



# 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/90/2022/DD/92/2022 and  
PR/G/171/22/DD/108/2022(clubbed)-DC/1671/2022**

**In the matter of:**

**Ms. V Annapoorna  
Deputy Registrar of Companies,  
Ministry of Corporate Affairs,  
Government of India  
Office of the Registrar of Companies, Karnataka  
Kendriya Sadan, 2nd Floor, E Wing  
Koramangala  
Bangalore-560034**

**.....Complainant**

**Versus**

**CA. Muni Kumar Gubiligari (M.No. 234106)  
No. 18, Old No. 1612,  
2nd Floor, East End Main Road,  
Jayanagar 9th Block,  
Bengaluru- 560 069**

**.....Respondent**

**MEMBERS PRESENT:**

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

**Date of Hearing: 2<sup>nd</sup> May 2024**

**Date of Order: 31<sup>st</sup> July, 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 22<sup>nd</sup> December 2023, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Muni Kumar Gubiligari (M. No. 234106)** (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. That charge against the Respondent was that he was grossly negligent in the conduct of his professional duties as he was involved in incorporation of 15 Companies and

*ne*  
Order- CA Muni Kumar Gubiligari (M.No. 234106)



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## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (Set up by an Act of Parliament)

3 LLPs despite knowing the fact that the documents used for incorporation were fake/fabricated as there was no registered office, and that the said Companies/ LLPs were not doing any business. It is also alleged that DIR-2 (consent of directors to act as director in the Company) were not attached with these e-forms and dubious contact numbers were used in such e-forms. It is further alleged that the registered offices were the same in most of the Companies. Further in one of the LLP incorporated by the Respondent, one of the designated partners i.e. Mr. Libin Zuo who was a Chinese national was shown as Indian Resident to fulfill the statutory requirement of at-least one designated partner to be resident Indian. It is further alleged that the rent agreement was signed for the lessee without the name of signatories and the witness' name was not given in the agreement enclosed with the e-forms. Further, the registered office LLPs were having the same address and it was not clear that as to on what basis these premises were being shared.

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 addressed to him thereby granting an opportunity of being heard in person/through video conferencing and to make representation before the Committee on 2<sup>nd</sup> May 2024.

4. The Committee noted that on the date of hearing held on 2<sup>nd</sup> May 2024, the Respondent was present through Video Conferencing Mode and made his verbal submissions on the findings of the Disciplinary Committee. The Committee noted that the Respondent in his submissions stated that the lapses were unintentional. He while accepting the negligence had requested for lenient view as the assignment was undertaken in initial years of his practice.

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

6. Keeping in view the facts and circumstances of the case, along with the material on record including representations on the findings, the Committee viewed that the Respondent while certifying e-form SPICE+ of Companies had specifically declared that he had personally verified the registered office of all the Companies whereas the Respondent in his submissions had admitted that in respect of eight companies he had not physically verified the registered offices. It was viewed that the Respondent had given a false declaration while certifying the incorporation documents of the subject companies which reflected casual approach on his part.

7. The Committee further noted that although the Respondent had certified details of directors stated in SPICE Form, however DIR-2 (consent to act as director) was not attached in the case of the eight companies. The Committee viewed that certifying the details of the director without ensuring that DIR-2 had been filed by them indicated that the Respondent was grossly negligent while verifying the relevant documents which were essential for incorporation of the company.



# भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

8. With respect to dubious contact numbers in e-forms, the Respondent admitted that he filled fake/ wrong contact numbers in order to circumvent the "Prescrutiny" checks inculcated in the e-form. It was viewed that the said checks were incorporated in the e-form to draw attention of the professional to fill complete details correctly and that the Respondent, being an independent professional, was responsible to certify the correct details of the Company being incorporated rather than providing random numbers to circumvent the checks incorporated in e-forms.

9. With respect to residential status Mr. Libin Zuo, the Committee noted that the requirement of the said partner to be a resident in India by staying in India for a period of not less than 182 days during the immediately preceding as mandated by Section 7(1) of the Limited Liability Partnership Act 2008 was not met and hence the Respondent failed to exercise requisite diligence in conduct of his professional duties.

10. With respect of lacuna in rental agreements and common address of the LLPs, the Committee noted that professional misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 22<sup>nd</sup> December 2023 which is to be read in conjunction with the instant Order being passed in the case.

