



# 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/103/2022/DD/130/2022/DC/1674/2022

In the matter of:

**Dy. Registrar of Companies, Karnataka,**  
Ministry of Corporate Affairs,  
Kendriya Sadan,  
2<sup>nd</sup> Floor, E Wing,  
Koramangala,  
Bengaluru - 560034

.....Complainant

**Versus**

**CA. Pandia Rajan R (M. No. 212861)**  
Oasis Breeze Apartments  
Flat No.EF2, 6<sup>th</sup> Main,  
D Block, AECS Layout,  
Kundalahalli Gate,  
Bangalore 560 037

.....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 3<sup>rd</sup> October 2023, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Pandia Rajan R (M. No. 212861)** (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.



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2. That charge against the Respondent was that he was grossly negligent in the conduct of his professional duties as he incorporated six Companies namely M/s Halld Technology Private Limited, M/s Russury Technology Private Limited, M/s Hamel Communications Private Limited, M/s Smallkart E-commerce Private Limited, M/s Barbra E-commerce Private Limited and M/s Maarata Techtronic Solutions Private Limited (hereinafter referred as the '**Subject Companies**') without exercising due diligence.
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 the hearing held on 2<sup>nd</sup> May 2024, the Respondent was not present. The Committee further noted that the Respondent had not submitted representation on the findings of the Committee and merely relied upon his letter dated 23<sup>rd</sup> April, 2022 which was forwarded by him with his email dated 1<sup>st</sup> May, 2024. The Committee further noted that even at the hearing stage, the Respondent had relied upon his submissions dated 23<sup>rd</sup> April 2022. The Committee upon perusal of the said submissions noted that the same were submitted by the Respondent at the time of formation of the Prima Facie Opinion in the matter. The Committee, accordingly, decided to consider the letter dated 23<sup>rd</sup> April 2022 as the final submission of the Respondent and in absence of the Respondent decided to proceed ahead on merits of the matter.
5. The Committee, therefore, considered the reasoning as contained in the findings holding the Respondent Guilty of professional misconduct.
6. Keeping in view the facts and circumstances of the case, along with the material on record, the Committee noted that the Respondent had incorporated six companies between 19<sup>th</sup> May 2021 to 5<sup>th</sup> July 2021 at the same address. The Committee further noted that the Respondent while certifying e-form SPICE+ of subject Companies had specifically declared that he had personally verified the registered office of all the Companies whereas as per version of the Respondent he had made only single visit at the address for verification of address of all companies. The Committee viewed that it was not clear how the Respondent convinced himself that one single visit would serve the purpose of physical verification of all six companies which were incorporated on different dates.
7. The Committee also noted that the photographs of premises as brought on record by the Respondent at prima-facie stage, neither displayed any name plate/ signboard of name/ address of any Company nor their CIN number outside the said premises. The Committee also noted that a Police Complaint dated 21/01/2022 was also filed by the Complainant wherein it was stated that around 17 companies were found to have the same registered office.



# भारतीय सनदी लेखाकार संस्थान

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## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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8. The Committee further observed that the Respondent failed to ensure that the rent agreement entered into by the Company(ies) was in compliance with the requirements of registered office as envisaged under the Companies Act, 2013.
9. Accordingly, it was viewed that the Respondent was grossly negligent not only for certifying the incorrect details in SPICE+ regarding personally visiting the registered office, but also in not observing from the documents available for his verification that the registered office being reported in SPICE+ was not on the lines as envisaged under the Companies Act, 2013. This conduct of the Respondent constitutes Professional Misconduct as per Item (7) of Part 1 of the Second Schedule to the Chartered Accountants Act, 1949.
10. The professional misconduct on the part of the Respondent is clearly established as spelt out in the Committee's findings dated 3<sup>rd</sup> October 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. Pandia Rajan R (M. No. 212861)** be removed from the Register of Members for a period of 60 (sixty) 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.

