

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/98/2022/DD/418/2022/DC/1715/2023

In the matter of:

**Dr. Alpesh Maniya, ICLS
Deputy Registrar of Companies, Maharashtra,
Government of India,
Ministry of Corporate Affairs,
Office of the Registrar of Companies,
100, Everest, Ground Floor,
Marine Drive,
Mumbai-400002**

....Complainant

Versus

**CA. Pallav Pradyumn Narang (M. No. 509729)
1101 KLJ Towers North,
Netaji Subhash Place Pitampura,
New Delhi-110034.**

....Respondent

MEMBERS PRESENT:

**CA. Ranjeet Kumar Agarwal, Presiding Officer (in person)
Shri Jiwesh Nandan, IAS (Retd.), Government Nominee (in person)
Ms. Dakshita Das, IRAS (Retd.), Government Nominee (in person)
CA. Mangesh P Kinare, Member (through VC)**

DATE OF FINAL HEARING : 29th August, 2024

PARTIES PRESENT:

Complainant : Mr. Rajeev Kadam (AR of the Complainant Department) (Through VC).

Respondent : CA. Pallav Pradyumn Narang (In person).

Counsels for the Respondent : Advocate Sachit Jolly, Mr. Aditya Rathore (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 involved in formation of Companies had engaged dummy persons 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 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 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 case, the Respondent has certified Form INC-22 in respect of two Companies namely 'M/s Guisol Solutions Private Limited' and 'M/s Jumar Solutions Private Limited'.

2. **Charges in brief:-**

2.1 **Charge in respect of M/s Guisol Solutions Private Limited:-**

In e-Form INC-22 (to effect the change in Registered office address of the Company (i.e M/s Guisol Solutions Private Limited') filed on 15.09.2020 with the Complainant department, the registered office was shown to be situated at Time Square building 7th & 8th floor, CTS 349 & 349-1 W.E Highway NR Sai service, Andheri east, Mumbai MH400069 India. However, during the physical verification of such registered office address by the officials of the Complainant department, it was seen that said registered office was not maintained. Since such e-Form INC-22 was certified by the Respondent in his professional capacity, it is alleged that the Respondent in connivance with the Indian Directors and foreign directors have knowingly submitted a false statement. The Complainant has further stated that it had come to the knowledge that the documents submitted in the Company were either wrong or forged or based upon the falsified address and the independent inquiry under Section 206(4) of the Companies Act, 2013 was also ordered by MCA against the Company which was its underway separately.

2.2. Charge in respect of M/s Jumar Solutions Private Limited:-

In e-Form INC-22 (to effect the change in Registered office address of the Company (i.e M/s Jumar Solutions Private Limited) filed on 15.09.2020 with the Complainant department, the registered office was shown to be situated at Time Square building 7th & 8th floor, CTS 349 & 349-1 W.E Highway NR Sai service, Andheri east, Mumbai MH400069 India. However, during the physical verification of such registered office address by the officials of the Complainant department, it was seen that said registered office was not maintained. Since such e-Form INC-22 was certified by the Respondent in his professional capacity, it is alleged that the Respondent in connivance with the Indian Directors and foreign directors have knowingly submitted a false statement. The Complainant has further stated that it had come to the knowledge that the documents submitted in the Company were either wrong or forged or based upon the falsified address and the independent inquiry under Section 206(4) of the Companies Act, 2013 was also ordered by MCA against the Company which was its underway separately

3. The relevant issues discussed in the Prima Facie Opinion dated 03rd January, 2023 formulated by the Director (Discipline) in the matter in brief, are given below:

- 3.1. It was observed that the Complainant has filed two Complaints in separate Form 'I' both dated 16th August 2022 against the Respondent vide reference numbers PR/G/98/2022 and PR/G/99/2022 respectively. On scrutiny of the complaints, it was found that the subject matter of both the complaints was substantially the same and hence, in terms of the provisions of Rule 5(4)(a) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 the complaint bearing reference number PR/G/99/2022 was clubbed in the Complaint bearing reference no. PR/G/98/2022. The Complainant along with the Respondent were informed accordingly vide Directorate's letters dated 25th August 2022.
- 3.2. In respect of both the subject companies, it was noted that to effect the change in their registered office address to the premise Times Square, 7th & 8th Floor CTS 349 & 349-1 W.E. Highway NR Sai Service Andheri east Mumbai City MH 400069, respective e-forms INC-22 dated 28-08-2020 were submitted along with which respective Leave and License Agreements executed between M/s Mascots Business Support Services Private Limited (the owner of the premises of the alleged Registered Office) and respective Companies (M/s Guisol and M/s Jumar were also submitted in compliance with Rule 25 of the Companies (Incorporation) Rules, 2014.