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

12. Accordingly, the Committee, upon considering the nature of charge and the gravity of the matter ordered that the name of CA. Muni Kumar Gubiligari (M.No. 234106) be removed from Register of Members for a period of 90 (ninety) days and a fine of Rs. 20,000/- (Rupees Twenty Thousand only) be imposed upon him, 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. The Committee further directed that punishment of removal of name in this case shall run concurrently with the punishment given in Case no. PR/G/260/2022/DD/159/2022/ DC/1733/2023.

sd/-

(CA. CHARANJOT SINGH NANDA)  
PRESIDING OFFICER

sd/-

(SMT. ANITA KAPUR)  
GOVERNMENT NOMINEE

sd/-

(DR. K. RAJESWARA RAO)  
GOVERNMENT NOMINEE

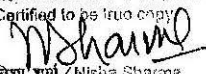
sd/-

(CA. PIYUSH S CHHAJED)  
MEMBER

DATE: 31<sup>ST</sup> JULY, 2024

PLACE: NEW DELHI

सही प्रतिलिपि होने के लिए प्रमाणित /  
Certified to be true copy



निशा शर्मा / Nisha Sharma

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer

अनुशासनात्मक निदेशालय / Disciplinary Directorate

इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया

The Institute of Chartered Accountants of India

आईसीआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032

ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032

**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/90/2022/DD/92/2022 and**  
**PR/G/171/22/DD/108/2022(clubbed)-DC/1671/2022**

**Ms. V Annapoorna**  
**Deputy Registrar of Companies,**  
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**No. 18, Old No. 1612,**  
**2<sup>nd</sup> Floor, East End Main Road,**  
**Jayanagar 9<sup>th</sup> Block,**  
**Bengaluru- 560 069**

**.....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 Chhajed, Member**

**Date of Final Hearing: 15<sup>th</sup> September 2023 through Video Conferencing**

**The following parties were also present:**

- (i) Shri Venkatraman Kavadikeri, AROC – the Complainant's Representative
  - (ii) CA. Muni Kumar Gubiligari – the Respondent
- (both the parties appeared from their personal locations)

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**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.

It was noted that Item (7) of Part I of Second 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 the allegations against the Respondent**

2. The Dy. Registrar of Companies, Karnataka (hereinafter referred to as 'the Complainant' or 'the Complainant Department') filed two separate complaints against the Respondent as discussed below:-

- (i) In the first Complaint, it was stated that the Respondent had facilitated in incorporation of 15 companies, viz: (i) Xrock Technology P. Ltd; (ii) ENPI Technology P. Ltd; (iii) Anke Technology P Ltd.; (iv) Prospect Technology P. Ltd.; (v) Casso Technology P. Ltd.; (vi) Fincred Technology P. Ltd.; (vii) Finbus Technology P. Ltd.; (viii) Fintop Technology P. Ltd.; (ix) Licorice Technology P. Ltd.; (x) Finbo Technology P. Ltd.; (xi) Finco Technology P. Ltd.; (xii) Finstar Technology P. Ltd.; (xiii) Mobicred Technology P. Ltd.; (xiv) Swaps and Myer E-Commerce P. Ltd. and (xv) Xprosper Trading P. Ltd. (hereinafter referred as the '**Companies**' or '**subject Companies**') for ulterior motives despite knowing the facts that documents used for incorporation of said companies were fabricated/fake or morphed which were submitted by unemployed youths for getting employment. Most of the said companies were registered during Covid-19 pandemic both at first and second wave when people of the Country were facing all sorts of problems. That they were incorporated for the purpose of fintech business to grant short term loans through loan apps or other means for providing quick unsecured, red cash loans to the needy with usurious rate of interest and high processing fees and recovering the amount with unethical means. Chinese handlers of the said fintech companies used KYC documents of BPO employees/ unemployed youths to register new companies by appointing them as directors and subscribers to the memorandum of association with the active assistance of the Respondent. That the employees of the said companies or other associate companies were made as directors and their details were used for incorporating many other companies.

