

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2024-2025)]

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

Findings under Rule 18(17) and Order under Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No: [PR/G/10/2022/DD/76/2022- DC-1774/2023]

In the matter of:

**Smt. Kamna Sharma,
Deputy Registrar of Companies,
Office of the Registrar of Companies, NCT of Delhi & Haryana,
Ministry of Corporate Affairs
4th Floor, IFCI Tower,
61, Nehru Place
New Delhi – 110019**

.... Complainant

Versus

**CA. Ravinder Kumar (M. No.089074)
555, Aggarwal Chamber III,
26, Veer Savarkar Block,
Shakarpur,
Delhi – 110 092**

.....Respondent

MEMBERS PRESENT:

**CA. Ranjeet Kumar Agarwal, Presiding Officer (in person)
Shri Jiwesh Nandan, I.A.S (Retd.), Govt. Nominee (in person)
Ms. Dakshita Das, I.R.A.S (Retd.), Govt Nominee (through VC)
CA. Mangesh P Kinare, Member (in person)**

DATE OF FINAL HEARING : 15th July 2024

PARTIES PRESENT:

Authorized Representative of Complainant: Mr. Gaurav, Dy. ROC, Delhi (Through VC)

Respondent : CA. Ravinder Kumar (in person)

Counsel for Respondent : Advocate Sukhmeet Singh (in person)

1. Background of the Case:

- 1.1. As per the Complainant Department, certain information had come to the knowledge of Central Government that Foreign Nationals/ individuals/ entities with the help and support of professional were involved in formation of Companies wherein dummy persons were engaged

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as subscribers to MOA & Directors by furnishing forged documents with falsified addresses / signatures, Director Identification Number (DIN) to MCA.

- 1.2. It is stated that some companies/individuals/entities who were directly or indirectly connected with the above Company were found to be engaged in illegal/ suspicious activities, money laundering, tax evasion and non-compliance of various provisions of laws.
- 1.3. The Complainant Department stated that certain professionals in connivance with such individuals/directors/subscriber to MOA have assisted in incorporation and running of these Companies for illegal/suspicious activities in violation of various laws by certifying e-forms/various reports etc. on MCA portal with false information concealing the real identities of such individuals.
- 1.4. It was further stated that professionals are duty bound to discharge their duties as per law and certify / verify documents / e-forms or give certificate / Report after due diligence so that compliance to the provisions of law shall be ensured. However, they had failed to discharge their duties and wilfully connived with directors / company / shareholders / individuals in certifying e-forms knowingly with false information / documents / false declaration / omitting material facts or information in said Company.
- 1.5. In the instant case, M/s Overseas Logistics Private Limited (hereinafter referred to as "Company") has taken unsecured long-term borrowing of Rs.13,25,000/- from one of its related parties, namely 'M/s Pyramid Global Telecommunication Private Limited', which has been Struck off from MCA since 30.06.2017 due to non-filing of balance sheet.
- 1.6. The Respondent was the Statutory Auditor of the Company for financial years 2017-18 and 2018-19.

2. **Charges in brief:**

- 2.1. The Company has not paid any interest on long-term borrowing since 2012-13 onwards. The company could not repay the loan to M/s Pyramid Global Telecommunication Private Limited (lender struck off Company). But the Company has not given appropriate treatment as per law for such a loan after striking off M/s Pyramid Global Telecommunication Private Limited. In this respect, the Respondent has not given any such notes or explanations in the audit report of the Company for the financial years 2017-18 and 2018-19.

3. **The relevant issues discussed in the Prima Facie Opinion dated 04th October 2022 formulated by the Director (Discipline) in the matter, in brief, are given below:**

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- 3.1. The Complainant has mentioned that name of M/s Pyramid Global Telecommunication Private Limited was struck off since 30.06.2017 due to non-filing of balance sheet. It was noticed from the Company master data that the last balance sheet filed was for year ending 31st March 2013.
- 3.2. The Company which is struck off from the ROC may be revived by filing an application to the National Company Law Tribunal (NCLT) in FORM STK 7 wherein the order of striking off may be challenged. The relevant provisions are as under:

