DD/136/2022/DC/1612/2022

In the matter of:

Sh. C.V. Sajeevan
Registrar of Companies,
Ministry of Corporate Affairs,
Kendriya Sadan,
2nd Floor, 'E' – Wing, Koramangala,
Bengaluru – 560034

.....Complainant

Versus

CA. Parameswari D. (M. No.214838)
New No.1/8 (Old No.19/12),
Raja Naicken Street, Vanagaram,
Chennai – 600095

..... Respondent

MEMBERS PRESENT:

CA. Charanjot Singh Nanda, Presiding Officer (Present in Person)
Smt. Anita Kapur, Government Nominee (Present through Video Conferencing Mode)
Dr. K. Rajeswara Rao, Government Nominee (Present through Video Conferencing Mode)
CA. Piyush S. Chhajed, Member (Present in person)

Date of Hearing: 19th March 2024

Date of Order : 8th May, 2024

1. That vide findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 dated 3rd October 2023, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Parameswari D. (M. No.214838)** (hereinafter referred to as the "**Respondent**") was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

2. The charge against the Respondent was that she had certified e-forms relating to incorporation of the M/s Hanstone Credit Technology Private Limited (hereinafter referred to as the "**the Company**") without due verification as she merely relied upon scanned copies of the documents and that too were not certified copies of the original documents. Hence, the Respondent failed to exercise due diligence in the conduct of her professional duties while certifying incorporation documents of the Company.

3. That pursuant to the said findings, an action under Section 21B(3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and a communication was



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

addressed to him thereby granting an opportunity of being heard in person/through video conferencing and to make representation before the Committee on 19th March 2024.

4. The Committee noted that on the date of hearing held on 19th March 2024, the Respondent was present through Video Conferencing Mode and made her verbal submissions on the findings of the Disciplinary Committee. The Committee noted that the Respondent relied upon her written submissions, wherein she, inter-alia, had submitted as under:

- a. That the original documents were verified by her assistant, Mr Paneer Selvam, and she had verified the soft copies received via email by him.
- b. The fact that her assistant had visited the registered office of the Company and interacted with wife of Director, Mr. Dinesh Kumar, was already cross-verified and confirmed during the hearing held on 23rd August 2023.
- c. That due to the said interaction, it was ensured that the Company did exist in the place which was mentioned in the incorporation form.
- d. The supporting documents were reviewed, examined, and confirmed over phone and corroborated through a visit by her assistant.

5. The Committee considered the reasoning as contained in the findings holding the Respondent Guilty of professional misconduct vis-à-vis written and verbal representation of the Respondent made before it.

6. Keeping in view the facts and circumstances of the case, material on record including verbal and written representations on the findings, the Committee noted that the Respondent failed to bring on record any further evidence to establish that documents based on which the e-form was certified were true copies. She further failed to produce the original / certified copy of the documents verified by her at the time of certifying the e-form "SPICe". Accordingly, it was viewed that the Respondent failed to evaluate the particulars stated in alleged form and instead went on to give the wrong declaration regarding verification of original/ certified copy of the documents. Thus, the Respondent is Guilty of Professional misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7. The Committee noted that professional misconduct on the part of the Respondent is clearly established as spelt out in its findings dated 3rd October 2023 which is to be read in conjunction with the instant Order being passed in the case.

7. The Committee, hence, viewed that the ends of justice will be met if appropriate punishment commensurate with her professional misconduct is given to her..

8. Accordingly, the Committee, upon considering the nature of charges and the gravity of the matter ordered that the name of **CA. Parameswari D. (M.No. 214838) be removed from Register of Members for a period of 60 (sixty) days and a fine of Rs. 20,000/- (Rupees Twenty Thousand**



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

only) be imposed upon her, to be paid within 90 days of the receipt of the order and in case of failure in payment of fine as stipulated, the name of the Respondent be removed for a further period of 30 days from the Register of Members.

Sd/-

(CA. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-

(SMT. ANITA KAPUR)
GOVERNMENT NOMINEE

Sd/-

(DR. K. RAJESWARA RAO)
GOVERNMENT NOMINEE

Sd/-

(CA. PIYUSH S CHHAJED)
MEMBER

Date : 8th May, 2024

Place : New Delhi

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – III (2023-24)]
[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

Ref. No.: PR/G/154/2022/DD/136/2022/DC/1612/2022

In the matter of:

Sh. C.V. Sajeevan
Registrar of Companies,
Ministry of Corporate Affairs,
Kendriya Sadan,
2nd Floor, 'E' – Wing, Koramangala,
Bengaluru – 560034

.....Complainant

Versus

CA. Parameswari D. (M. No.214838)
New No.1/8 (Old No.19/12),
Raja Naicken Street, Vanagaram,
Chennai – 600095

..... Respondent

MEMBERS PRESENT:

CA. Aniket Sunil Talati, Presiding Officer
Smt. Anita Kapur, Member (Govt. Nominee)
Dr. K Rajeswara Rao, Member (Govt. Nominee)
CA. Piyush S Chhajer, Member

Date of Final Hearing: 23rd August 2023 through Video Conferencing

PARTIES PRESENT:

- (i) Smt. V. Annapoorna (Dy. ROC) – the Complainant's Representative
- (ii) CA. Parameswari D. – the Respondent
- ((i) appeared from her personal location, (ii) appeared from Chennai Office of ICAI

Charges in Brief

1. The Committee noted that in the *Prima Facie* Opinion formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held *prima facie* guilty of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

The said Item to the Schedule states as under:

Part I of Second Schedule: Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct if he—

...

