



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-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.

[PR/G/47/22/DD/355/2022/DC/1698/2022]

In the matter of:

Ms. Seema Rath

Registrar of Companies, Kanpur,

Ministry of Corporate Affairs,

Office of the Registrar of Companies,

37/17, Westcott Building, The Mall,

Kanpur – 208 001

...Complainant

Versus

CA. Praveen Murarka (M.No.513907)

Office no. 102, 82-83, Main Vikas Marg,

Above Titan Eye Showroom, Laxmi Nagar,

Delhi – 110 092

MEMBERS PRESENT:

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

DATE OF HEARING : 03rd February 2025

DATE OF ORDER : 08th February 2025

- 1. That vide Findings dated 30/12/2024 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules,**



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2007, the Disciplinary Committee was inter-alia of the opinion that **CA. Praveen Murarka (M.No.513907)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I and Item (1) of Part II of 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 communication(s) were addressed to him thereby granting opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 20/01/2025 and 03/02/2025.

3. The Committee noted that this case was fixed before it for award of punishment under Rule 19(1) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. The Committee noted that the Respondent vide email dated 19/01/2025 had sought adjournment for the meeting held on 20/01/2025, which was acceded to by it. The Committee, however, provided a final opportunity to the Respondent to appear before it before passing any Order against him. The Committee directed the office to inform the Respondent to appear before it at the time of the next listing and in case of his failure to appear, the matter would be decided ex-parte based upon the documents and material available on record. The Committee further noted that the Respondent had neither filed any written representation on the findings of the Committee in captioned case nor had appeared before it despite the fact that he was specifically informed through notice dated 22/01/2025 to appear in the hearing fixed on 03/02/2025 failing which the matter would be decided ex-parte. Moreover, the Committee observed that this case was fixed six times before it for hearing(s) under Rule 18 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, however, the Respondent did not appear before it, and the Committee had decided the matter ex-parte at the stage of Rule 18.

2
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4. The Committee considered the reasoning as contained in the Findings holding the Respondent 'Guilty' of Professional and Other Misconduct. Keeping in view the facts and circumstances of the case and material on record, the Committee noted that as regards charges related to **M/s Dethat Trading Private Limited** – the Respondent has accepted his mistake with regard to omission of essential elements in the rent agreement at Prima Facie Stage. The Committee viewed that the absence of such essential elements in the Rent Agreement should have created doubt in mind of the Respondent on the authenticity of the documents. Further, the rent agreement was not notarised which also raises question on its validity as an authenticated document. As regards the charge related to rent agreement does not include the address of the property which is to be let out and rent agreement was neither signed by parties nor notarized, the Committee viewed that the Respondent was required to be more cautious and vigilant and was expected to insist on complete documents being attached to the said e-Form rather than certifying a Form with attachments containing incomplete information. Further as regards the next charge related to rent agreement does not include the name, address, signature of witness, the Committee observed that the Respondent was required to be more cautious and vigilant and was expected to insist on complete documents being attached to the said e-form rather than certifying a Form with attachments containing incomplete information. However, he failed to do so.

5. As regards charges related to **M/s. East Alpha Alliance Technology Private Limited** – the Committee observed that rent agreement was not registered, which itself is a violation of Section 17 of the Registration Act, 1908. Any agreement for a period of less than a year can be valid if notarised, but it was not in the extant case as the rent agreement was for 3 years. Hence, the rent agreement cannot be regarded as a valid document. Further, ownership paper viz. rent agreement, was a mandatory document to be attached with SPICe Form and therefore irregularities if any in respect of essential elements in the rent agreement cannot be ignored. Thereafter, the Committee observed that no copy of VISA of Mr. Jianju Lu was available on record. The Committee was of the view that in case a foreign individual is being appointed as Director on the Company, the Respondent was required to be more careful, and should have

22



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

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exercised due diligence in the matter. Moreover, the Committee opined that it apparent that to avoid the requirement of UDIN number, the date has been changed subsequently by overwriting. The Respondent had also not brought on record any document/evidence to prove that financial statements were signed by him on 30/06/2019.