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- 3.3. On reading of clauses of leave and license agreement, it was noted the name of the owner of the premises (i.e., M/s Mascots Business Support Services Private Limited) was mentioned as Licensor/Service Provider and not as lessor and in the next clause the service being provided by licensor is also described i.e., to receive letters/ mails / packages on behalf of the Company and handing-over of such letters/mails to the Company. Thus, it was apparent that the Company had executed an agreement just to hire the address of the premise and availed the services of collection of its letters and mails by such Licensor/Service provider on its (Company) behalf and then handing over of the same to the Company rather than taking on rent any physical space in the aforementioned premise to be used as its registered office.
- 3.4. Further, from the stated clauses that the Service Provider shall not be liable for any mail not collected within 30 days from the date of receipt/date of the package at the premise and that the Courier Forwarding facility was also provided by the Service Provider, it was clear that there was no formal setup of the Company in such premise with its own dedicated infrastructure and manpower to run the company and therefore, it was understood that the possession and control of the premise was not transferred to the Company in the said agreement and remained in Licensor's custody only i.e. in the custody of M/s Mascots Business Support Services Private Limited as mentioned in agreement too and the company was just to collect its mails and letters received on such registered office address periodically from the licensor/service provider.
- 3.5. This kind of agreement/arrangement undertaken by the Company with the owner of the premises for its registered office is viewed as a defeat of the very purpose of the provision of Section 12 of the Companies Act, 2013 which recognizes the concept of Registered office of the Company in its substance.
- 3.6. The Respondent being a certifying professional was required to check the agreement carefully and was supposed to make out the difference between the Rent Agreement as required in Rule -25 of the Companies (Incorporation) Rules, 2014 and leave and the License Agreement being submitted as supporting document along with such e-form INC-22. However, in the extant case it was apparent that the Respondent has failed to do the required due diligence while certifying such form and while giving the declaration that the registered office address would be used for business purpose of the company and the Respondent even admittedly did not visit the premise personally before verifying the e form-22 and verified through his team in contradiction to the declaration he had given in such form that he had personally visited the premise.

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- 3.7. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 03rd January, 2023 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 items 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."

- 3.8. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 16th January, 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. **Date(s) of Written submissions/Pleadings by parties:**

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

S.No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	16 th August, 2022
2.	Date of Written Statement filed by the Respondent	15 th September, 2022
3.	Date of Rejoinder filed by the Complainant	Not Filed
4.	Date of Prima facie Opinion formed by Director (Discipline)	03 rd January, 2023
5.	Written Submissions filed by the Respondent after PFO	06 th April 2023 and 20 th June 2024
6.	Written Submissions filed by the Complainant after PFO	Not filed

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

The Respondent vide letter dated 06th April 2023 and vide email dated 20th June 2024, inter-alia, made the submissions which are given as under:-