Section 252. Appeal to Tribunal-

- (1) Any person aggrieved by an order of the Registrar, notifying a company as dissolved under section 248, may file an appeal to the Tribunal within a period of three years from the date of the order of the Registrar and if the Tribunal is of the opinion that the removal of the name of the company from the register of companies is not justified in view of the absence of any of the grounds on which the order was passed by the Registrar, it may order restoration of the name of the company in the register of companies.
- 3.3. The Respondent had not brought on record any evidence to establish that M/s Pyramid Global Telecommunication Private Limited had taken steps to revive its name. He merely mentioned that the directors of the Company have assured him that M/s Pyramid Global Telecommunication Private Limited is in process to revive as Company law.
- 3.4. It was observed that Mr. Ashok Kumar who was Director in M/s Pyramid Global Telecommunication Private Limited was CEO of the Company as per detail of shareholders and director provided by the Respondent for the period 13.05.2019 to 05.03.2021 and before that he was Director of the Company. Hence, the Respondent was required to disclose details regarding relating party in all Financial Years in which Mr. Ashok Kumar falls under definition of related party. It was observed that the Respondent failed to disclose related party information as required under AS-18 for F.Y. 2018-19.
- 3.5. On perusal of audited financial statement of the Company that for the financial year 2017-18 and 2018-19 of the Company, it was observed the Company has taken loan from M/s Pyramid Global Telecommunication Private Limited amounting to INR 13,25,000 which was reflected under the heading Long Term Borrowings which was only 0.64%, and 0.66% of Total Balance Sheet size which was INR 20,50,48117 and 20,20,16,460 during FY 2017-18 and 2018-19 respectively and which was a non-material value. Despite the same, it was a fact that M/s Pyramid Global Telecommunication Private Limited was strike off from the records of Registrar of Companies as on 30.06.2017 due to non-filing of financial statements. The Respondent

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was supposed to give disclosure that M/s Pyramid Global Telecommunication Private Limited was strike off from the register of Registrar of Companies. The failure of the Respondent clearly depicts his gross negligence towards his work.

- 3.6. It was further noted that the Respondent had relied only on the assurance of directors of the Company that M/s Pyramid Global Telecommunication Private Limited in the process of revival as stated by him in his Written Statement. The Respondent was required to check as to what steps were taken by M/s Pyramid Global Telecommunication Private Limited for revival of its name. Further, he had not made requisite disclosure of related party transaction for the F.Y. 2018-19.
- 3.7. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 04th October 2022 opined that the Respondent was *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 of the Schedule to the Act, states as under:

Item (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

(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties".

- 3.7 The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 09th June 2023. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part – I of the 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. **Dates of Written Submissions/ Pleadings by the Parties:**

The relevant details of the filing of documents in the instant case by the parties are given below –

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S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	03 rd January 2022
2.	Date of Written Statement filed by the Respondent	12 th April 2022
3.	Date of Rejoinder filed by the Complainant	21 st July 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	04 th October 2022
5.	Written Submissions filed by the Respondent after PFO	05 th August 2023, 20 th June 2024, 03 rd July 2024 and 13 th July, 2024
6.	Written Submissions filed by the Complainant after PFO	---

5. **Written submissions filed by the Respondent: -**

The Respondent vide letters dated 05th August 2023, 20th June 2024, 03rd July 2024 and 13th July 2024, inter-alia, made the submissions which are given as under: -

5.1. **Respondent's submissions vide letter dated 05th August 2023: -**

- (i) It was informed that M/s Pyramid Global Telecommunication Private Limited was in process of filing an application before NCLT as it was a profit-making company, therefore, there were fair chances of revival of M/s Pyramid Global as being active in ROC records.
- (ii) The name of M/s Pyramid Global Telecommunication Private Limited was struck off on 30.06.2017 i.e., during the F.Y. 2017-18 only, and it is correct that loan could not have been repaid to M/s Pyramid Global unless it was revived, but since the Respondent was satisfied with the reasoning and explanation provided by the Management vide 'their representation letters in each of the three Financial Years on the query of the Respondent relating to the loan amount, the Respondent, in his own professional judgment and skepticism, was convinced that no reporting in this regard is required.
- (iii) The name of the Company was struck off in F.Y 2017-18, and it was too early to arrive at any decision to give any appropriate treatment in the accounts as per law or to rule out the possibility of revival of M/s Pyramid Global Telecommunication Private Limited in the ROC records as 'Active Company'.
- (iv) Since the time period provided to M/s Pyramid Global as per the law had not expired when the Respondent had signed the Audit Reports of the Company for the financial year 2018-19 and financial year 2019-20, it was the professional judgment of the Respondent to rely on the

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information and explanation provided by the erstwhile Directors of M/s Pyramid Global that they were intending to go for the revival of the status of the Company in ROC records.