6. As regards charges related to **M/s. Neu Science and Metallurgical Technology Private Limited** – the Committee observed that rent agreement was not registered, which itself is a violation of Section 17 of the Registration Act, 1908. Further, rent agreement was not signed by any witness. Hence, the rent agreement cannot be regarded as a valid document. Thereafter, the Committee observed that the name of Respondent as witness has been mentioned by him as “Praveen Sharma” and not as “Praveen Murarka”; though against it, he has mentioned his membership number and used his digital signatures. The Committee observed that such a mistake showed a very casual approach adopted by the Respondent in not even reading the document while witnessing those documents which is certainly not expected from a Chartered Accountant. After this, the Committee noted the plea of the Respondent that rent would have been negotiated subsequently by the Company at lower amount. However, the Committee was of the view that the Respondent could not produce anything in support of his statement. Thus, it showed failure on the part of the Respondent (who was Statutory Auditor of the Company) to exercise due diligence while booking the rent amount in profit and loss account without any supporting evidence for that amount. Moreover, the Committee viewed that the Respondent (who, was Statutory Auditor of the Company) should have reported the facts in his audit report that activities carried out by the Company as its main object are different from the main objects mentioned in MOA of the Company, but the Respondent had failed to report the said facts in his Audit Report. Hence, the Professional and Other Misconduct on the part of the Respondent is clearly established as spelt out in the Committee’s Findings dated 30th December 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 and Other Misconduct.

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8. Thus, the Committee ordered that the name of the Respondent i.e. CA. Praveen Murarka (M.No.513907), Delhi be removed from the Register of members for a period of 03 (Three) months and also imposed a fine of Rs. 50,000/- (Rupees Fifty thousand only) upon him, which shall be paid within a period of 60 (sixty) days from the date of receipt of the Order. The Committee further directed that this punishment order is independent and shall run consecutive to the punishment awarded to the Respondent in another disciplinary case [i.e. PR/G/27/22/DD/83/2022/DC/1730/2023].

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

सही प्रतिलिपि होने के लिए प्रमाणित /
Certified to be true copy

Nisha Sharma

निशा शर्मा / Nisha Sharma
परिष्कृत कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdra, Delhi-110032

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/47/22-DD/355/2022/DC/1698/2022]

In the matter of:

Ms. Seema Rath
Registrar of Companies, Kanpur,
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...Complainant

Versus

CA. Praveen Murarka (M.No.513907)
Office no. 102, 82-83, Main Vikas Marg,
Above Titan Eye Showroom, Laxmi Nagar,
Delhi – 110 092

...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 : Ms. Seema Rath, ROC Kanpur (through VC)

1. Background of the Case:

The Respondent was associated with three Companies namely - M/s. Dethat Trading Private Limited, M/s East Alpha Alliance Technology Private Limited and M/s Neu Science and Metallurgical Technology Private Limited for certification of their incorporation/INC-22 documents/Form AOC -4. Further, the Respondent was also Statutory Auditor of M/s. East

Alpha Alliance Technology Private Limited and M/s. Neu Science and Metallurgical Technology Private Limited

2. Charges in brief:

2.1. In respect of M/s Dethat Trading Private Limited –

- i. Rent Agreement attached with the Form INC-22 (filed on MCA 21 Registry vide SRN: R55968176 dated 15.09.2020) made on 01.09.2020 between Tarun Raghav, owner of the premises and Dethat Trading Company Private Limited, does not include the address of the property which is to be let out. Further, the Rent agreement was neither signed by parties nor notarized which shows that it is not a valid agreement.
- ii. Rent Agreement attached with the Form INC-22 (filed on MCA 21 Registry vide SRN: H60054657 dated 21.05.2019) made on 15.4.2019 between Rashmi Singh, owner of the premises and Gu Yang one of director of the Company does not include the name, address, signature of witness. NOC from the owner of the premises is also not attached with Form INC-22 which shows that it is not a valid agreement.