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

सदी प्रतिलिपि होने के लिए प्रमाणित  
Certified to be true copy

बिद्या नाथ तिवारी / Bishwa Nath Tiwari  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीआई सदन, विनया नगर, शाहदरा, दिल्ली-110032  
ICAI Bhawan, Vinay 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/103/2022/DD/130/2022/DC/1674/2022]**

**In the matter of:**

**Dy. Registrar of Companies, Karnataka,  
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**.....Complainant**

**Versus**

**CA. Pandia Rajan R  
Oasis Breeze Apartments  
Flat No.EF2, 6<sup>th</sup> Main,  
D Block, AECS Layout  
Kundalahalli Gate  
Bangalore 560 037**

**.....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: 14<sup>th</sup> September 2023 through Video Conferencing**

**PARTIES PRESENT:**

**Smt. Hemalatha N, AROC, Bangalore – the Complainant's Representative  
(appeared from her personal location)**



**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 to Second Schedule to the Chartered Accountants Act, 1949.

The Item (7) of Part-I to Second Schedule states as under: -

*"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 complaint was filed by the Dy. Registrar of Companies, Karnataka (hereinafter referred to as '**the Complainant**' or '**the Complainant Department**') wherein it was stated that it had under the directions of Ministry of Corporate Affairs (MCA) conducted enquiry under Section 206(4) of Companies Act, 2013 of various companies that were incorporated in India with dummy directors/ subscribers for suspicious transactions on behalf of Chinese persons/entities. It was further stated that the Complainant Department had received information that three Chinese nationals namely Mr. Ronghia Liao, Mr. Xu Xiaolu and Mr. Richard communicated with Indian Chartered Accountants requesting them to incorporate new fintech companies by making daily wage labourers / employees as shareholders and directors and open bank account for company by using the documents provided by them for other purposes. They might or might not be aware of the fact that these documents had been used for incorporating the companies and making them as directors. It was also informed that virtual accounts with payment gateways were being created by Chinese national, who then controlled all the operations. After creating such accounts, Chinese nationals were changing the mobile number and email-id, who then transfer money in small amounts to different people in India, who withdraw and handover cash which was used as Hawala. The Chinese nationals were using BOTIM and WhatsApp to communicate with the Professionals i.e. CA (Chartered Accountant) /CS (Company Secretary) and other perpetrators in the absence of any physical presence of business, their activities were going without any monitoring and also the payment gateways was allowing the transfers without any verification of business. On physical verification of the registered office of these companies, no such company was found. The main persons involved were foreign nationals, against whom various investigations were already in progress by law enforcement agencies and were involved in loan-app racket, power bank scam etc.

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It was alleged by the Complainant that the Respondent assisted in the incorporation of following six shell companies which were registered in the address of firms which provide office space on rental basis/co-working spaces:

- a) M/s Halld Technology Private Limited
- b) M/s Russury Technology Private Limited
- c) M/s Hamel Communications Private Limited
- d) M/s Smallkart E-commerce Private Limited
- e) M/s Barbra E-commerce Private Limited
- f) M/s Maarata Techtronic Solutions Private Limited

It was stated that

- (i) All the six companies were registered at the same address but on physical verification by the Complainant Department, no such companies were found at the provided address. It was also stated that the said companies were incorporated within a period of two months between 19<sup>th</sup> May 2021 to 5<sup>th</sup> July 2021 and that from the information received from other agencies, one Mr. Prashant approached the authorities for incorporating company named "Barbra E-Commerce Pvt Ltd" in February 2021 and collected agreement documents for workspace which was incorporated on 30<sup>th</sup> June 2021. However, no business was carried out from the premises. Supposedly, all the other companies showing this address as registered office, had used fraudulent and forged documents to provide this address as the registered office. It was alleged that the Respondent facilitated incorporation of said companies without proper due diligence.
- (ii) In respect of Maarata Techtronic Solutions Private Limited, the following specific allegations were levelled:
  - a. The company's email id was given as maarata2021@yeah.net. The domain appears to be suspicious and non-existent.
  - b. The first subscribers and directors had email as ramesh@lidaying.com and vaseem@lidaying.com which appear fraudulent.
- (iii) With respect to the other 5 companies (other than Maarata Techtronic Solutions Private Limited), the following allegations were levelled:
  - a. In all these five companies, the company and subscribers email id belong to lidaying domain, which had possible connection with Chinese servers and such a domain was not even available on google search. The e-mail ids of all these 5 companies was ramesh@lidaying.com.
  - b. The first directors had resigned and Mr. Ashith Chelariparambil Chandra and Mr. Akshith Kumar, both of whom were only 22 years old had been appointed as directors in all these companies around the same date and their consent attached