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- (ii) The second Complaint pertained to three LLPs incorporated by the Respondent namely - M/s. 3C TECHNOLOGY SOLUTION LLP, M/s C DISCOUNT TRADING LLP & M/s Fly Eagle Logistics LLP. It was stated that LLPs were incorporated at the behest of Chinese national for doing illegal and unauthorized business in India including power bank scams. The main object of such LLPs was stated as trading & exporting of gift articles, human resources outsourcing or logistics etc. and that these LLP's had common designated partners (DP's) and one or two Indian nationals as DP's. However, these LLP's were incorporated and promoted by Chinese nationals.

2.1 It was noted by the Committee, during consideration of prima facie opinion in each matter filed by Deputy ROC, Bengaluru against CA. Muni Kumar Gubilgari (M.No.234106), Bengaluru [PR/G/90/22-DD/92/2022] and [PR-G/171/22-DD/108/2022] that the subject matter of both the complaints was substantially the same. Accordingly, the two matters were clubbed by the Committee in terms of Rule 5(4)(b) of The Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Further, the Committee decided for the following modifications in the said prima-facie opinion:

- (i) *In paragraph 11.4.2, it was stated that the Respondent was alleged to have knowingly given fake contact number of the companies, viz 080-10000000 or 080-40000000. It was noted that in the alleged E-form the details of 'Phone' number was mandatory requirement and that the Respondent had even given mobile number in case of certain companies. Hence, it was viewed that the submission of the Respondent that being a mandatory field he was bound to certify the said fake contact numbers was not acceptable. It was viewed that the Respondent in his professional capacity was responsible for certifying the correct details of the Company being incorporated. Hence, the Respondent was held prima facie **Guilty** for Professional Misconduct for not exercising due diligence within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.*
- (ii) *Further, the Committee also did not agree with the following observation as stated in para 11.6.1 of PFO that*  
*"it is seen that the Complainant has not brought on record anything specific to prove any malafide on the part of the Respondent in incorporation of aforesaid companies"*

*It was noted that at the given stage of proceedings, the Committee was not inclined to consider bonafide or malafide intent of the Respondent. So, it was decided that the said portion of the para 11.6.1 be considered as deleted, however, the Committee concurred with the findings of the Director (Discipline) in the said paragraph.*

Subject to the aforesaid changes, the Committee agreed with the prima-facie opinion of the Director (Discipline) holding the Respondent prima facie **GUILTY** of Professional Misconduct.

2.2 Keeping in view the aforesaid background, it was noted that the Complainant had raised various allegations against the Respondent. However, the Respondent was held prima facie

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guilty only in respect of following allegations in the complaint concerned and accordingly the extant proceedings were limited to only those charges:

*In first complaint:*

- (i) That no DIR-2 (consent to become Director) was attached to show the consent of the proposed directors, it was not known whether professional and perpetrator had misused the DSC and system for incorporating the companies without their knowledge in all these Companies (C-3).
- (ii) That in almost all companies, the registered office was shown as Suit No. , Second Floor, NGEF Lane, Indira Nagar, Bangalore-38. That the rental agreements for the said companies were not signed by and on behalf of the Lessor. It was only for the workspace arrangement for 4 hours in a month and not as such registered office or office. That on physical verification, it was noticed that none of the Companies were working on the given address. Hence, there was no registered office of the alleged Companies, and that the said Companies were not doing any business and were shell Companies. As per the Complainant, the Respondent must be aware of all those facts (C-4).
- (iii) That in the alleged SPICe Form of most of the Companies, the same mobile number 9606225090 was reported which was in the name of Aaron Liu (C-4) and the Respondent had knowingly given fake contact numbers for certain Companies or the Directors like 100,00,000 or 40,00,000 etc. (C-4).

*In respect of second complaint:*

- (i) Regarding M/s 3C Technology Solution LLP: (a) That the LLP was incorporated on 06.02.2018, with three individual partners/ Designated partners and out of three Mr. Libin Zuo was shown as resident of India to fulfil the statutory requirement of at-least one designated partner to be resident Indian. It was not known whether the said Chinese really stayed or staying in India (C-2) and that (b) the rent agreement was signed for lessee by someone without name of signatories and also witness name was not given in the agreement.
- (ii) Regarding M/s C Discount Trading LLP & M/s Fly Eagle Logistics LLP: it was stated that the registered office of the alleged LLP was the same as that of other LLPs.