It is alleged that the Respondent has certified both Forms INC-22 despite so many irregularities in the relevant documents, which shows deliberate gross negligence on his part.

2.2. In respect of M/s East Alpha Alliance Technology Private Limited –

- i. In the SPICE Form filed vide SRN G43110626, the names of witnesses and their addresses is not written in the Rent Agreement attached in the list of attachments. The Respondent has certified the said E- Form along with all attachments without due diligence.
- ii. In the SPICE Form filed vide SRN G43110626, the names of the Lessor and Lessee are not written in the Rent Agreement attached in the list of attachments. The Respondent has certified the said E- Form (Spice Form) along with all attachments without due diligence.
- iii. In the Form DIR-12 (SRN-H46811402), a foreign director namely Mr. Jianju Lu has given his consent on 09.03.2019 to act as director of the Company but a copy of his visa is not attached with the Form.
- iv. In the Balance Sheet of the year 2018-2019 attached to Form AOC-4 filed vide SRN-R15466055, the UDIN of the Respondent is not mentioned, and that it is compulsory to attach UDIN on all certifications done by the Chartered Accountants as per the guidelines issued by the ICAI. The Respondent was Statutory Auditor and has certified the AOC-4 along with the all attachments of said AOC-4 without due diligence.

2.3. In respect of M/s Neu Science and Metallurgical Technology Private Limited –

- i. In the rent agreement enclosed with the SPICE INC-32 Form (SRN: G88863162), the following irregularities are reported:
 - a. That the Company was incorporated on 14.06.2018. However, the rent agreement was executed on 03.04.2017. Further, the rent agreement is between Mr. Santosh Bansal, authorized signatory of SBGT Services and Mr. Chen Xudong, which shows that the rent agreement is not in the name of Company and hence it is not valid.
 - b. The names and address of the witness are not mentioned in the rent agreement.
 - c. The rent agreement is for a period of 36 months. However, the registration documents for the same are not provided.
- ii. In Form INC-22 (SRN: T13713060) filed by the Company, it has been reported that there are no witnesses to the rent agreement.
- iii. In the Forms SPICE MOA- INC-33 (SRN: G88863162) and SPICE AOA- INC-34 (SRN: G88863162), in the witness column, the name of the professional is written as Praveen Sharma. However, the membership number and digital signatures are of the Respondent. This filing of wrong information is done deliberately to mislead government authorities and this act tantamount to fraud committed by the Respondent.
- iv. From the Form AOC-4 for the financial year ended 2018-19 (SRN: R16222705), the following has been reported:
 - a. Rent computation is incorrect. The rent in the profit and loss statement at the end of financial year 31.03.2019 is stated as Rs.2,62,802/-. In the rent agreement, the monthly rent was stated as Rs.44,000/- p.m., and the Company was incorporated on 14.06.2018. Therefore, the correct rent amount should be Rs.3,96,000 approx. (44,000 x 9).
 - b. In the Directors report, the description of main products/services of the Company is stated as "manufacture of reinforced safes, vaults, strong room doors, gates", which is not in line with the main objects of the Company, which is written in MOA of Company. Further, in the rent agreement done at the incorporation of the Company, it is expressly stated in point no. 10 of the rent agreement that the tenant i.e., the Company shall not carry on manufacturing at the premises. So, either the Company has some other premises for manufacturing activities, or it has violated the terms and conditions of the rent agreement.All the above irregularities on the part of Company are duly certified by the Respondent, which shows his malafide intention.

3. The relevant issues discussed in the Prima Facie Opinion dated 28th October 2022 formulated by the Director (Discipline) in the matter, in brief, are given below:

With respect to M/s Dethat Trading Private Limited –

- 3.1. On perusal of attachments attached with e-Form INC-22 dated 15th September 2020, it was noted that period of Rent Agreement was of 11 months and that the agreement was neither notarised nor registered. The alleged Rent agreement was not signed by either of the parties and the address of the property which was supposed to be let out was also not mentioned in the said Rent agreement. Further, the Rent agreement was not notarised which also raises question on its validity as authenticated document. Moreover, the Respondent himself has accepted his mistake with regard to verifying such documents.
- 3.2. On perusal of attachments attached with e-Form INC-22 dated 21st May 2019, it was noted that period of Rent Agreement was of 11 months and that the agreement was not signed by either of the parties on any page and there were neither any details of the witness nor any signature of witness on agreement.
- 3.3. Thus, the Respondent was held *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, in respect of the charges relating to M/s Dethat Trading Private Limited.