- (v) During F.Y. 2021-22, it was informed by Shri. Ashok Kumar, who happened to be the common director of the Company and M/s Pyramid Global, that some disputes had arisen between the directors of M/s Pyramid Global. The Company, after considering the information provided by Shri. Ashok Kumar together with the fact that the time period of 3 years given to M/s Pyramid Global as per section 252(1) of the Companies Act 2013 has been expired, decided to write off the said loan amount by treating the same as 'other income' in the financial statements of the Company for the F.Y 2021-22 and accordingly, made the loan amount taxable as per law.
- (vi) It is humbly submitted that appropriate treatment was required to be given to the loan amount only when the time period of remedy available to the M/s Pyramid Global to file an appeal had expired whereas in F.Y. 2017-18 and 2018-19, it would have been unfair and unripe to decide to write off the amount when M/s Pyramid Global was hopeful and were informing their plans to make an appeal.
- (vii) As regards the non-disclosure of related party transactions for the financial year 2018-19, Mr Ashok Kumar was appointed as CEO of the Company for the period from 13.05.2019 to 05.03.2021 and thus disclosure of related party was made in F.Y 2019-20.
- (viii) In the Instant case, the Respondent cannot be said to be negligent, so the question of being grossly negligent doesn't arise at all. The Respondent could have been said to be negligent only if there was a failure on his part to exercise reasonable care while carrying out his professional duties, but due and reasonable care was taken by him while conducting the professional assignment as he used his independent professional judgment to perceive the situation and circumstances that were prevalent with M/s Pyramid Global Telecommunication Private Limited and did not blindly trust the representation received from the management of the auditee company.

5.2. Respondent's submissions vide letter dated 20th June 2024: -

- (i) That the requirement to give any such notes/ explanation in the Financial Statements of the Company about the transactions with the Companies struck off by the Registrar of Companies (ROC) under section 248 of the Act, or under section 560 of the Companies Act, 1956 is made effective w.e.f. April 1, 2021, i.e., for financial statements prepared for FY 2021-22 and thereafter.
- (ii) However, in the extant case, the Financial Years under question are the Financial Years 2017-18 and 2018-19, when there was no such requirement/notification to make any such disclosure

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of any transactions with the companies struck off by the Registrar of Companies. The Notification has been issued by MCA in this regard which was published on 24th March 2021 which was effective w.e.f. April 1, 2021, and thus the same applies prospectively.

- (iii) Since, at the time, the Respondent conducted the audit of the company, M/s Overseas Logistics Private Limited, and signed the audit reports of the company for the financial years 2017-18 and 2018-19, there was no such disclosure requirement notified by MCA, therefore there is no misconduct on the part of the Respondent, and this allegation does not hold any grounds against him.

5.3. Respondent's submissions vide letter dated 03rd July 2024:

The Respondent on the directions of the Committee, vide letter dated 03rd July, 2024, filed the written submissions, which, inter alia, are given as under-

- (i) UDIN was generated on 26th September 2022, and the financial statements for the year ending 31.03.2022 were signed by the Respondent on 05th September 2022.
- (ii) The Financial Statements of the Company for F.Y. 2021-22 were filed on 04th November 2022, with MCA.
- (iii) That the Financial Statements for F.Y. 2021-22 were signed on 05th September 2022, whereas the Prima Facie Opinion in the extant matter was received by the Respondent on 05th July 2023 vide letter dated 03rd July 2023. It is not at all the case that the Financial Statements for F.Y. 2021-22 were signed after receiving the copy of PFO of the Director (Discipline).
- (iv) The Respondent also brought on record the copy of UDIN generated by him on the UDIN Portal of ICAI and copy of Form AOC-4 XBRL payment receipt for the financial year ending in 2022.

5.4. Respondent's submissions vide letter dated 13th July 2024:

The Respondent on the directions of the Committee, vide letter dated 13th July, 2024, reiterating the submissions as contained in written submissions dated 03rd July 2024 and 05th August 2023, filed additional written submissions, which, inter-alia, are given as under: -

- (i) The Borrowing of Rs. 13,25,000 was written off in the F.Y. 2021-22 and in this regard, Form DPT-3 was filed on 22.06.2022.