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in DIR-2 form including signature appeared to be copied pasted. It was stated that those young directors might not be aware of the signature and other legal documents submitted would be used for incorporating the companies by the professionals and perpetrators.

- (iv) That some of these companies, had huge credit and debit transactions in their bank accounts and many debits to Chinese nationals/ accounts.
- (v) That the companies were incorporated using forged documents obviously with support of the professional. None of them had any business operations and no employees or workers to man the company. It was alleged that all these companies were incorporated during the covid period with dubious reasons.
- (vi) That the Respondent who assisted in the incorporation with false/ fabricated documents, might be aware of the fraudulent intent of these companies

2.1 However, after due investigation by Director (Discipline) in the matter, the Respondent was held prima facie guilty only in respect of (i) allegation and accordingly the proceedings were confined to that charge.

### Proceedings

3. On 14<sup>th</sup> September 2023, the Committee noted that the Complainant's Representative appeared before it through video conferencing. The Committee noted that the Respondent vide email dated 11<sup>th</sup> September 2023 submitted a copy of his written statement dated 23<sup>rd</sup> April 2022 and stated to do the needful to close the proceedings. The Committee upon perusal of the email noted that the said submissions were submitted by the Respondent at the time of formation of the Prima Facie Opinion in the matter. In any case, the Committee decided to proceed ahead in the matter.

Thereafter, the Committee asked the Complainant to make her submissions in the matter. The Committee examined the Complainant based on the facts and documents placed on record.

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, the Committee noted that the Respondent had incorporated six companies between 19<sup>th</sup> May 2021 to 5<sup>th</sup> July 2021 at the same address and on physical verification by the Complainant Department, none of the said companies were found in the given address. Furthermore, no officials or employees of the Companies were found at the stated address. The Complainant alleged that all companies claiming this address as their registered office might have

utilized fraudulent and forged documents to establish this address as their registered office. It was, accordingly, alleged that the Respondent had incorporated said companies without exercising due diligence.

4.1 It was noted that, the Respondent, inter-alia, submitted to have incorporated the said companies and certified their INC-20A i.e., declaration of commencement of their businesses. Further, explaining the verification process undertaken by him for said certification, he submitted that the initial subscribers and directors, on incorporation, were Indian citizens equipped with valid PAN and Aadhaar Cards and were also possessing Digital Signatures (DSCs) and Director Identification Numbers (DINs) issued by MCA itself. Further, they had also filed the Affidavits/Declarations as well as Form DIR-2 i.e. consent to act as Director of the Company concerned. He also argued that Forms pertaining to e-MoA and e-AoA were prefilled forms provided by the MCA and that they had simply adopted them after filling with required data and that all required proofs for the existence of address of registered office was attached to the Spice Form after due verification. The Complainant Department had cross checked the documents and it was their discretion whether to accept the submitted proofs of address or call for additional proofs. Accordingly, he contended to have exercised due diligence while incorporating the said companies.