With respect to M/s East Alpha Alliance Technology Private Limited –

- 3.4. On perusal of attachments attached with e-Form INC-32 (SPICe) dated 18th May 2017, it was noted that the period of Rent Agreement was of 3 years. The said rent agreement was notarised and not registered. It was noted that any agreement for a period of less than a year can be valid if notarised, but it was not in the extant case when rent agreement was for 3 years. It was also observed that the alleged Rent agreement was not having details of witness and name of lessor and lessee was also not mentioned on last page of agreement which should have created doubt in mind of the Respondent on the authenticity of the documents.
- 3.5. Further, the Respondent had himself accepted in his written statement that he had not attached visa copy of Mr. Jianju Lu with DIR-12 form.
- 3.6. Moreover, in the Balance Sheet of 2018-2019 attached to AOC-4, the UDIN of the Respondent is not mentioned. On review of documents available on record, it was observed that the Respondent had signed financial statements on 30th September 2019 and subsequently it

appears that he has changed the date to 30th June 2019. It was also noted that Form no. AOC-2 (regarding details of contracts or arrangements or transactions not at arm's length basis) attached as annexure B is dated 30th September 2019. It appears that to avoid the requirement of UDIN number, the date has been changed subsequently by overwriting.

- 3.7. Thus, the Respondent was held *prima facie* guilty of Professional misconduct falling within the meaning of Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949, in respect of the charges relating to M/s East Alpha Alliance Technology Private Limited.

With respect to M/s Neu Science and Metallurgical Technology Private Limited –

- 3.8. On perusal of attachments attached with e-Form INC-32 (SPICe), it was noted that period of Rent Agreement was 3 years. The said rent agreement was notarised and not registered. It was noted that any agreement for a period of less than a year can be valid if notarised, but it was not in the extant case where rent agreement was for 3 years. It was also noted that rent agreement was not in name of the Company. It was observed that the Rent agreement was not having details of witness and that the registered rent deed was also not provided. Such discrepancies should have created doubt in mind of the Respondent on the authenticity of the documents.
- 3.9. On perusal of attachments attached with e-Form INC-22 dated 14th April, 2021, it was noted that the period of Rent Agreement was of 11 months. It was observed that the Rent agreement was not signed by any witness.
- 3.10. The Respondent had certified SPICE MOA INC-33 dated 06th June 2018 and SPICE AOA INC-34 dated 06th June 2018 in respect of the subject Company. It was noted that the name of Respondent as witness has been mentioned by him as Praveen Sharma and not as Praveen Murarka though against it he has mentioned his membership number and used his digital signatures. The Respondent failed to exercise due diligence while certifying the aforesaid Forms.
- 3.11. The Respondent had certified Form AOC-4 for the financial year 2018-19 in respect of the subject Company. It was noted that rent booked in Profit & Loss account was Rs. 2,62,802/- which is less than what was supposed to be booked/ paid by the Company i.e., Rs. 3,96,000/- as per the rent agreement. In this regard, the Respondent has pleaded in his written statement that rent would have been negotiated subsequently by the Company at lower amount. However, he could not produce anything in support of the same.