6. Brief facts of the Proceedings:

- 6.1. Details of the hearing(s) fixed and held/ adjourned in the said matter are given as under -

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Particulars	Date of Meeting(s)	Status
1 st Hearing	10 th August 2023	Part heard and adjourned.
2 nd Hearing	28 th May 2024	Deferred due to paucity of time.
3 rd Hearing	03 rd June 2024	Adjourned at the request of the Respondent.
4 th Hearing	20 th June 2024	Part heard and adjourned.
5 th Hearing	15 th July 2024	Hearing Concluded and Decision taken.

- 6.2. On the day of first hearing on 10th August 2023, the Committee noted that the Respondent along with Counsel were present in person before it. Thereafter, the office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him.
- 6.3. Being first hearing of the case, the Respondent was put on oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges and charges against the Respondent were read out. On the same, the Respondent replied that he is aware about the charges and pleaded Not Guilty to the charges levelled against him. In the absence of the Complainant and in view of Rule 18 (9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to later date and accordingly, the matter was part heard and adjourned.
- 6.4. On 28th May 2024, the subject case was fixed for hearing. However, consideration was deferred by the Committee due to paucity of time.
- 6.5. On the day of hearing, on 03rd June 2024, the Committee noted that the Counsel for the Respondent, vide email dated 03.06.2024, had sought an adjournment as the health of the Respondent was not good. Acceding to the above request of the Counsel for the Respondent, the Committee adjourned the captioned case to a future date.
- 6.6. On the day of hearing on 20th June 2024, the Committee noted that the Respondent along with Counsel was present in person and appeared before it. The Complainant was not present and the notice of listing of subject case was duly served upon the Complainant. The Committee further noted that the Respondent was put on oath on 10.08.2023. The Committee also noted that the Respondent had filed Written Statements dated 05.08.2023 and 20.06.2024. Thereafter, the Committee asked the Counsel for the Respondent to make submissions.

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- 6.7. The Committee noted the submissions of the Counsel for the Respondent which, inter alia, are given as under –
- (i) Ministry of Corporate Affairs issued notification regarding writing off borrowing in case of struck off Company, which was applicable from 01st April 2021, whereas complaint was filed for alleged non-reporting in the Financial Statements for Financial Years 2017-18 and 2018-19.
 - (ii) Appropriate treatment was given to the loan amount only in the audited financial statements of the Company for financial year 2021-2022 after the period of remedy available to M/s. Pyramid Global to file an appeal had expired. Three years limitation period for the Company for filing revival application before NCLT is available under the law.
 - (iii) The Respondent had audited the Financial Statements of the Company for Financial Years 2017-2018 and 2018-2019 and at that time there was no requirement to give treatment to these borrowings.
- 6.8. The Committee after considering the arguments of the Counsel for the Respondent, adjourned the matter to a later date and directed the Respondent to provide following documents/information within 10 days.
- (i) Exact date of generating the UDIN in this case.
 - (ii) Date of filing of Form AOC – 4 along with Balance Sheet(s) with Registrar of Companies.
 - (iii) Details of borrowing written off.
- 6.9. The Committee further noted that the Respondent on its directions, vide letter dated 03rd July, 2024 and 13th July 2024, filed the written submissions, which are given under para 5.3. and para 5.4 above.
- 6.10. On the day of hearing on 15th July 2024, the Committee noted that the authorized representative of the Complainant was present through VC and the Respondent along with Counsel was present in person and appeared before it. Thereafter, the Committee asked the Counsel for the Respondent to make submissions. The Committee noted the submissions of the Counsel for the Respondent which, inter alia, are given as under:-
- (i) UDIN was generated on 26th September 2022 and the Financial Statements for the year ending 31.03.2022 were signed by the Respondent on 5th September 2022.
 - (ii) The Financial Statements for the Financial Year 2021-22 were filed with Registrar of Companies on 4th November 2022 by the Company.
 - (iii) The Financial Statements for the Financial Year 2021-22 were signed on 05th September 2022, whereas the Prima Facie opinion in the extant matter was signed by Director (Discipline)

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on 04th October 2022 but was received by the Respondent on 05th July 2023 vide letter dated 03rd July 2023.

- (iv) Mr. Ashok Kumar who was Director in M/s Pyramid Global Telecommunication Private Limited was also CEO of the Company.
- (v) Directors of the Company had assured him that M/s. Pyramid Global Telecommunication Private Limited is in process to file an application before National Company Law Tribunal for its revival.
- (vi) There was time period of three years for making application before National Company Law Tribunal for revival of Company and he had waited for said period and thereafter, appropriate treatment in Financial Statements for Financial Year 2021-2022.
- (vii) There was no reference to any Chinese National in relation to the Company.
- (viii) The respondent is continuing as the present statutory auditor of the Company.