**Proceedings**

3. During the hearing held on 15<sup>th</sup> September 2023, the Committee noted that the Complainant's Representative and the Respondent appeared before it through video conferencing. The Committee noted that the matter was part heard. Thereafter, the Committee asked the Respondent to make his submissions. The Committee examined the Respondent on his submissions. Thereafter, certain clarifications were sought from the Complainant based on submissions made by the Respondent. The Respondent made final submissions in the matter.

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Based on the documents and information available on record and after considering the oral and written submissions made by both the parties, the Committee concluded hearing in the matter.

**Findings of the Committee:**

4. At the outset, from the information available on record, the Committee noted that the Respondent had incorporated 15 companies and 3 LLPs. The said Companies were incorporated during the period July 2019 to November 2020 whereas the alleged LLPs were incorporated during the period February 2018 to December 2018.

*First complaint*

4.1 Regard the allegation that the Respondent certified SPICe for incorporation of Companies even though DIR – 2 (consent to become Director) were not attached to the said Forms of respective Companies. In other words, the directors of the said companies had not expressed their consent to become director(s) as such still the SPICe Forms were certified providing details of the said directors in respect of following eight Companies listed below:

- a. Xrock Technology P. Ltd
- b. ENPI Technology P. Ltd
- c. Anke Technology P Ltd.
- d. Casso Technology P. Ltd.
- e. Fintop Technology P. Ltd.
- f. Finbo Technology P. Ltd.
- g. Finco Technology P. Ltd.
- h. Finstar Technology P. Ltd.

Upon perusal of said Forms, the Committee noted that although the Respondent had certified details of directors stated in SPICe Form but no DIR-2 (consent to act as director) was attached in the case of the said eight companies.

4.1.1 The Committee noted that the Respondent in his submissions contended that under the new process of incorporation, e-form DIR - 2 was not a mandatory attachment for the purpose of incorporation. However, the Complainant's Representative submitted that as per Section 152(5) of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014, it was mandatory to submit form DIR-2 and the said requirement was prevalent since March-April 2014. It was noted that the relevant provisions of Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 read as under:

**Section 152 - Appointment of directors**

*"(5) A person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as may be prescribed..."*

**Rule 8 - Consent to act as director:**

*"Every person who has been appointed to hold the office of a director shall on or before the appointment furnish to the company a consent in writing to act as such in Form DIR-2...."*

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It was noted that DIR – 2 was an essential document to establish the identity of the directors, their association with other companies as well as their consent to act as directors of said Company. Certifying the details of the director without ensuring that DIR-2 had been filed by them indicated that the Respondent acted negligently while verifying the relevant documents which were essential for incorporating the company. It raised the question on details of director(s) certified by him. It was noted that the Respondent had failed to produce the said document if available elsewhere on MCA portal. Keeping in view the facts and submissions of the parties, the Committee viewed that the Respondent was grossly negligent in conduct of his professional duties. Accordingly, the Respondent was held **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

4.2 Regarding the allegation that on physical verification, the Complainant had found that none of the Companies incorporated by the Respondent were working on the registered office address as certified by him. It was noted that the Respondent had, inter alia, submitted that the decision of address of the registered office of the Company was not in his scope and that it was the client who decided the same. Further, regarding verification of the address of each Company, he submitted that, the same was verified based on the rental agreement, NOC from the landlord and the utility bill to ensure that the address was correct. Thereafter, as per him, he also made an effort to check the registered office as given below:

- i. *Prospect Technology Private Limited and Licorice Technology Private Limited* - he visited the business premises of the Company during the year 2019 and that they were functioning from the registered address premises only.
- ii. *Companies registered in Mysore* - Since it was in some other city, **he made an effort to check the photos of the address of the companies to ensure assurance before certifying the registered address.**
- iii. *Fincred and Finbus* – that they **had additional place of business at Bangalore location which the Respondent visited** during the year 2019 and they were functioning from the location mentioned in the GST documents.
- iv. *Regarding remaining eight (registered in 2020)* - the client had informed him that, **on account of lock down due to corona, all their employees were working from home, so they had taken the coworking space as their registered address** and once, they start working from the office, they would shift their registered address to the location they would take on lease or rent.