- 3.12. Further, in the Directors' report of the Company, under the description of main products/ services of the Company, "Manufacture of Reinforced Safes, Vaults, Strong Room Doors, Gates" has been mentioned whereas the same is not enlisted in Memorandum of Association of the Company. It was viewed that the Respondent had simply followed the facts as stated by the Director though the fact of carrying business outside the scope of MOA made the activities of the Company as ultra vires.
- 3.13. Thus, the Respondent was held *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, in respect of the charges relating to M/s Neu Science and Metallurgical Technology Private Limited.
- 3.14. In addition to the above, although there was no evidence/ document on record which may establish that the Respondent was aware of the malafide intention of the directors of the Company or any of their illegal activities, however, considering the negligence on the part of the Respondent in various certifications done by him, the possibility of him being hand in gloves with the management of the Company for its ulterior motive could not be ruled out. Thus, the Respondent was also held *prima facie* **guilty** of Other Misconduct falling under Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 3.15. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 28th October 2022 opined that the Respondent was *prima facie* **Guilty** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. The said items of the Schedule to the Act, states as under:

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:

X X X X X X

(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."

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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22

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

Item (1) of Part II of the Second Schedule:

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

x x x x x x

(1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council."

3.16. 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 prima facie **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. Dates of Written Submissions/ Pleadings by the Parties:

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

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	13 th January 2022
2.	Date of Written Statement filed by the Respondent	28 th July 2022
3.	Date of Rejoinder filed by the Complainant	26 th August 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	28 th October 2022
5.	Written Submissions filed by the Respondent after PFO	16 th March 2023
6.	Written Submissions filed by the Complainant after PFO	Not filed

5. Written Submissions filed by the Respondent:

The Respondent, vide letter dated 16th March 2023 had, inter alia, made the submissions which are given as under –

- a) The Companies are still active as per MCA records ipso facto established beyond doubt that no wrongdoing has been proved against the Companies.
- b) There was no failure on the Respondent's part as the charges are of nature which does not affect the correctness of various e- Forms certified by the Respondent and at most can be regarded as mistakes only. Mere failure to meet the expected standard of efficiency by a professional cannot be regarded as misconduct.

In respect of M/s Dethat Trading Private Limited –

- a) Rule 25 of the Companies (Incorporation) Rules, 2014, categorically states that any of the mentioned documents therein can be submitted along with Form No. INC-22 for verification of the registered office and thus submission of electricity bill or any document to prove ownership and NOC satisfactorily meet the requirement laid under the Rules 2014.
- b) For certain contracts viz. sale deed, signatures of witnesses can be omitted, and it does not make the agreement invalid. Further, the agreement duly signed by both the parties was sufficient evidence of the property, being rented out for the registered office of the Company, therefore NOC of the owner was not attached as once the owner has entered into a valid agreement, the same superseded the requirement of No Objection Certificate.

In respect of M/s East Alpha Alliance Technology Private Limited –

- a) The Rent agreement signed by both the parties is a valid document and was available on record and it is not the case that without the witnesses, the agreement is not acceptable or invalid.
- b) VISA is not a mandatory document required to be filed with DIR- 12 and if query would have been raised at any point of time by ROC office, then it could have been provided immediately as there was no requirement to submit the same with DIR-12.
- c) The applicability of UDIN was w.e.f. 01.07.2019 and balance sheet was signed before this date. There was typographical error in Audit Report which was corrected which was inadvertently left out to be corrected.

In respect of M/s Neu Science and Metallurgical Technology Private Limited –

- a) The agreement does not have name of the Company as this was entered between a director and landlord on 03.04.2017, and Director has given NOC to Company to use the property at the stated address. There is no bar that the director cannot give NOC for a property taken on lease by the Company at the address of registered office.
- b) There is no requirement to have witnesses to make any agreement valid.

- c) He had certified SPICE MOA - INC 33 dated 06th June 2018 and SPICE - AOA INC 34 dated 06th June 2018, where his name has been mentioned as Praveen Sharma and not as Praveen Murarka though his membership number has been correctly mentioned and digital signatures are affixed as well. The same was an unintentional error which had crept in as one of the staff had made a typographical error.
- d) Tenant would have re-negotiated rent amount after the incorporation of the Company as CORONA times had hit hard on many businesses. The Respondent had signed and certified the financials of the Company after verifying the actual amount paid.
- e) The Respondent had duly verified the Form MGT-14 and the resolution passed by the Company to alter MOA. Thus, there was no requirement to report any facts in his audit report dated 04th July 2019 as the main object of Company was as per the altered MOA of the Company.