(a) **Respondent's submissions vide letter dated 06th April 2023:-**

- (i) The Respondent did not incorporate the said companies, as such, any allegations concerning the engagement of dummy subscribers to MOA & Directors, forgery, falsification of signatures, furnishing of incorrect information to obtain DIN etc., do not concern the Respondent. The Respondent's limited role qua the said companies was certifying e-form INC-22.
- (ii) Further, to the best of the Respondent's knowledge and understanding, the named companies, subscribers or witnesses do not have any association whatsoever with foreign nation(s) and these two companies are run by their owners in their Individual capacity.
- (iii) In the present case, both companies, operating out of a co-working space, were found to be capable of, and equipped with sufficient facility to receive and acknowledge communications made to them. Neither the Companies Act, 2013 nor the Companies (Incorporation) Rules 2014 make it mandatory for there to be a physical space.
- (iv) A Leave and License Agreement is a valid form of tenancy agreement recognised in the state of Maharashtra and the Maharashtra Rent Control Act, 1999, recognises such agreements and requires them to be mandatorily registered. In the present case, the agreement between the companies and the Licensor were duly registered.
- (v) Furthermore, Rule 25(2)(b) of the Companies (Incorporation) Rules, 2014, providing for verification of registered addresses permits both "lease" agreement as well as "rent" agreements as acceptable documents for the purpose of Form-INC-22.
- (vi) That the term of the Leave and Licence Agreement between the companies and the Licensor expired in September 2021.
- (vii) It was submitted that the certification under e-form INC-22 was given by the Respondent only after verification of the registered address by way of a Zoom call; thereby ensuring personal verification as required by law while local members of his team were present on the ground. The Respondent ensured that he personally saw the name plate of the companies and the office space.
- (viii) That the verification of the address was conducted in the month of August 2020, at which time, COVID-19-induced lockdowns were in place. Owing to the lockdown and the havoc wreaked

by the Coronavirus pandemic around the country, the Respondent was in no position to travel to Mumbai, Maharashtra and verify the address physically.

- (ix) In the Respondent's considered opinion, a co-working space can fulfill all the requirements of a registered office if such office is capable of receiving and acknowledging all communications and notices.
- (x) That the companies in question have moved to different office facilities post the cessation of pandemic related restrictions.
- (xi) There is therefore no case to be made for professional misconduct on part of the Respondent.

(b) Respondent's submissions vide email dated 20th June 2024:-

The Respondent while reiterating his submissions as contained in written submissions dated 06th April 2023, inter-alia, submitted as follows:-

- (i) That the Respondent has relied upon genuine documents i.e. the leave and license agreement in favour of M/s Guisol Solutions Private Limited and M/s Jumar Solutions Private Limited, the relevant no objection certificates obtained from the landlord and the lessor/licensor, the utility bill in favour of the licensor, along with an actual verification of the address of both Companies, while filing and certifying e-Form INC 22 with the Registrar of Companies.
- (ii) Relying upon some of the judgements of the Court, it is submitted that misconduct arises from ill-motive and mere acts of negligence, innocent mistake or errors of judgement do not constitute the misconduct.
- (iii) There is no requirement under the applicable law which mandates that a company shall have possession and control of the premises with respect to its registered office or shall mandatorily have a formal set up at such registered address.
- (iv) A plethora of Companies which are now setting up operations in India are using co-work spaces for the purpose of their registered address.
- (v) The certification under e-form INC-22 was given by the Respondent only after verification of the registered addresses by way of video conferencing, thereby ensuring personal verification as required by law while the local members of the Respondent's team were present on the ground.
- (vi) The Respondent submitted the affidavit given by his colleague Mr. Aarish Umar Chudesra who has solemnly deposed in the form of an affidavit that he had conducted the physical

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verification of the leased/licensed premises of both Companies at the coworking space with the Respondent who had joined the video conferencing during such verification.

- (vii) The Leave and License Agreements in favour of M/s Guisol Solutions Private Limited and M/s Jumar Solutions Private Limited were valid and subsisting only for a period of 11 months and 29 days till 24.08.2021 and the agreements mandated that both the Companies were liable to change their registered address at the expiry of the term of lease/license in case the same were not extended. It is submitted that both the Companies did not extend their leave and license agreements and chose to vacate the premises/coworking space upon the expiry of the term. Hence, it is obvious that M/s Guisol Solutions Private Limited and M/s Jumar Solutions Private Limited or their name plates etc. were not found at the addresses mentioned in forms INC – 22 when the physical inspection was carried out by the department in December 2021.

