

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/16/22-DD/81/2022/DC/1699/2022]

In the matter of:

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

...Complainant

Versus

CA. Brij Bhushan Sharma (M. No. 015538)
M/s Kishan Kumar Gupta & Associates (FRN. 007734N),
Chartered Accountants
B1/10, LGF,
Malviya Nagar
New Delhi – 110017

.....Respondent

MEMBERS PRESENT:

CA. Ranjeet Kumar Agarwal, Presiding Officer (in person)
Shri Jiweh Nandan, IAS (Retd.), Government 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

DATE OF DECISION TAKEN : 21st August 2024

PARTIES PRESENT:

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

Counsel for Respondent : Mr. C.V. Sajan (through VC)

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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 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 individuals/entities who were directly or indirectly connected with Companies 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 willfully connived with directors / company / shareholders / individuals in certifying e-forms knowingly with false information / documents / false declaration / omitting material facts or information.
- 1.5. In the instant matter, the Respondent was the statutory auditor of 'M/s Sindoz Resources and Trading Platform Private Limited' (hereinafter referred to as '**Company**') for the financial years 2015-16 to 2020-21.

2. Charges in brief:

- 2.1. The Complainant has alleged that the Respondent has connived with the Directors to form and run the subject shell Company (i.e., M/s Sindoz Resources and Trading Platform Pvt. Ltd.) for suspicious/ illegal activities. The Complainant department has made aforesaid allegation based on inquiry conducted by them in which they made following observations:
 - (i) That the Directors are dummies and to avoid their identity they have not appeared on summons except for Mr. Ritik Srivastava (one of the Directors of the Company) who has stated that he has no knowledge of the Company's operations or loans taken by it.

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- (ii) That one Mr. Pavan Kr. Parek who stated in writing that he was employed as an employee, but the Chinese individuals made him the Director and that he was not involved in any financial / accounting and banking operations of the Company.

3. The relevant issues discussed in the Prima Facie Opinion dated 31st October 2022 formulated by the Director (Discipline) in the matter, in brief, are given below:

- 3.1. In this regard, on perusal of the statements of Mr. Ritik Srivastava (Indian Director) and his other personal details given during the recording of such statement on oath and put forth by the Complainant on record, it was noted that Mr. Ritik Srivastava, 21 years old B.com graduate who joined the Company just as an e-commerce executive and soon after his joining in December 2018 was offered the position of Director by one of the other Chinese Directors of the Company and he was associated with the Company since then. Further, the Complainant in his Complaint without putting forth any evidence has also stated that the other previous Director of the Company Mr. Pavan Kr. Pareek, had also given in his statement that initially he joined the Company as an employee and later he was made Director in the Company by Chinese individuals.
- 3.2. It was also noted that Mr. Ritik Srivastava, (as mentioned in his statement) used to contact Mr. Jianqiang Sun, (one of the Chinese Directors of the Company) for the day-to-day functioning of the Company like signing Import Export bill, E waybills etc. and it was Mr. Jianqiang Sun who used to take all the decisions regarding day-to-day activities. Further, though the Financials of the Company for the year ended 31-03-2019 and 31-03-2020 have been noted to be signed by Mr. Ritik Srivastava also, in the capacity of Director on 19-06-2019 and 03-12-2020 respectively however, in his statement recorded on 05-03-2021 he has given the statement that he did not remember signing the financial statements of the Company but he identified his signature on the balance sheet for the F.Y.2018-19.
- 3.3. It was further noted that the Respondent has claimed that Chinese Directors of the Company namely Mr. Jianqiang Sun and Chao Wei Wei Shao went to China after start of Covid-19 somewhere in January, 2020 and did not return back thereafter, however on the perusal of the Financial Statement of the Company for the Financial Years 2019-20 and 2020-21, it was noted that one of the Chinese Director Mr. Jianqiang Sun had signed the Financial Statements on 03rd December, 2020 and 13th October, 2021 by his wet ink signatures.
- 3.4. In this regard from the perusal of minutes of 37th Board Meeting of the Company held on 03-12-2020 put forth by the Respondent wherein the draft accounts were adopted by the Board of Directors, it was noted that such meeting took place through video conferencing and

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in the said minutes the Chinese Director Mr. Jianqiang Sun has been stated to have attended the said meeting through video conferencing. Then, how a person sitting in China can sign the balance sheet of the Company by his wet ink signatures on the same day when he was sitting in China.