He also argued that all the alleged companies were GST registered before their registration certificate was sanctioned so the GST department had conducted the physical verification of the registered office and upon satisfaction of the all the conditions, they had issued the GST registration certificate for the above companies. That, the alleged Companies had opened the bank accounts, where as a process before opening the bank account, the bank personnel physically verify the address of the Company before opening the bank account. Hence, as per him, the said allegation was not maintainable against him.

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The Complainant in his submissions argued that there was no such relaxation for visit/ physical verification of registered office premises at the time of COVID and if the Respondent was facing restrictions of movement due to lockdown, he should have not taken up such an assignment at such challenging time.

4.2.1 The Committee noted that the Respondent while certifying SPICe/ SPICe+ forms of all the Companies (C-46, C-90, C-161, C-218, C-339, C-510, C-576, C-704, C-752, C-811, C-857, C-887 and C-952) had digitally signed declaration as under:

*"I have personally visited the premises of the proposed registered office given in the form at the address mentioned herein above and verified that the said proposed registered office of the Company will be functioning for the business purposes of the Company (wherever applicable in respect of the proposed registered office has been given)".*

Further, the Committee noted that Section 12 of Companies Act 2013 states as under:

**"Section 12 of Companies Act, 2013 – Registered office of Company**

- (1) A Company shall, within thirty days of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.
- (2) ...
- (3) ...
- (4) Notice of every change of the situation of the registered office, verified in the manner prescribed, after the date of incorporation of the company, shall be given to the Registrar within thirty days of the change, who shall record the same.
- (5) ...
- (6) ...
- (7) ...
- (8) ...
- (9) If the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may cause a physical verification of the registered office of the company in such manner as may be prescribed and if any default is found to be made in complying with the requirements of sub-section (1), he may without prejudice to the provisions of sub-section (8), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII."

In light of the above, it was viewed that a registered office was envisaged as an office capable of receiving and acknowledging all communications and notices as may be addressed to it at all times. Similar principle applies to the registered office if changed thereafter. Further, it was noted that sub-clause (9) of Sec 12 of the Companies Act, 2013 empowers the Registrar to cause 'physical verification' of the registered office. It was viewed that such power stems from the fact that the Companies Act, 2013 presumes that there should be a physical registered office of the Company irrespective of the mode through which the business of the Company was being conducted. In the extant case, it was observed that the Respondent had facilitated incorporation of fifteen companies and out of which in eight companies he had himself admitted having not physically verified the registered office of the Company even though he had certified the declaration under SPICe/ SPICe+ form in this regard. It was viewed that the Respondent could not escape his liability of physical verification of registered office premises on the plea that he had obtained the rental agreements, NOC, Utility Bills or that GST officials and bank officials were



also required to conduct the physical verification. The role and responsibility of the professional was independent of that of the other authorities. Such responsibility had been cast upon the professional to protect the interest of the stakeholders and it was not expected from him to rely upon the physical verification carried out by GST officials or bank officials. Thus, such a plea from the Respondent was not sustainable. It was viewed that the Respondent had given a false declaration while certifying the incorporation documents of the subject companies which reflected casual approach and accordingly, the Respondent was held **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

4.3 As regards the allegation that most of the Companies incorporated by the Respondent vide SPICe Form certified by him contained same mobile number 9606225090 which was in the name of Aaron Liu and that in case of other companies incorporated by him fake contact number of the Companies or that of the Directors like 100,00,000 or 40,00,000 etc. were provided, the Committee noted that the Respondent in his submissions stated that there was no ulterior motive in mentioning the incorrect landline numbers. As per the Respondent, it was mandatory requirement in the Spice form to provide the phone numbers and without it the Respondent could not continue to submit the form, hence, zeroes were mentioned in the landline number. Further, the contact details of the directors where the mobile number was asked for were given at the appropriate place in the incorporation forms.