6.11. The Committee asked the authorised representative of the Complainant to make submissions. The authorized representative of the Complainant Department submitted that he has no further submissions to make and that the matter be decided on merits of the case.

6.12. Based on the documents/material and information available on record and the oral and written submissions made by the Counsel for the Respondent, and on consideration of the facts of the case, the Committee concluded the hearing in subject matter and took the decision on the conduct of the Respondent.

7. Findings of the Committee: -

7.1. The Committee noted that 'M/s Overseas Logistics Private Limited' has taken unsecured long-term borrowing of Rs. 13,25,000/- in the Financial Year 2012-13 from one of its related party, namely, M/s Pyramid Global Telecommunication Private Limited, which has been struck off since 30.06.2017 due to non-filing of balance sheet. The Complainant alleged that since the Company was not required to repay the loan to M/s Pyramid Global Telecommunication Private Limited as it has been struck off, proper treatment of the loan amount was not given in the Financial Statements of the Company and the Respondent being the auditor of the Company had not given any note/ explanation regarding such loan amount in his Audit Report for F.Y 2017-18 and F.Y. 2018-19. The details of the allegation are given in para 2.1 above.

7.2. The Committee noted the submissions of the Respondent that 'M/s Pyramid Global Telecommunication Private Limited' was in the process of filing an Appeal before National Company Law Tribunal for restoration of the name of the company in the Register of Companies under Section 252 of the Companies Act, 2013. In this regard, the Committee

noted the provisions of the Section 252 of the Companies Act, 2013 which states that "Any person aggrieved by an order of the Registrar, notifying a company as dissolved under section 248, may file an appeal to the Tribunal within a period of three years from the date of the order of the Registrar and if the Tribunal is of the opinion that the removal of the name of the company from the register of companies is not justified in view of the absence of any of the grounds on which the order was passed by the Registrar, it may order restoration of the name of the company in the register of companies."

- 7.3. The Respondent further stated that the period of 3 years given under Section 252 of the Companies Act, 2013 to M/s Pyramid Global Telecommunication Pvt. Ltd. for revival was not over when he signed the Audit Reports of the Company for the F.Y 2017-18 and F.Y 2018-19.
- 7.4. The Committee noted the submissions of the Respondent that he had raised queries in FY. 2017-18 and FY. 2018-19 to the management of the Company regarding the loan amount of Rs. 13,25,000/- given by M/s Pyramid Global Telecommunication Private Limited, and he was satisfied with the reasoning and explanation provided by the management of the Company to his queries vide their letters dated 23rd August 2018 and 17th May 2019, which are given hereunder: -

Explanation given by the Management of the Company vide letter dated 23rd August 2018: -

"It may be noted that the Management of our Company contacted the erstwhile directors of 'M/s Pyramid Global Telecommunication Private Limited', they informed us that they are deciding to take necessary steps to revive the Company with the NCLT as the Company used to have good business and was a profit-making Company. They also informed that they have taken certain legal advice in this regard and would let us know once the process is initiated before NCLT. We are hopeful that the associate Company would revive in near future."

Explanation given by the Management of the Company vide letter dated 17th May 2019: -

"In this context we wish to inform you that it has been informed to us by the Directors of "M/s Pyramid Global Telecommunication Private limited" that decision have taken place between the shareholders but decision to revive is yet not final. They further stated that once any decision in this matter is final, it would be informed to us. They have further not ruled out their decision to go into revival. Thus, we may continue to reflect the same as "unsecured loans" in the financial statements."