6. Brief facts of the Proceedings:

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

S.no	Date of Meeting(s)	Status
1	05 th June 2023	Adjourned at the Request of the Respondent.
2	10 th April 2024	Adjourned in the absence of the Respondent.
3	17 th May 2024	Adjourned in the absence of the Respondent.
4	18 th June 2024	Adjourned in the absence of the Respondent.
5	29 th July 2024	Adjourned in the absence of the Respondent.
6	29 th August 2024	Hearing concluded and Decision taken.

- 6.1 On the day of the first hearing on 05th June 2023, the Committee noted that the Respondent vide email dated 03rd June 2023 sought an adjournment due to health issues. The Committee acceded to the request of the Respondent and adjourned the case to a future date.
- 6.2 On the day of the hearing on 10th April 2024, the Committee noted that the Complainant was present through video conferencing mode, however, the Respondent was not present for the hearing even though notice of hearing was duly served upon him. The Committee adjourned the case to a future date.
- 6.3 On the day of the hearing on 17th May 2024, the Committee noted that neither the Complainant nor the Respondent was present for the hearing and notice of listing of the case has been served upon them. The Committee adjourned the case to a future date.. The Committee also directed the office to hand deliver the notice of meeting for the next hearing to the Respondent at his professional address available in the record of ICAI.

- 6.4 On the day of the hearing on 18th June 2024, the Committee noted that neither the Complainant nor the Respondent was present for the hearing and notice of listing of the case has been served upon them. The Committee adjourned the case to a future date.
- 6.5 On the day of the hearing on 29th July 2024, the Committee noted that the Respondent was not present for the hearing and notice of listing of the case has been served upon him. The Committee adjourned the case to a future date with a view to extend one final opportunity to the Respondent to defend the charges. The Committee directed the office to inform the Respondent to appear before it at the time of next listing and in case of failure to appear, the matter would be decided ex-parte based upon the documents and materials available on record.
- 6.6 On the day of the final hearing on 29th August 2024, the Committee noted that Complainant was present through VC, but Respondent was not present and notice(s) of listing of the case has been sent to him at available professional address, but same returned back with postal remarks "Left". Further, the Committee noted that as per its instructions, office has made attempt(s) to hand deliver the notice(s) of hearing(s) to the Respondent. However, at professional address of the Respondent as per Institute's record, another professional (Company Secretary) was available and he informed that he occupied this premises since last one year and as per his knowledge no person (in the name of the Respondent) functioned from the said premises.
- 6.7 The Committee noted that this case was listed for hearing for the sixth time and same was adjourned previously due to non-appearance of the Respondent on all occasions except one dated 05.06.2023, wherein the Respondent had sought adjournment. The Committee further noted that the Respondent was communicated through email(s) that in his absence, the case would be decided ex-parte, the Respondent. However, the Respondent did not appear before the Committee. Further, the Committee noted that the Respondent had submitted his written statement dated 16.03.2023 on Prima Facie Opinion of the Director (Discipline).
- 6.8 The Committee noted that sub-rule (18) of Rule 18 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 states that the adjournment shall be granted by the Committee at the request of any of the parties, provided that such adjournment shall be not given more than once. However, in the present case, the Committee observed that Respondent did not appear before it, despite grant of sufficient opportunities to him. In view of this Rule, as narrated above, which provide for the grant of only one adjournment, the Committee decided to proceed with the conduct of the

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hearing ex-parte the Respondent, on the basis of documents/ material available on record as sufficient opportunities had already been granted to him to defend the charges.

6.9 Thereafter, the Committee noted the charges against the Respondent and then perused the written submissions of the Respondent dated 28.07.2022 at Prima Facie stage and dated 16.03.2023 on Prima Facie Opinion. The Committee asked the Complainant to make submissions. The Complainant submitted that she has no further submissions to make and that the matter be decided on merits of the case.

