

भारतीय सनदी लखाकार संस्थान
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-IV (2024-2025)]]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH
RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF
PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

File No.- [PR/G/297/22/DD/206/2022/DC/1720/2023]

In the matter of:

The Registrar of Companies, NCT of Delhi & Haryana

Through Shri Mangal Ram Meena

Deputy Registrar of Companies,

Ministry of Corporate Affairs,

NCT of Delhi & Haryana,

4th Floor, IFCI Tower, 61,

Nehru Place,

New Delhi -110 019

..... Complainant

Versus

CA. Rounak Kumar Bansal (M. No. 554881)

House No. 93, Room No. C-6,

Near Shiv Mandir,

Katwaria Sarai,

New Delhi-110 016

..... Respondent

MEMBERS PRESENT:

1. CA. Ranjeet Kumar Agarwal, Presiding Officer (In person)
2. Shri Jiwesh Nandan, I.A.S (Retd.), Government Nominee (In person)
3. Ms. Dakshita Das, I.R.A.S. (Retd.), Government Nominee (Through VC)
4. CA. Mangesh P Kinare, Member (In person)
5. CA. Abhay Chhajed, Member (In person)

DATE OF HEARING : 06th January 2025

DATE OF ORDER : 20th January 2025

1. That vide Findings dated 10.10.2024 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that

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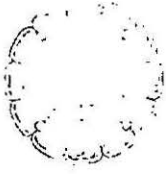
CA. Rounak Kumar Bansal (M. No. 554881) (hereinafter referred to as the "Respondent") is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part (I) of the Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 06th January 2025.

3. The Committee noted that on the date of the hearing on 06th January 2025, the Respondent was present through video conferencing. During the hearing, the Respondent accepted his mistake that he did not personally visit the premise of the proposed registered office of the Company and sought leniency in the matter. He further submitted that he has surrendered his Certificate of Practice, and he is no longer in practice.

4. The Committee considered the reasoning as contained in the Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal representation of the Respondent.

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal representation of the Respondent on the Findings, the Committee noted that the Respondent in his submissions at hearing stage stated that it is not feasible for a professional to visit registered office of a Company and on other side; he had made declaration and certification in Form SPICe+ that he had personally visited the premises of the proposed registered office of the Company, which itself is contradictory and a wrong declaration. Now, the Respondent has admitted that he had not visited the registered office of the Company physically. The Committee also noted that the subscribers to the Memorandum of Association (MOA) and Articles of Association (AOA) had not signed the Memorandum of Association and Articles of Association in his presence while he has given a declaration that subscribers to MOA



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and AOA has signed before him. Thus, the Committee was of the view that the Respondent has given wrong declaration and the said act of the Respondent is in violation of the requirement of Rule 13 of the Companies (Incorporation) Rules, 2014.

6. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 10th October 2024 which is to be read in consonance with the instant Order being passed in the case.

7. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

8. Thus, the Committee ordered that the Respondent i.e., CA. Rounak Kumar Bansal (M. No. 554881), be REPRIMANDED under Section 21B(3)(a) of the Chartered Accountants Act, 1949.

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Sd/-
(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

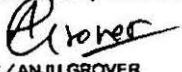
Sd/-
(SHRI JIWESH NANDAN, I.A.S.{RETD.})
GOVERNMENT NOMINEE

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

Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. ABHAY CHHAJED)
MEMBER

प्रमाणित सत्य प्रतिलिपि / Certified True Copy


अंजू ग़ोवर / ANJU GROVER
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनदी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आइसीएआई भवन, दिल्ली - 110 002
ICAI Building, New Delhi - 110 002

CONFIDENTIAL

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

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

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

File No.:- [PR/G/297/22/DD/206/2022/DC/1720/2023]

In the matter of:

The Registrar of Companies, NCT of Delhi & Haryana
Through Shri Mangal Ram Meena
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4th Floor, IFCI Tower,61,
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New Delhi -110019

..... Complainant

Versus

CA. Rounak Kumar Bansal (M. No. 554881)
House No.93, Room No. C-6,
Near Shiv Mandir,
Katwaria Sarai,
New Delhi-110016

..... 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)
CA. Abhay Chhajed, Member (Through VC)

DATE OF FINAL HEARING : 17th May 2024

PARTIES PRESENT:

Complainant : Mr. Gaurav, Dy. ROC Delhi (Authorised Representative of the Complainant)

Respondent : CA. Rounak Kumar Bansal (Through VC)

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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 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 willfully 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, the Respondent had certified the Incorporation Form "SPICe+" of M/s. Karefin Technology Private Limited (hereinafter referred to as the "Company").

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2. Charges in brief:

2.1. The Company does not appear to have any registered office as disclosed in its incorporation documents as the following were observed by the Complainant Department during its inspection/visit: -

- a) The Company has not painted or affixed its name and the address at the location.
- b) No company employee/official was found at address.
- c) Guard of the premise expressed no knowledge of existence of the Company on the said location.
- d) The subject Company bears typical characteristic of a Shell Company, as many other similar Companies have also been incorporated on same address.
- e) Multiple Companies are registered on this address but none of them were found there when the physical inspection team visited the said address.