“(7) Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties”

Brief background and allegations against the Respondent

2. The extant matter pertains to incorporation of M/s Hanstone Credit Technology Private Limited (hereinafter referred to as “**the Company**”) in relation to which the Complainant stated that Respondent’s assistance in incorporation of the Company had helped the perpetrators to do illegal activities in India. It was also stated that one of the subscribers of the Company was Mr. Yao Zhiwei, who was a Chinese national. He had majority shareholding in the Company. Further, shares were allotted to him on multiple occasions and the Capital of the Company was increased. The Company was operating micro loan app called “Doo Loan App” which the Respondent might be aware of and that the said application was not available on Google Play store but available online from illicit websites. On physical verification conducted of the registered office of the Company by the Complainant’s Department no such Company was found at such given address. As per the Complainant the Respondent might be aware of the fraudulent intent of the Company which was subsequently involved in fraudulent loan app business.

2.1 The Committee noted that the Respondent had certified e-Form INC-32 (SPICe, e- filing date 04.12.2019) (**C-4 to C-13**) of M/s Hanstone Credit Technology Private Limited in her professional capacity and after due investigation by Director (Discipline) in the matter, the

Respondent was held prima facie guilty only in respect of the following allegations and accordingly the extant proceedings were limited to them:

- (i) The Respondent had certified e-forms relating to incorporation of the Company without due verification.
- (ii) That during physical verification conducted of the registered office of the Company by the Complainant's Department no such Company was found at such given address.

It was alleged against the Respondent that she had failed to discharge her professional duties diligently while certifying e-forms relating to incorporation of the Company as she merely relied upon scanned copy of the documents which was not certified copy of the original documents, and she performed the work of certification without any written engagement letter and without verifying copy of MOA & AOA of the Company.

Proceedings

3. During the hearing held on 23rd August, 2023, the Committee noted that the Complainant as well as the Respondent appeared before it through video conferencing for hearing. It was noted that the matter was part heard on 4th July, 2023 and therefore, the Committee asked the Respondent to make final submissions on the matter. Thereafter, the Committee asked the Complainant to give submissions thereon.

Based on the documents available on record and after considering the oral and/or written submissions of the parties concerned, the Committee concluded hearing in the matter.

Findings of the Committee

4. At the outset, it was noted that the Respondent was alleged for certifying the registered office address of the Company which as per the Complainant Department was not found by it on physical verification. Further, she was also alleged to have incorporated the Company based on scanned copy of the documents which was not certified copy of the original documents, thus alleged to have failed to exercise due diligence.

4.1 It was noted that the Complainant Department had brought on record Copy of e-form (SPICe) certified by the Respondent at the time of incorporation of the Company (**C-4 to C-13**) wherein she had declared to have verified the particulars given in certified form as well as that in attachments from the original / certified documents and that she had personally visited the registered office of the Company when she declared as under:-

"...I have been duly engaged for the purpose of certification of this form. It is hereby also certified that I have gone through the provisions of the Companies Act, 2013 and rules

thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachments(s)) from the original / certified records maintained by the applicant which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed...

“...I further declare that I have personally visited the premises of the proposed registered office given in the form at the address mentioned therein above and verified that the said proposed registered office of the Company will be functioning for the business purposes of the Company...”

4.2 It was, further, noted that the Complainant Department had brought on record Copy of Statement on Oath given by the Respondent, wherein Q-9, 10, 13, 16 and 21 put forth and her response thereon was produced below: -

*“Q-9 Have you personally seen or spoken to any of the directors/subscribers of these companies? **Have you verified the original documents of the directors and subscribers?** How did you certify the details furnished in the SPICE/ Incorporation e-forms and attachments found to be true and correct and complete, without verifying the original documents of the directors and subscribers including the Chinese documents/passports, KYC documents, signature verifications etc?”*

*A-9: “Reply of Respondent: - **My assistant Mr. Paneer Selvam has spoken and visited the registered office of the Company in person. Soft copy of the original documents were received through email. Based on the soft copy submitted and physical verification by the field officer certified the documents submitted.**”*

“Q-10 Have you seen the original declaration/DIR-2 of the Directors and Subscribers of all above companies? (D-9)”

A-10: “Reply of Respondent: - Yes, I have seen the original declaration. Soft Copies of original declaration, DIR-2 submitted through email were verified” (D-9)”

*Q-13: **Have you visited the premises of the proposed registered office as certified by you in the incorporation documents and INC-22 form certified by you w.r.t. above companies? Whether the address is available and proper documents like rent/lease agreements in original were placed before you to certify the content in e-forms? Do you have any proof of visiting the premises? If so, furnish the same. (D-10)***