- 3.5. Regarding the adoptions of Financials through video conferencing, it was noted that MCA considering the gravity of COVID-19 conditions vide Companies (Meetings of Board and its Powers) Amendment Rules, 2020 dated 19th March, 2020 inserted sub-rule (2) under Rule – 4 stating that for the period beginning from the commencement of such amendment rules and ending on 30-06-2021, the meetings on the matters referred to in sub-rule (1) of Rule (4) of such Rules (mentioned below) could be held through video conferencing or other audio-visual means in accordance with Rule 3.
- 3.6. It was further noted that though the Board meeting wherein the draft financials were approved by its Board of Directors of the Company, was held through Video conferencing but nothing in such minutes is found to be mentioned regarding the signing of such Financials and it is surprising to note that the Financials of the Company and Audit Report there-on have also been signed by the Respondent on the same date i.e. 03-12-2020 on the day of meeting of video conferencing when Mr. Jianqiang Sun was not available in India for his signatures on the Financials.
- 3.7. In this regard, if it is assumed that the Financials were adopted by the Board of Directors in the Board meeting held on 03-12-2020 and then without affirmation of the Directors or without mentioning anything in the minutes with regard to the signing of such financials (as discussed and required in the FAQs issued by ICSI) the financials were sent to China through post for the Signatures of Mr. Jianqiang Sun, even then the Financials cannot be expected to get back in India on the same day for the signatures of the Respondent as statutory auditor on 03-12-2020. Hence it appeared that the Respondent signed the audited Financials of the Company on 03-12-2020 in contravention of Section 134 of the Companies Act, 2013 as it was without proper approval and signatures of the Board of Directors of the Company as Mr. Jianqiang Sun being out of India on that day.
- 3.8. Though, Respondent does not appear to be involved in any illegal activity of the company and no evidence to the contrary has been produced before this Directorate by the Complainant and further though the Indian Directors of the Company have not been working as dummy directors in the sense that they were working in the capacity of Directors with their full consent and knowledge however, from the abovementioned facts/ instances on records it appears that the Indian Directors as well as the Respondent were merely working on the directions of the

Chinese Director Mr. Jianqiang Sun and at this stage the Respondent cannot be exonerated from the allegation of the Complainant that the professional (Respondent) did not perform his duty as auditor diligently and the acted on the directions of Chinese Nationals which is highly unbecoming of a Chartered Accountant.

- 3.9. Accordingly; the Director (Discipline) in his Prima Facie Opinion dated 31st October 2022 opined that the Respondent was *prima facie* Guilty of Professional and Other Misconduct falling within the meaning of Item (7) of Part I of Second Schedule and Item (2) of Part-IV of First 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:

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

Item (2) of Part IV of the First Schedule:

"A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he:

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(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."

- 3.10. The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 26th December 2022. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is GUILTY of Professional and Other Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule and Item (2) of Part-IV of the First 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	01 st June 2022
3.	Date of Rejoinder filed by the Complainant	21 st July 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	31 st October 2022
5.	Written Submissions filed by the Respondent after PFO	29 th June 2023 and 19 th June 2024
6.	Written Submissions filed by the Complainant after PFO	Not filed

5. Written submissions filed by the Respondent: -

The Respondent vide letters dated 29th June 2023 and 19th June 2024, inter-alia, made the submission which are given as under:-

(a) Respondent's submissions vide letter dated 29th June 2023: -

- (i) The Respondent does not believe that the act of the Company to appoint its employees as Directors was illegal in any manner.
- (ii) As auditor of the Company, there was no obligation on the Respondent either under Section 143 of the Companies Act or under SA 250 to report on the aspect of appointment of an employee as Director of the company merely because the person so appointed was not of a high profile.
- (iii) It is unfathomable for the Respondent how it mattered to anybody whether the Director concerned signed the Financial Statements on the same day of the meeting of Board of Directors that was held through video conferencing or on some other previous day by putting the date of Board meeting in advance for the sake of compliance.
- (iv) The simple fact as informed to the Respondent by the company was that the office of the company had sent the hard copies of the financial statements concerned by courier to the Chinese directors for their signatures and had collected back. The dates were put to align with the date of Board meeting. The Respondent played no role in these matters and had no professional responsibility or liability in this regard.
- (v) In a closely held company, that is running a genuine business, this kind of process is adopted for adoption of accounts as practical expediency, that too is not the subject of any grievance of anyone, cannot be raked up as any kind of wrongdoing by the company. There was no violation of law in this respect.