4.3.1 The Committee noted that on perusal of alleged SPICe Form(s), the following information was provided in each Company as stated against them:

S N	Name of Company	Date of Incorporation	Mobile or /Landline No. given in incorporation form
1	Xrock Technology P. Ltd	23/11/2020	9606225090
2	Swaps and Myer E-Commerce P. Ltd	23/07/2019	40000000
3.	Xprosper Trading P. Ltd.	21/02/2020	10000000
4.	Prospect Technology P. Ltd	02/08/2019	10000000
5	ENPI Technology P. Ltd	24/09/2020	9606225090
6	Anke Technology P. Ltd	11/092020	9606225090
7	Casso Technology P. Ltd	16/072020	10000000
8	Fincred Technology P. Ltd	16/11/2019	40000000
9	Finbus Technology P. Ltd	29/112019	10000000
10	Fintop Technology P. Ltd	03/072020	40000000
11	Licorice Technology P. Ltd	15/10/2019	40000000
12	Finbo Technology P. Ltd	30/092020	9606225090
13	Finco Technology P. Ltd	17/07/2020	40000000
14	Finstar Technology P. Ltd	25/11/2020	9606225090
15	Mobicred Technology P. Ltd	26/11/2019	990027869

From the above table, it was evident that in case of Xprosper Trading P Ltd. (C-880), Prospect Technology P. Ltd (C-212), Casso Technology Solutions P Ltd. (C-271), and Finbus Technology Solutions P Ltd (C-395), contact number with STD code of these Companies were mentioned as 10000000 and in case of Swaps and Myer E-Commerce Private Ltd. (C-945), Fincred Technology Solutions P Ltd (C-332), Fintop Technology Private Ltd (C-499), Licorice

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Technology P Ltd (C-567) and Finco Technology Private Ltd (C-743), phone with STD code of these Companies were mentioned as 40000000.

4.3.2 Considering the submissions of the parties and the documents brought on record, the Committee viewed that the Respondent blatantly admitted that he filled fake/ wrong contact numbers in order to circumvent the "Prescrutiny" checks inculcated in the e-form. It was viewed that the said checks were incorporated in the e-form to draw attention of the professional to fill complete details correctly and that the Respondent, being an independent professional, was responsible to certify the correct details of the Company being incorporated rather than providing random numbers to circumvent the checks incorporated in e-forms. In view of the fact that the Respondent neither ensured that directors had given their consent to act as such, nor physically verified the address of the registered office. Moreover, also certified the wrong details of phone numbers, it was viewed that such gross negligence exercised by the Respondent provided a platform for the preparators to misuse the system. Accordingly, the Committee viewed that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

4.4 With respect of the second complaint, it was noted that M/s 3C Technology Solution LLP was incorporated on 06.02.2018, with three individual partners/ Designated partners and out of three Mr. Libin Zuo was shown as resident of India to fulfil the statutory requirement of at-least one designated partner to be resident Indian. The Complainant had alleged that it was not known whether the said individual really stayed in India (C-2), whereas the Respondent in his submissions stated that at the time of certifying the incorporation documents, the designated partner was present in India and he signed in the presence of the Respondent.

The Committee noted that Section 7(1) of the Limited Liability Partnership Act, 2008 provides as under:-

**Section 7 - Designated partners**

*"(1) Every limited liability partnership shall have at least two designated partners who are individuals and at least one of them shall be a resident in India:*

*Provided that in case of a limited liability partnership in which all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such limited liability partnership or nominees of such bodies corporate shall act as designated partners.*

*Explanation.—For the purposes of this section, the term "resident in India" means a person who has stayed in India for a period of not less than one hundred and eighty-two days during the immediately preceding one year."*

4.4.1 The Committee noted that there were three designated partners in the said LLP namely Libin Zuo, Junjie Liu & Lin Zhang as mentioned in LLP's incorporation document (C-131 to C-139). Further, as per e- Visa document of one of the designated partners namely Mr. Libin Zuo which was brought on record by the Respondent (W-9), it was noted that the issue date of business visa was 18.12.2017 whereas its date of expiry mentioned was 17.06.2018. It was also noted that the date of incorporation of the subject LLP was 06.02.2018. Thus, from documents brought on record by the Respondent it was noted that though it appeared that the said

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Designated partner i.e., Libin Zuo might be in India on the date of incorporation of the subject Company, but the requirement of the said partner to be a resident in India by staying in India for a period of not less than one hundred and eighty-two days during the immediately preceding as mandated by Section 7(1) did not prove to be met. Thus, it was noted that the Respondent who was having a sole document of VISA with validity starting 18.12.2017 till 17.06.2018 with Multiple visits allowed and with a condition that each stay not to exceed 90 days and thus, the Respondent had not checked the compliance of Section 7(1) of the Limited Liability Partnership Act 2008 in letter and spirit. Accordingly, the Committee viewed that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