6. **Brief facts of the Proceedings:**

- 6.1. The details of the hearing(s)/ meeting(s) fixed and held/adjourned in said matter is given as under:

Particulars	Date of meeting(s)	Status
1 st hearing	05 th June, 2023	Part heard and adjourned.
2 nd hearing	28 th May, 2024	Adjourned at the request of the Respondent.
3 rd hearing	03 rd June, 2024	Adjourned at the request of the Respondent.
4 th hearing	20 th June, 2024	Adjourned at the request of the Respondent.
5 th hearing	29 th July, 2024	Adjourned at the request of the Respondent.
6 th hearing	29 th August, 2024	Hearing Concluded and decision taken

- 6.2. On the day of first hearing on 05th June 2023, the Committee noted that the Respondent was present through Video conferencing mode. Thereafter, he gave a declaration that there was nobody present except him from where he was appearing and that he would neither record nor store the proceedings of the Committee in any form. The office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him. 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 was aware of 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. With this, the case was part heard and adjourned.

- 6.3. On the day of the hearing on 28th May 2024, the Committee noted that the Respondent vide mail dated 28.05.2024 had sought adjournment on medical grounds. Acceding to the above request of the Respondent, the Committee adjourned the captioned case to a future date. With this, the case was adjourned to a future date.
- 6.4. On the day of the hearing on 03rd June 2024 the Committee noted that the Respondent vide mail dated 31.05.2024 had sought adjournment as his Counsel was not available on the date of hearing. Acceding to the above request of the Respondent, the Committee adjourned the captioned case to a future date.
- 6.5. On the day of the hearing on 20th June 2024, the Committee noted that the Respondent vide mail dated 11.06.2024 had sought an adjournment as his Counsel was not available on the date of hearing. Acceding to the above request of the Respondent, the Committee adjourned the captioned case to a future date.
- 6.6. On the day of the hearing on 29th July, 2024, the Committee noted that the authorized representative of the Complainant and Respondent along with Counsel were present and appeared before it. The Counsel for the Respondent requested for an adjournment in the matter. Acceding to the above request of Counsel for the Respondent, the Committee adjourned the captioned case to a future date.
- 6.7. On the day of the hearing on 29th August 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) The subject Companies have no foreign connection and there was no foreign Directors in these Companies.
 - (ii) Respondent did not provide any services in relation to incorporation of these Companies. The Respondent's limited role was to certify e-form INC-22.
 - (iii) Respondent has relied upon leave and license agreement, no objection certificates obtained from the landlord, utility bill along with actual verification of the address of the Companies, while filing and certifying e-Form INC 22 with the Registrar of Companies.
 - (iv) Both Companies were operating from a co-working space and had valid registered office(s) address(es) which were capable of receiving and acknowledging communications and notices in accordance with Section 12 of the Companies Act, 2013.

- (v) A Leave and License Agreement is a valid form of tenancy agreement recognized in the state of Maharashtra. The Maharashtra Rent Control Act, 1999, recognizes such agreements.
- (vi) Certification under e-Form INC-22 was given by the Respondent only after verification of the registered addresses of the Companies by way of video conferencing, thereby ensuring personal verification as required by law while the local members of the Respondent's team were present on the ground.

6.8. The Committee asked the authorised representative of the Complainant to make submissions. The authorized representative of the Complainant Department submitted that the issue in the present case is that the Companies have not fulfilled the requirements of Section 12 of the Companies Act, 2013. He further submitted that he has no further submissions to make and that the matter be decided on merits of the case.

6.9. The Committee, after considering the arguments of the Respondent and based on the documents and information available on record, decided to conclude the hearing in the captioned case and took the decision on the conduct of the Respondent.

7. **Findings of the Committee: -**

7.1. The Committee noted that the charge against the Respondent is that during the physical verification of registered office address of both Companies i.e. 'M/s Guisol Solutions Private Limited' and 'M/s Jumar Solutions Private Limited' by the Complainant Department, it was observed that said registered office of both the Companies was not maintained. Since such e-Form INC-22 was certified by the Respondent in his professional capacity, it is alleged that the Respondent in connivance with the Indian Directors and foreign directors have knowingly submitted a false statement. The details of the charge is given in Para 2.1 and Para 2.2 as above.

7.2. The Committee further noted that the Respondent had certified e-Form INC-22 in respect of 'M/s Guisol Solutions Private Limited' and 'M/s Jumar Solutions Private Limited' on 15.09.2020 for the change of registered office address of both Companies from address "91/92, Floor 9th Plot 224, B, Wing, Mittal Court, Jamnalal Bajaj Marg, Nariman Point, Mumbai" to "Time Square Buildin, 7th & 8th Floor, CTS 349 & 349-1 W.W Highway, NR Sai Service, Andheri East, Mumbai".