- (vi) It is a fact that the Respondent was able to get the signed financial statements from the company with physical signatures of the directors who were in China, on 03rd December 2020. The explanation provided by the company that they obtained the same in advance with the date of 03rd December 2020, was not a matter that required any further questioning by the Respondent, as the same was not within the scope of the duty of the Respondent.
- (vii) The statutory obligation to comply with the provisions in Section 134 (1) to 134(7) is on the Board of Directors of the company and includes adoption of financial statements in the meeting of Board of Directors, its signing by authorized persons, Directors Responsibility statement, replies to auditors' observations, presenting all those before Shareholders in the AGM.
- (viii) Non-compliance of the provisions of Section 134(1) to 134(7) would invite monetary penalty on company and defaulting officers under Section 134 (8). Therefore, it is grossly erroneous to impute a charge of professional misconduct on an auditor for alleged noncompliance of Section 134 by the Board of Directors of the company, because the law has not casted any responsibility on company's auditor in this regard.
- (ix) The director who signed the financial statements held 90% of the shareholding of the company, the remaining 10% being with the other Chinese director. Therefore, signing of the financial statements by Mr. Jianqiang Sun, director was unquestionable by anybody so long as he has not disputed the same.
- (x) Prima Facie Opinion is concluded by making new allegations which were not in the Complaint and the observations are mired in contradictions. There has been no substantiation by the Complainant or by the Director (Discipline) to make a case that "the Respondent did not perform his duty as auditor diligently" in this case. The facts on record prove that there was no case of dummy directors here. The insinuation against the Respondent that he "acted on the directions of Chinese Nationals" was quite irresponsible and unsubstantiated and vehemently denied.
- (xi) The observations that almost all the documents carry the signature of the Chinese promoter director Mr. Jianqiang Sun, cannot become reason for any negative opinion. These are matters that had no bearing on the responsibility of the Respondent as auditor.
- (b) Respondent's submissions vide letter dated 19th June 2024: -**
- (i) According to the information with the Respondent, the Registrar of Companies ('ROC') has not made any charges of serious offences/violations against the company 'M/s Sindoz Resources and Trading Platform Private Limited'.

- (ii) Two SCN were issued on procedural violation which are compoundable violations.
- (iii) No other action initiated by the ROC on the Company was pending.

6. Brief facts of the Proceedings:

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

Particulars	Date of Meeting(s)	Status
1 st Hearing	05 th June 2023	Part heard and adjourned.
2 nd Hearing	23 rd April 2024	Adjourned due to paucity of time
3 rd Hearing	28 th May 2024	Part heard and adjourned
4 th Hearing	18 th June 2024	Adjourned due to paucity of time
5 th Hearing	15 th July 2024	Hearing Concluded and Judgment Reserved
---	09 th August 2024	Deferred due to paucity of time.
---	21 st August 2024	Decision taken

- 6.2. On the day of first hearing on 05th June 2023, the Committee noted that Authorized Representative of the Complainant and Respondent along-with his Counsel were present through Video conferencing mode.
- 6.3. Being the 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 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.
- 6.4. On the day of hearing on 23rd April 2024, the subject case was deferred by the Committee due to paucity of time.
- 6.5. On the day of hearing on 28th May 2024, the Committee noted that the authorized representative of the Complainant and the Counsel for the Respondent were present 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 -

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- (a) There is no obligation on the Respondent either under Section 143 of the Companies Act or under SA 250 to report on the aspect of appointment of an employee as director of the Company.
- (b) The Respondent is not aware about any non-compliance on the part of the Company's Management with respect to the relevant laws and regulations and not liable for any acts or omissions on the part of the Company's Management in complying with the laws and regulations, if any.
- (c) The Respondent was not liable to report any alleged deficiency in the minutes of the Company regarding any alleged non-compliance of the law/ regulations.
- (d) The Chinese Director held 90% of the shareholding of the Company, and therefore, signing of the financial statements by Mr. Jianqiang Sun, Director was unquestionable.

6.6. The authorized representative of the Complainant submitted that he had already submitted all the documents related to this case. He further submitted that prosecutions proceedings are going on against the promoters/directors of the Company for violation of provisions of Section 147 of the Companies Act, 2013. The authorized representative of the Complainant further informed that during the relevant year, the Company has not passed the resolution in its Board meeting approving auditor's remuneration.

6.7. The Committee noted the submissions of the Counsel for the Respondent as well as Authorized Representative of the Complainant and accordingly, the case was adjourned to a later date. The Committee further directed the authorized representative of the Complainant to submit the following details together with supporting documents within next 10 days with a copy to the Respondent -

- (i) Present status of the Company,
- (ii) Action, if any, initiated against the Director(s)/promoters of the Company,
- (iii) Specific role of the Respondent in non-compliance.