A-13: *“Reply of Respondent: - My assistant Mr. Paneer Selvam has visited the registered office in person and spoke to Mrs. Reetha Dinesh Kumar in person. I have not visited the place in person. (D-10)*

Q-16: *Please state how you have complied with Sections 7(1)(b), 7(5) & (6) of the Companies Act,2013 and Rule 13(5) (c) before getting incorporated the companies mentioned above? (D-10)*

A-16: *“Reply of Respondent” Based on the documents submitted through email (soft copy of the scanned documents) I have acted in the utmost good faith and with trust and honesty during the formation of the Company. (D-10)*

Q-21: *If I say that you your office has forged/morphed copy and pasted documents submitted by poor job seekers to incorporate the Companies to help fraudsters, what is your reply? Have you interacted with Chinese Nationals associated with these Companies? (D-11)*

A-21: *Reply of Respondent: - Your saying is not true. I have not directly interacted with any Chinese National. The documents were collected from the Chinese National by Mrs. Reetha Dinesh Kumar and forwarded through email. (D-11).*

From above, it was noted that the Respondent had accepted the documents received through e-mail and that she had sought assistance of Mr. Paneer Selvam in verification of the registered office of the Company.

4.3 As regards physical verification of the registered office of the Company, it was noted that the Respondent reiterated that Mr. Paneer Selvam, her assistant, posted as field officers had visited the registered office of the Company. She submitted that all visits could not be done by her in person so, she had sent her assistant to do the field visit at the registered office of the Company before certifying the e-form (SPICe) for the incorporation of the Company which she had done in utmost good faith. She requested the Committee to allow her assistant (Mr. Paneer Selvam) as witness who visited the premises of the Company. During deposition, the witness confirmed that he was the employee in the firm of the Respondent, and he had visited the registered office of the Company wherein he met with Ms. Rita (wife of the director, Mr. Dinesh Kumar). He also confirmed that the registered office of the Company was on the first floor wherein 10-12 people were available. He also said that he took the photograph of the premises and shared with the Respondent through WhatsApp which he had shown to the Committee during examination. At the direction of the Committee the Respondent provided the copy of the photograph of the premises taken by her assistant. The Committee viewed that being a professional, while carrying out her numerous professional duties (like audit, assurance, tax-planning, incorporation, filing of various returns, forms with various regulatory and authorities, etc.), a professional had to delegate

their duties to their assistants/ employees/ other staff for smooth functioning of their day to day professional work due to which they sent their assistants to visit the registered office of the Company located for its verification in compliance of provisions of Company Law. The Committee took the overall view that the Respondent had sent her assistant to verify the registered office of the Company thus she had complied with Section 7 and Section 12 of the Companies act, 2013 read with Rule 12 and Rule 25 of Companies Incorporation Rules, 2014. Accordingly, the Committee opined that the Respondent was Not Guilty of Professional misconduct in the respect of instant allegation.

4.4 With respect to allegation of verification of particulars stated in the alleged form from original/certified copies or otherwise thereof, the Committee noted that the Respondent, in her further submissions before the Committee submitted/ provided the following documents: -

- i) Citi Bank statement of Mr. Dinesh Kumar of Account No. 5382392808 and English translated copy of China Citic bank statement of Mr. Yao Zhiwei of account No. 6217680304472728.
- ii) The verified business Visa of Mr. Yao Zhiwei.

and asserted that the incorporation process was carried on the basis of the availability of Business Visa. It was further noted that the Respondent in her defence brought on record copy of bank statement (D-75 to D-78), PAN (D-79), Aadhar Card (D-80), declaration (D-81), Affidavit (D-99), Declaration (D-103) of Shri Dinesh Kumar. In respect of other subscribers / directors of the Company (i.e. Yao Zhiwei), the Respondent provided copy of consent to act as director (D-83 to D-84), Indian e-Visa (D-85), Copy of Passport (D-89), PAN undertaking (D-91) and Bank Statement (D-95 to D-97), Affidavit (D-100), declaration (D-104). The Respondent also provided a copy of NOC for use of property (D-102). Accordingly, she submitted that none of the formalities for incorporation of the Company was skipped and the necessary documents were duly verified, signed and submitted for incorporation of the company.

4.5 The Committee sought clarification from the Respondent regarding the said documents as to how she verified that the documents being so reproduced were true copies. It was noted that the Respondent failed to bring on record any concrete evidence for the same. She failed to produce the original / certified copy of the documents verified by her at the time of certifying the e-form "SPICe". Accordingly, it was viewed that the Respondent had not verified the particulars stated in alleged form from the original/ certified copy of the documents which was in contradiction to declaration made by her. Thus, the Committee was of the opinion that the Respondent is Guilty of Professional misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 in respect of instant allegation.

Conclusion

5. Thus in conclusion, in the considered opinion of the Committee, the Respondent is GUILTY of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
[CA. Aniket Sunil Talati]
Presiding Officer

Sd/-
[Smt. Anita Kapur]
Member (Govt. Nominee)

Sd/-
[Dr. K Rajeswara Rao]
Member (Govt. Nominee)

Sd/-
[CA. Piyush S Chhajed]
Member

Date: 3rd October, 2023
Place: New Delhi