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- 7.5. From the above, the Committee observed that the management of the Company assured the Respondent that there were chances of the revival of 'M/s Pyramid Global Telecommunication Private Limited'.
- 7.6. Further, as regards the requirements of the disclosure of the long-term borrowings from the struck off Company i.e. M/s Pyramid Global Telecommunication Private Limited, in the Financial Statements of the Company, the Committee noted that the Ministry of Corporate Affairs vide Notification dated 24.03.2021, had made amendments in Schedule III of the Companies Act, 2013 which states that "*where the Company has any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956, the Company has to disclose the name of the Company, nature of transactions with struck off company, outstanding balance and nature of relationship with struck off company*". The Committee noted that in the extant case, the financial statements of the Company under question was for the financial year 2017-18 and 2018-19, and therefore, the disclosures requirement of transactions with *struck off company* was not applicable on the Company at the relevant time.
- 7.7. The Committee further noted the Respondent's submissions that during Financial Year 2021-22, when it was informed that M/s Pyramid Global Telecommunication Private Limited will not be revived, the Company had written off the loan of Rs. 13,25,000/- by treating the same as 'Other Income' of the Company and made the loan amount taxable as per law. As regards the written off amount of the said loan, the Company had also filed Form No. DPT-3, i.e., Return of Deposit, on 22nd June 2022 wherein the 'amount received by the Company from any other Company' was reported as 'Nil' which was previously reported as Rs. 13,25,000/- in the DPT-3 filed for F.Y. 2020-21.
- 7.8. On perusal of the Financial Statements of the Company for the F.Y 2021-22, the Committee noted that the Company had given the following disclosure in Notes to Accounts under the 'Note-5' on 'Borrowing' regarding treatment of long-term borrowing of Rs.13,25,000:-
- "During the F.Y 2021-22, M/s Pyramid Global Telecommunication Pvt. Ltd. having credit balance of Rs. 13,25,000/- booked as other income as the Company has been strike off by the Ministry of Corporate Affairs (ROC)"*
- 7.9. The Committee, after overall consideration of the matter, was of the view that the Company had made necessary disclosures in the Notes to Accounts to Financial Statements of the Company for the Financial Year 2021-22 by treating the amount of Long-term borrowing of Rs. 13,25,000/- as the Other Income. The Committee observed that any separate disclosure

in respect of amount of the Long-term borrowing was not given in the Financial Statements of the Company for Financial Year 2017-18 and 2018-19 for the reason that 'M/s Pyramid Global Telecommunication Private Limited' was in the process of filing an appeal before NCLT and the limitation period of 3 years subsisted, and therefore, the Respondent placed his reliance on the information and explanation given by the Management of the Company in these Financial Years on the basis of accounting principle of 'conservatism' as regards recognition of income.

7.10. Further, when the limitation period for filing an appeal before National Company Law Tribunal was over and upon receipt of information from the Company that 'M/s Pyramid Global Telecommunication Private Limited' will not be revived, the Company made the appropriate disclosure and treatment of Rs. 13,25,000/- in its Financial Statements in the Financial Year 2021-22. Thus, the Committee was of the view that requisite disclosure in the Financial Statements has been made by the Company in Financial Year 2021-22 and non-disclosure of the same in the Financial Year 2017-18 and 2018-19 was due to special circumstances prevalent during that period. Accordingly, the Respondent was held 'Not Guilty' of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act 1949.

7.11. While arriving at its Findings, the Committee also observed that in the background of the instant case the Complainant Department informed that the Company was registered with ROC, NCT of Delhi & Haryana by engaging dummy persons as subscribers to MOA & Directors by furnishing forged documents with falsified addresses / signatures, Director Identification Number (DIN) to MCA. Further, certain professionals in connivance with such individuals/directors/subscriber to MOA assisted in incorporation and running of these Companies for illegal/suspicious activities in violation of various laws by certifying e-forms/various reports etc. on MCA portal with false information concealing the real identities of such individuals. However, no evidence of the involvement of the Respondent to that effect had been brought on record by the Complainant Department. The role of the Respondent was limited to audit of the financial statements of the Company for financial years 2017-18 and 2018-19 which has been examined by the Committee.

8. **Conclusion:**

In view of the findings stated in above paras, vis-à-vis material on record, the Committee gives its charge wise findings as under:

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Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 7.1 to 7.10 as above	Not Guilty- Item (7) of Part-I of Second Schedule

9. In view of the above observations, considering the oral and written submissions of the Respondent and material on record, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Order

10. Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for closure of this case against the Respondent.

Sd/-

(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

Sd/-

(SHRI JIWESH NANDAN, I.A.S. {RETD.})
GOVERNMENT NOMINEE

Sd/-

(MS. DAKSHITA DAS, I.R.A.S. {RETD.})
GOVERNMENT NOMINEE

Sd/-

(CA. MANGESH P KINARE)
MEMBER

DATE: 16/10/2024

PLACE: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy

सीए श्रुति गर्ग / CA. Shrutl Garg
सहायक निदेशक / Assistant Director
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
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