6.8. On the day of hearing on 18th June 2024, the subject case was deferred by the Committee due to paucity of time.

6.9. On the day of hearing on 15th July 2024, the Committee noted that the authorized representative of the Complainant and Counsel for the Respondent were present 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 -

- (a) The Registrar of Companies (ROC) has not made any charge of serious offence/ violations against the Directors and the Company.
- (b) No action has been taken by Registrar of Companies against the Company and there was no involvement of Respondent therein. No adverse observation has been made on the Financial Statements of the Company audited by the Respondent.
- (c) Convening of Board meeting of the Company, preparation of minutes and non-compliance of relevant instructions/procedure for conduct of meeting(s) through video conferencing during COVID period were the responsibility of the Company; and that the Respondent cannot be held responsible for these matters.
- (d) The Director, who signed the financial statements, held 90% of the shareholding of the Company and the remaining 10% being with the other Chinese Director.
- (e) There was no business in the Company after year 2019.
- (f) After spread of COVID - 19, Chinese Director left for China and could not return because their VISA(s) could not be renewed.
- (g) Nature of business in which the Company was in retail business dealing with Chinese products.

6.10. The Committee asked the authorized representative of the Complainant to make submissions. The authorized representative of the Complainant submitted that he had already provided all the documents related to this case and has nothing more to submit in this case and Committee may decide the case on merits.

6.11. Further, the Committee noted that the Complainant Department vide email dated 11/06/2024 has submitted that the Company is active and inquiry into the affairs of the Company was carried out and report in this regard had also been submitted to the Central Government. The said report could be shared only after taking sanction from the Central Government. The details of role of Respondent in the non-compliance, had been stated in the complaint filed by the Department.

6.12. Based on the documents and material available on record and after considering the oral and written submissions made by both the parties, the Committee concluded the hearing in the matter and judgment was reserved.

6.13. On 09th August 2024, the subject case was fixed for taking decision in the matter. However, consideration was deferred by the Committee due to paucity of time.

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6.14. On 21st August 2024, the Committee noted that the subject case was heard by it at length in the presence of Authorized Representative of the Complainant and Counsel for Respondent and the hearing was concluded at its meeting held on 15.07.2024 and the judgment was reserved. After detailed deliberations, and on consideration of the facts of the case, various documents on record as well as oral and written submissions made by the parties and reply of the Complainant before it, the Committee took decision on conduct of the Respondent.

7. Findings of the Committee: -

The Committee noted the background of the case as well as oral and written submissions made by the Complainant and the Respondent, documents/ material on record and gives its findings as under: -

- 7.1. The Committee noted the allegation against the Respondent that he has connived with the Directors to form and run the subject shell Company (i.e., M/s Sindoz Resources and Trading Platform Pvt. Ltd.) for suspicious/ illegal activities. The details of charge is given in para 2.1 above.
- 7.2. The Committee further noted that the Respondent was the statutory auditor of the Company for financial years 2015-16 to 2020-21, and Director namely, Jianqiang Sun, has signed the financial statements of the Company for the financial years 2019-20 and 2020-21 on 03rd December 2020 and 13th October 2021, respectively, by his wet ink signatures. The Committee also on perusal of minutes of 37th Meeting of Board of Directors held on 03rd December 2020 put forth by the Respondent wherein the draft books of accounts of the Company were adopted by the Board of the Directors, noted that such meeting took place through video conferencing and the Director namely, Mr Jianqiang Sun has been stated to have attended the said meeting through video conferencing.
- 7.3. The Committee noted that the Ministry of Corporate Affairs, in order to ease the difficulties faced by Companies/Corporates to conduct Board meetings during the outbreak of the Covid-19 pandemic, vide its Notification dated 19th March 2020, amended the Companies (Meetings of Board and its Powers) Rules, 2014 by renumbering the rule 4 as sub rule (1) and inserting the new sub rule (2) which stated that "*for the beginning from the commencement of the Companies (Meetings of Boards and its Powers) Rule, 2020 and ending on the 30th June 2020, the meetings on the matters referred to in sub rule (1) may be held through video conferencing or other audio-visual means in accordance with rule 3.*"

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7.4. Further, Ministry of Corporate Affairs has again amended the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 extending the period till 30th September 2020 and thereafter till 31st December 2020, thereby enabling to consider the following matters as mentioned in Rule 4 through video conferencing or other audio-visual means (in accordance with Rule 3):-