3. **The relevant issues discussed in the Prima facie opinion dated 28^h September, 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1. The Respondent in his submissions stated that it is not feasible for a professional to visit the registered office of a Company. Hence, it appeared that the Respondent did not visit the Registered Office of the Company physically.

3.2. The Respondent was required to personally visit the registered office of the Company and was required to verify that the proposed office will be functioning for the business of the Company but admittedly he has not verified the same and accordingly, it can be stated that the Respondent failed to exercise due diligence while certifying the Incorporation Form.

3.3. Moreover, the Respondent stated that he has received the documents related to incorporation of the Company from CA. Vikas Garg on behalf of the promoters of the Company and there was no evidence on record to show that the Respondent was in direct contact of the subscribers of the Company. Memorandum of Association and Article of Association appears to have been filed along with the Incorporation Form (SPICe+) at the time of incorporation of the Company and these Memorandum of

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Association and Article of Association were signed by the Respondent as witness wherein he declared that subscribers to the Memorandum of Association and Article of Association have signed before him but on perusal of submissions of the Respondent, it is evident that the subscribers to the Memorandum of Association and Article of Association had not signed the Memorandum of Association and Article of Association in his presence.

- 3.4. Thus, it was viewed that Respondent has adopted a causal approach while certifying Incorporation Form and Memorandum of Association and Article of Association of the Company and failed to ensure compliance of the requirement of Incorporation Form and Companies (Incorporation) Rules, 2014.
- 3.5. The Director (Discipline) in his Prima Facie Opinion dated 28th September, 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 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:

x x x x x x

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

- 3.6 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. ✍

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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	15 th March 2022
2.	Date of Written Statement filed by the Respondent	26 th May 2022
3.	Date of Rejoinder filed by the Complainant	---
4.	Date of Prima facie Opinion formed by Director (Discipline)	28 th September 2022
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	---
6.	Rejoinder filed by the Complainant after Prima Facie Opinion	---

5. Brief facts of the Proceedings:

5.1 The details of the hearing(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	10 th April 2024	Deferred due to paucity of time
3 rd hearing	23 rd April 2024	Deferred due to paucity of time
4 th hearing	17 th May 2024	Hearing Concluded & Decision taken

5.2 On the day of first hearing on 05th June 2023, the Committee noted that authorized representative of the Complainant and the Respondent were present through Video conferencing mode. Thereafter, they gave a declaration that there was nobody present except them from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form.

5.3 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
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Respondent replied that he is aware of the charges and pleaded not guilty to the charge(s) 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 and accordingly, the matter was part heard and adjourned.

- 5.4 On the day of hearing on 10th April 2024 and 23rd April, 2024, the subject case was deferred by the Committee due to paucity of time.
- 5.5 On the final day of hearing on 17th May 2024, the Committee noted that Mr. Gaurav, Deputy Registrar of Companies, NCT Delhi and Haryana, authorized representative of the Complainant and the Respondent were present through video conferencing and appeared before it. The Committee noted that the case was part heard and the Respondent was already on oath. The Committee noted that the allegation against the Respondent is that he had certified the Incorporation Form "SPICe+" of M/s. Karefin Technology Private Limited and said Company did not appear to have any registered office as disclosed in its incorporation documents.
- 5.6 Thereafter, the Committee asked the Respondent to make submissions. The Respondent submitted that while incorporating the Company, his client i.e., Shri Mohit Kumar and Shri Manish Kumar through their friend CA. Vikas Garg provided all the documents and the Rent agreement along with all the relevant annexures for the registered address of the Company. The Respondent submitted that it is not feasible for a Chartered Accountant to visit and check whether the Company has painted or affixed its name and the address at the location where business is carried out. The Respondent cannot be held liable if actions of the Company on a future date after incorporation have violated any law. In Articles of Association and Memorandum of Association, the Respondent only witnessed that the subscribers to the Memorandum and Articles, had signed before him. After incorporation of the Company, he did not provide any services to the Company and accordingly, he has not been associated with the Company thereafter.

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- 5.7 The authorized representative of the Complainant submitted that he had already provided all the documents related to this case and has nothing more to add in this case.
- 5.8 The Committee, after considering the arguments of the Complainant's Representative and the Respondent and based on the documents and information available on record and after considering the oral and written submissions of the parties, decided to conclude the captioned case and took the decision on the conduct of the Respondent.