4.4.2 In respect of second leg of the allegation that the rent agreement was signed for lessee by someone without name of signatories and also witness name was not given in the agreement, it was noted that the Respondent, had submitted that he had relied upon the rental agreement(s) of respective LLPs, NOC from the Landlord and utility bill(s) as received from the client based on which the said LLPs were incorporated. It was noted that the Complainant had brought on record lease agreement entered into by the LLPs namely M/s 3C Technology Solution LLP (C-144 to C-146) and M/s Fly Eagle Logistics LLP (C-27 to C-29), wherein it was noted said rental/lease agreements were entered between landlord/lessor and the respective LLPs for their respective registered office. However, while signing, neither the name of the signatory signing on behalf of LLPs was mentioned nor that of the witnesses. It was viewed that in the absence of the identity as well as the authority of the individuals signing the alleged contracts on behalf of the LLPs, the said agreements were void ab initio. Still, the Respondent, being independent professional, proceeded to incorporate the said LLPs relying on said rental agreements at the said address for the registered office. It was noted that even in his submissions, the Respondent remained silent on this aspect. In other words, he was unable to provide any further information regarding the persons who have signed/ witnessed the said rental/ lease agreement. Thus, it was viewed that the Respondent had not carried out his professional duties with due diligence and submitted the alleged rental/ lease agreements with Complainant Department without verifying whether the said agreements being relied upon could be considered as valid. Accordingly, the Committee viewed that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

4.5 In respect of allegation that the registered office of all three LLPs was same i.e. No 193, 39<sup>th</sup> Main, 1st Cross, BTM Layout 2nd Stage, Bangalore, Karnataka 560068, the Respondent in his submissions submitted that they were separate LLPs operating from the same premises. Each LLP had separately entered into rental/lease agreement(s) for the said premises. They also had separate warehouses for each business. He further clarified that all the LLP's had different SPOC (Single Point of contact) who managed the day-to-day operations of each LLP. They were maintaining separate books of accounts. They had obtained separate registration under GST and were running the separate business. There were no inter transactions of sales and purchases amongst themselves. They purchased the goods and sold them through e-commerce. The inventory for each of the LLP was maintained separately. The expenses incurred by them were recorded separately, in the books of the respective entity. The employees

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of the LLPs were clearly bifurcated, and their salaries were paid from the respective LLP's only. The Respondent further stated his role was limited to the incorporation of the subject LLPs.

4.5.1 Upon perusal of the documents, it was noted that all LLPs had the common address of the registered office as mentioned in the incorporation document (C-16 to C-23) of M/s Fly Eagle Logistics LLP, M/s 3C Technology Solution LLP (C-131 to C-139), M/s C Discount Trading LLP (C-229 to C-235). It was supported by the Rental agreement(s) entered between Mr. P Narayanan, the Landlord/ Lessor of the said premise/ address and the respective LLPs (C-27 to C-29, C-144 to C-146, C-236 to C-239). However, on consideration of the said agreements it was not clear that on what basis the said premises were being shared among the LLPs as the said agreements were silent in specifying / identifying separate space/ area allocated for a separate registered office of each LLP. It was viewed that although there was no bar in the law for sharing the premises among different entities but on consideration of documents available on record it was incomprehensive to understand as to how, the Respondent convinced himself while certifying the incorporation documents of the separate LLPs that they would be working for separate business. It was noted that the Respondent, in his submissions, elaborated on due separation being maintained by each LLP after their incorporation in respect of use of the premises, segregation of employees, maintenance of books of accounts or business being conducted but it was noted that no documentary evidence was produced to support the said arguments. In any case, the aspects being stressed upon were operational aspects whereas in extant case, the Respondent was involved only in incorporation of LLPs, hence, said arguments could not be accepted without documentary evidence. The Committee, accordingly, viewed that the Respondent as professional was required to be more cautious and vigilant while verifying the registered office of the aforesaid LLPs being operated from the same premises. Accordingly, the Committee viewed that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

### 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: 22<sup>nd</sup> December, 2023

Place: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित  
Certified to be true copy

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