- (i) the approval of the annual financial statements;
- (ii) the approval of the Board's report;
- (iii) the approval of the prospectus;
- (iv) the Audit Committee Meetings for consideration of accounts; and
- (v) the approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

7.5. Thereafter, the Committee perused the 'FAQs on Virtual Meeting' (Board Meetings) issued by 'The Institute of Companies Secretaries of India' (ICSI) in September, 2020, wherein the following relevant provision is noted :

Q-38. In case of Board Meeting held through video conferencing for approval of financial statements, can the Directors sign the financial statements on same Board Meeting date or Physical copies should be there for signing the same?

A-38. Where the Directors are not in a position to physically sign the financial statements or Minutes or any other documents, or scan and send, while approving the financial statements through VC or OAVM, the directors may give an affirmation that they are approving the statements/reports and considering the lockdown situation, they cannot sign the statements physically as of now and these shall be deemed to be signed as on date of the Board Meeting and they shall physically sign the financial statements, Minutes or any other documents as soon as the normalcy is restored as on the date of the meeting, such affirmations shall also be included in the minutes of the meeting. It is also advisable that wherever feasible the Directors may also affix their digital signatures during the meeting only and same fact should also be captured in the minutes.

7.6. The Committee observed that the amendment as stated above in Rule 4 of (Meetings of Board and its Powers) Rules, 2014 permitted consideration of annual financial statements in Board meeting held through video conferencing or other audio-visual means. In the light of above FAQ, the Committee noted that the annual financial statements can be approved in the board

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meeting held through video conferencing and where it is not possible for the Directors to physically sign the financial statements or minutes or any other documents, the Directors may give an affirmation about approving the financial statements in a manner as mentioned in above FAQ and the affirmation given by the Directors shall be recorded in the minutes of the meeting.

- 7.7. In this regard, the Committee noted the submissions of the Counsel for Respondent that no action has been taken by Registrar of Companies against the Company and there was no involvement of Respondent therein. No adverse observation has been made on the Financial Statements of the Company audited by the Respondent. The Committee further noted the submissions of the Counsel for the Respondent that convening of Board meeting of the Company, preparation of minutes and non-compliance of relevant instructions/procedure for conduct of meeting(s) through video conferencing during COVID period were the responsibility of the Company.
- 7.8. In view of above, the Committee observed that Director, namely Mr, Jianqiang Sun who attended the Board Meeting online was present in China and the only matter to be considered was with reference to recording of minutes wherein while approving financial statements of the Company, it was not mentioned that considering the lockdown situation Director cannot sign the financial statements physically and the same may be deemed to be signed as on date of Board Meeting. The Committee viewed that the preparation of board resolution and minutes of the meeting, Compliance of procedure for conduct of meeting through video conferencing etc. are the responsibility of the management of the company and the Respondent being auditor has no involvement or responsibility in this aspect. The Committee observed that the director holding 90% share of the company had signed the financial statements. Although he was attending the Meeting virtually at the relevant time due to corona pandemic and restrictions that were in place; for the purpose of complying with the statutory provisions, the financial statements were signed on same date. These tasks were the responsibilities of the management of the Company and the Respondent having undertaken the verification that the relevant documents were in place, cannot be held liable for these responsibilities. The Committee was further of the view that capturing the requirements as mentioned in 'FAQs on Virtual Meeting' (Board Meetings) issued by ICSI in the minutes of Board meeting held through video conferencing was a procedural aspect and omission if any in the minutes of Board meeting is a technical error and the Respondent cannot be held responsible for the same.

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7.9. 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 2015-16 to 2020-21 which has been examined by the Committee.

7.10 The Committee considering the above facts, held the Respondent '**Not Guilty**' of Professional and Other Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule and Item (2) of Part-IV of the First Schedule to the Chartered Accountants Act, 1949.

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:-

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 7.1 to 7.10 as above	Not Guilty as per Item (7) of Part-I of the Second Schedule and Item (2) of Part-IV of the First 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 and Other Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule and Item (2) of Part-IV of the First Schedule to the Chartered Accountants Act, 1949.

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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

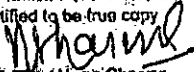
Sd/-
(MS. DAKSHITA DAS, I.R.A.S. (RETD.))
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

DATE: 28/11/2024

PLACE: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित/
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निशा शर्मा / Nisha Sharma
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अनुशासनशास्त्र विभाग / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
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