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

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- 7.3. The Committee observed that the Respondent had been held Prima Facie Guilty as he had given declaration while certifying Form INC 22 that he had personally visited the registered office of subject Companies and verified that the registered office of the Companies were functioning for the business purposes. However, in the written statement he admitted that he did not visit the premise personally before verifying the e-form INC 22 and he verified the office through his local team. Additionally, another aspect on which the Respondent was held Prima Facie Guilty was that the address which the Companies had given as registered office were not actually being used for business purpose of Companies.
- 7.4. The Committee noted that the Respondent had certified e-form INC 22 in respect of two Companies for effecting change in the registered office address of the said Companies. It was also noted that while certifying the said Form, the Respondent had given the declaration to have verified the requirements of the Companies Act as well as that of the Rules made thereunder and he had verified the registered office of the Company. However, as per the submissions of the Respondent, he had verified the premises of the registered office through video-conferencing and matched with the documentation presented.
- 7.5. It was noted that the Respondent had referred to the provisions of Section 12 of the Companies Act 2013 and Rule 25 of the Companies (Incorporation) Rules 2014 in regard to meeting the requirements of the verification undertaken by him for registered office of the Company. It was viewed that in extant matter, the role of the Respondent was being assessed based on the lease and license agreement(s) and other records related to change of registered office of the Companies. If the said agreements/records did not meet the requirements of the Companies Act, 2013, then it raises a question on degree of diligence exercised by him during incorporation of alleged Companies. The Committee viewed that the Respondent was providing a declaration in relation to registered office of the Company and he was then required to verify if the registered office met the requirements of the Companies Act which was laid in Section 12 of Companies Act, 2013 read with Rule 25 of Companies (Incorporation) Rules, 2014.
- 7.6. The Committee further noted that the Respondent in "Declaration and certification by professional" column of the Form INC-22 had given an undertaking that he had personally visited the registered office at the given address and that the Company was functioning therefrom. The declaration of the Respondent as contained in Form INC-22 read as follows:-

"I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of The Companies Act, 2013 and rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original records maintained by the company which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed. I further certify that:

1. The said records have been properly prepared, signed by the required officers of the company and maintained as per the relevant provisions of The Companies Act, 2013 and were found to be in order;
2. I have opened all the attachments to this Form and have verified these to be as per requirements, complete and legible;
3. I further declare that I have personally visited the registered office given in the form at the address mentioned herein above and verified that the said registered office of the company is functioning for the business purposes of the company."

7.7. Thereafter, the Committee perused the Section 12(1), (2) and (3)(a) of the Companies Act 2013 read with Rule 25 of the Companies (Incorporation) Rules, 2014, which stipulates as under:-

"Section 12 Registered office of company

- (1) A company shall, on and from the fifteenth day of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.
- (2) The company shall furnish to the Registrar verification of its registered office within a period of thirty days of its incorporation in such manner as may be prescribed.
- (3) Every company shall— (a) paint or affix its name, and the address of its registered office, and keep the same painted or affixed, on the outside of every office or place in which its business is carried on, in a conspicuous position, in legible letters, and if the characters employed therefor are not those of the language or of one of the languages in general use in that locality, also in the characters of that language or of one of those languages;"

"Rule 25 of the Companies (Incorporation) Rules, 2014

Verification of Registered Office

1) The verification of the registered office shall be filed in Form No.INC.22 along with the fee, and

(2) There shall be attached to said Form, any of the following documents, 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."

7.8. As regards the issue that the Respondent did not visit the premise personally before verifying the e-form INC 22 and he verified the registered office through his local team, the Committee noted the submissions of the Respondent that verification of the address was conducted in the month of August 2020, at which time COVID-19 induced lockdowns were in place and the Respondent was in no position to travel to Mumbai and verify the address physically. According to the Respondent, the certification under e-form INC-22 was given by the Respondent only after verification of the registered addresses by way of video conferencing, while the local member of the Respondent's team was present on the ground thereby ensuring personal verification as required by law. Further, the Respondent had produced the Affidavit dated 24th May 2024 given by his colleague, Mr. Aarish Umar Chudesra, who had solemnly deposed that he had conducted the physical verification of the leased/licensed premises of 'M/s Guisol Solutions Private Limited' and 'M/s Jumar Solutions Private Limited' at the coworking space with the Respondent who had joined the video-conferencing during such verification.