4.2 It was noted that to support his claim of having conducted physical verification, he had produced on record photographs (D-94 to D-95) of a premises, which as per him was the same address as that of the registered office of the six companies. The Respondent submitted that he believed the said premises would be used in compliance of and for the purposes mentioned in the Section 12 of the Companies Act, 2013. He also submitted that it was explained to him that all the six companies were under the same management and that the Registered office address was to receive the correspondence, letter, documents etc., and they would take the separate premises for their Business Operations after incorporation of the said companies. Since all the companies had provided the address in the same premises, he inspected the premises and found that it was in existence since all the six companies were under the same management. He relied on the documentation provided by the client for the incorporation of six companies at the said premises. The Client provided them the copies of NOC, Rental Agreement and Electricity Bill.

4.3 Considering the submissions of the Respondent and the documents available on record, it was observed from the photographs of premises (D-94 to D-95), as produced on record by the Respondent, that the said photograph neither displayed any name plate/ signboard of name/ address of any Company nor their CIN number outside the said premises which raised doubt as to the nature of verification done by him and how he was convinced that one single visit would serve the purpose of physical verification of all six companies being incorporated at different



points of time. The said fact is also corroborated by the Police Complaint dated 21/01/2022 (C-6 to C-47) filed by the Complainant wherein it was stated that around 17 companies were registered office in the address of "ANTHILL IQ workspaces" (C-32). Thus, the Respondent is also liable for non-compliance as per Section 12(3)(a) of the Companies Act, 2013.

4.4 Further, it was noted from SPICE/ SPICE+ form brought on record by the Complainant that the Respondent had certified Registered Office address of three companies namely - M/s Halld Technology Private Limited, M/s Russury Technology Private Limited and M/s Barbra E-commerce Private Limited. On review of the said forms and attachments made therein, it was noted that in none of the said Forms rental agreement(s) were attached, further there was NOC of the owner attached in case of M/s Russury Technology Private Limited and M/s Barbra E-commerce Private Limited for the same address by the same owner but the format adopted was completely different which raises doubt on the documents being attached especially in case of M/s Russury Technology Private Limited wherein the portion of obligation on part of renter of the property was completely omitted. It was noted that said documents attached reflects violation of Rule 25(2) of Companies (Incorporation) Rules, 2014, which require the following documents to be attached to SPICE/ SPICE+ Form in context of registered office of the Company, namely:-

- (a) the registered document of the title of the premises of the registered office in the name of the company; or*
- (b) the notarized copy of lease or rent agreement in the name of the company along with a copy of rent paid receipt not older than one month;*
- (c) the authorization from the owner or authorized occupant of the premises along with proof of ownership or occupancy authorization, to use the premises by the company as its registered office; and*
- (d) the proof of evidence of any utility service like telephone, gas, electricity, etc. depicting the address of the premises in the name of the owner or document, as the case may be, which is not older than two months.*

From the above, it was noted that in case if the Company being incorporated did not own the premises, the notarised copy of rent agreement, the authority from the owner/authorised occupant of the premises along with proof of their ownership be attached. In the extant case, from the attachments made in the alleged form(s), it was noted that neither the lease/ rental agreements in favour of the alleged companies nor authority letter along with proof of ownership was attached with any Form. Accordingly, it was viewed that "Declaration and certification" made by the Respondent in his professional capacity for the said Company about compliance with the requirements of Companies Act, 2013 and the rules made thereunder relating to registration of the said companies was incorrect and so was the declaration of having personally visited the premises of the proposed registered office. Hence, it was viewed that the Respondent had indeed failed to exercise due diligence while incorporating the said companies. In fact, he proceeded to incorporate the same without ensuring the correctness and completeness of the related documents and without personally visiting the premises of registered office.

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Upon overall examination of facts and keeping in view the submissions of the parties and documents brought on record, 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.

**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: 3<sup>rd</sup> October, 2023  
Place: New Delhi

राही प्रतिलिपि खरो वे लिप प्रमाणित  
Certified to be true copy  
  
सीए युनि वर्ग / CA Aniket Sunil Talati  
सहायक निदेशक / Assistant Director  
अनुरासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
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2023-24