6. 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: -

- 6.1 There is one charge against the Respondent in which he had been held prima facie guilty i.e. the Company does not appear to have any registered office as disclosed in its incorporation documents. The details of allegation is given in para 2.1 above.
- 6.2 The Committee noted the contents of submissions of the Respondent made during the hearing in which he had stated that while incorporating the Company, Shri Mohit Kumar and Shri Manish Kumar through their friend CA. Vikas Garg provided all the documents and the Rent agreement along with all the relevant annexures for the registered office address of the Company.
- 6.3 The Respondent further stated that it is not feasible for a Chartered Accountant to visit and check; whether the Company has painted or affixed its name and the address at the location where business by the Company is carried out. A Chartered Accountant has to rely upon the documents provided by the client. The client had provided relevant proof for the existence of Company like address proof, consent from the landlord and telephone bill etc. The Respondent submitted that he was informed that the Company is a startup, and there are only employees cum directors and CA. Vikas Garg was their consultant. Moreover, the Respondent cannot be held

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if the actions of the Company in a future period of incorporation, have violated any law.

6.4 The Respondent during the hearing stated that the details provided by the client were self-attested and complete in all respect and he had relied upon the same. The Respondent stated that after incorporation of the Company, he did not provide any services to the Company and accordingly, he had not been associated with the Company thereafter.

6.5 The authorized representative of the Complainant submitted that he had already provided all the documents related to this case and has nothing more to add in this case.

6.6 In view of above facts, the Committee noted that that it is an admitted fact that the Respondent had certified the incorporation Form(s) "SPICe+"; SPICe+ MOA and SPICe+ AOA of the Company. The Committee further noted that while certifying Form SPICe+; at point no (iv) of said Form, the Respondent has made declaration and certification, which reads as under:

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

6.7 The Committee also noted that the Respondent in his submissions had stated that it is not feasible for a professional to visit registered office of a Company and on other side; he had made declaration and certification in Form SPICe+ that he had personally visited the premises of the proposed registered office of the Company, which itself is contradictory and a wrong declaration. Hence, it is evident that the Respondent did not visit the Registered Office of the Company physically as required in terms of the declaration given in Incorporation Form.

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- 6.8 In view of the foregoing, the Committee was of the opinion that the Respondent was required to personally visit the registered office of the Company and was required to verify that the proposed office will be functioning for the business of the Company but admittedly he had not verified the same. Accordingly, the Committee held that the Respondent has failed to exercise due diligence while certifying the Incorporation Form.
- 6.9 Thereafter, the Committee observed that the Respondent had stated that he had received the documents related to incorporation of the Company from CA. Vikas Garg (another professional) on behalf of the promoters of the Company, which showed that the Respondent was not in direct contact of the subscribers of the Company. The Memorandum of Association and Articles of Association have been filed along with the Incorporation Form (SPICe+) at the time of incorporation of the Company and these Memorandum of Association and Articles of Association were signed by the Respondent as witness, wherein he declared that "*subscribers to the Memorandum of Association and Article of Association have signed before him*". However, the Respondent himself has submitted that the documents were received by him from CA. Vikas Garg on behalf of Promoters. Hence, on perusal of his submissions during the hearing, it is apparent that the subscribers to the Memorandum of Association and Articles of Association had not signed the Memorandum of Association and Articles of Association in his presence. Hence, in view of the submissions made by the Respondent, the witnessing by the Respondent as professional appeared to be incorrect and the said act of the Respondent is in violation of the following requirement of Rule 13 of the Companies (Incorporation) Rules, 2014:-

"13. Signing of memorandum and articles.-

The Memorandum and Articles of Association of the company shall be signed in the following manner, namely:-

"(1) The memorandum and articles of association of the company shall be signed by each subscriber to the memorandum, who shall add his name, address, description and occupation, if any, in the presence of at least one witness who shall attest the signature and shall likewise sign and add his name,

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address, description and occupation, if any and the witness shall state that "I witness to subscriber/subscriber(s), who has/have subscribed and signed in my presence (date and place to be given); further I have verified his or their Identity Details (ID) for their identification and satisfied myself of his/her/their identification particulars as filled in."

- 6.10 In view of the above facts, the Committee was of the view that the Respondent has given incorrect declaration, while certifying the incorporation Form SPICe+ and has violated the provisions of Rule 13 of the Companies (Incorporation) Rules, 2014, while witnessing the Memorandum of Association and Article of Association of the Company. The Committee, considering these facts, held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.
- 6.11 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 certification of incorporation form (SPICe+) which has been examined by the Committee.

7. Conclusion

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

Charges (as per PFO)	Findings (Para ref.)	Decision of the Committee
Para 2.1 as given above	Para 6.1 to 6.10 as given above	GUILTY- Item (7) of Part I of Second Schedule

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- 8 In view of the above observations, considering the oral and written submissions of the parties and documents on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER


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GOVERNMENT NOMINEE

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GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. ABHAY CHHAJED)
MEMBER

DATE: 10/10/2024
PLACE: New Delhi

श्री जिवेश नंदन / श्री दक्षिता दास
Chartered Accountant / Chartered Accountant

असिस्टेंट डायरेक्टर / Assistant Director
अनुशासनात्मक विभाग / Disciplinary
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
असिस्टेंट डायरेक्टर, दिल्ली / Assistant Director, Delhi