7.9. Further, the Committee observed that Mr. Aarish Umar Chudesra in his Affidavit dated 24th May 2024 has affirmed that he assisted in the verification of the respective business address with the Respondent and the addresses of both Companies, were accurately verified and matched with the documentation presented.

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- 7.10. As regards the issue that the address which the Companies had given as registered office were not actually being used for business purpose of Companies, the Committee noted the submissions of the Respondent that both the companies, operating out of a co-working space, were found to be capable of, and equipped with sufficient facility to receive and acknowledge communications made to them. Further, Rule 25(2)(b) of the Companies (Incorporation) Rules, 2014, providing for verification of registered addresses permits both "lease" agreement as well as "rent" agreements as acceptable documents for the purpose of Form-INC-22. There is no requirement under the applicable law which mandates that a company shall have possession and control of the premises with respect to its registered office or shall mandatorily have a formal set up with its own dedicated infrastructure and manpower to run the Company at such registered address.
- 7.11. The Committee viewed that although the Respondent had not personally visited the registered office of the Companies as declared in Form INC-22; however, the assignment of personal verification was given to his associate based at Mumbai (viz Mr. Aarish Umar Chudesra) who had undertaken the physical verification of registered address of the Companies and submitted an Affidavit in this behalf. Further, such physical verification of registered office of the company was conducted through video-conferencing due to restrictions imposed during Covid-19 pandemic; and the Respondent was shown the entire facility to allow him to conduct a verification of addresses of the company through video-conferencing. The Committee observed that the said premises of the company was also supported by leave and license agreement dated 26th August 2020, utility bill dated 06th July 2020 and NOC dated 26th August 2020 for use as registered office of the companies. The Committee thus opined that sufficient evidence was laid before it about the physical verification of registered office of the companies as undertaken by the associate of Respondent in person and by the Respondent through virtual meeting simultaneously.
- 7.12. The Committee noted that no rule/ provisions in the statute prohibiting the arrangement of co-workspace by the companies was brought to its notice by the Complainant Department, and hundreds of companies are using such co-workspace arrangement for use as the registered office. The Committee observed that there should be a valid agreement to occupy and use the premises as registered office along with NOC and utility bill.
- 7.13. In view of the said requirements, the Committee was of view that the Respondent had certified Form INC – 22 of both Companies and required documents; viz. leave and license agreement dated 26th August 2020; utility bill dated 06th July 2020, and NOC dated 26th August 2020 had

been attached with the said Form. Moreover, the Committee noted that both Companies are active as on date.

- 7.14. The Committee in this regard, also noted that in response to query of the Committee on co-workspace used as registered office by the Company in another identical disciplinary case, the Complainant (i.e ROC Delhi) had drawn the attention to provisions of Section 12(3)(a) of Companies Act, 2013 which is regarding maintenance of registered office of the Company.
- 7.15. On overall consideration, the Committee was of the view that meeting the requirements of Section 12(1), (2) and (3)(a) of the Companies Act 2013 and Rule 25 of the Companies (Incorporation) Rules 2014 would suffice for registered office of the company in respect of the matters as discussed above. In view of above, the Committee observed that the Respondent had brought forward sufficient defence to clarify the degree of diligence exercised by him before certifying the Form INC-22 for verification of proposed registered office of the companies. Thus, the Committee was of the view that the Respondent has exercised due diligence and 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.
- 7.16. 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, Mumbai 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 in the instant case. As such, the role of the Respondent was limited to certification of e-Form INC 22 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:

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 to Para 2.2 as above	Para 7.1 to Para 7.15 as above	NOT GUILTY as per 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: 28/11/2024

PLACE: New Delhi

सही प्रतिस्ति होने के लिए प्रमाणित
Certified to be true copy

मीनू गुप्ता / Meenu Gupta
परिचय कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनमय विभाग / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, बिरला नगर, शाहजहाँ, दिल्ली-110032
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