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

7. Findings of the Committee:

7.1. The Committee observed that this case was fixed for six times before it for hearing(s), however, the Respondent did not appear single time before it, despite the fact that he was specifically informed that in case of his non-appearance, the matter would be decided ex-parte. In view of this, the Committee noted that sub-rule (18) of Rule 18 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 states that the adjournment shall be granted by the Committee at the request of any of the parties, provided that such adjournment shall be not given more than once. However, in the present case, the Committee observed that Respondent did not appear, even on single occasion before it, despite grant of sufficient opportunities to him. The Committee also noted that the Respondent has also not communicated in any manner whether he wants to appear in the proceedings. In the absence of any response from the Respondent and in compliance of the Rules as narrated above, which provides for the grant of only one adjournment, the Committee was of the view that there is no need of granting any more opportunities to the Respondent and so the Committee decided to proceed with the conduct of the hearing ex-parte, in the absence of the Respondent, on the basis of documents/ material available on record.

7.2. The Committee noted that the charges against the Respondent are as under: -

In respect of M/s Dethat Trading Private Limited –

- i. Rent Agreement attached with the Form INC-22 (filed on MCA 21 Registry vide SRN: R55968176 dated 15.09.2020) made on 01.09.2020, does not include the address of the

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property which is to be let out. Further, the Rent agreement was neither signed by parties nor notarized which shows that it is not a valid agreement.

- ii. Rent Agreement attached with the Form INC-22 (filed on MCA 21 Registry vide SRN: H60054657 dated 21.05.2019) made on 15.4.2019, does not include the name, address, signature of witness. NOC from the owner of the premises is also not attached with Form INC-22 which shows that it is not a valid agreement.

The Respondent has certified both the above Forms INC-22 despite so many irregularities in the relevant documents, which shows deliberate gross negligence on his part.

The details of charges are given in paras 2.1 above.

The Committee noted the background of the case as well as documents/ material on record and gives its findings as under: -

- 7.3. As regards charge related to rent agreement does not include the address of the property which is to be let out and rent agreement was neither signed by parties nor notarized, the Committee noted the submissions of the Respondent that Rule 25 of the Companies (Incorporation) Rules, 2014, categorically states that any of the mentioned documents therein can be submitted along with Form No. INC-22 for verification of the registered office and thus submission of electricity bill or any document to prove ownership and NOC satisfactorily meet the requirement laid under the said Rules. The Committee noted that Section 12 of the Companies Act, 2013 read with Rule 25 of the Companies (Incorporation) Rules, 2014 stipulates as under: -

"12. Registered Office of Company

(1) A Company shall within thirty days 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."

Rule 25 of the Companies (Incorporation) Rules, 2014 states as under: -

"25 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:-

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- (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."

7.4. On perusal of documents on record and submissions of the Respondent, the Committee observed that the Respondent had certified Form no. INC-22 dated 15th September 2020 and 21st May 2019 in respect of M/s Dethat Trading Private Limited. As regards e-form INC-22, it is observed that the Respondent while certifying the said Form, had declared as under: -

"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 -

- (i) 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,
- (ii) all the required attachments have been completely and legibly attached to this form,
- (iii) 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.

7.5. On perusal of attachments attached with e-Form INC-22 dated 15th September 2020, it is noted by the Committee that period of Rent Agreement was of 11 months and that agreement was neither notarised nor registered. The Committee observed that Section 17 of the Registration Act, 1908 requires mandatory registration of Rent/ Lease agreement, if lease is of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent. Since the agreement brought on record by the Respondent was for a period less

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than 12 months, the same was not required to be registered. However, it is observed that the alleged Rent agreement was not signed by either of the parties and the address of the property which was supposed to be let out was also not mentioned in the said Rent agreement. Therefore, such Rent Agreement is of no relevance as documentary evidence of the address as envisaged in Rule 25 of the Companies (Incorporation) Rules 2014 mentioned above.

7.6. According to the Respondent, Rule 25 of the Companies (Incorporation) Rules 2014 states that any of the documents mentioned therein can be submitted along with Form INC-22 for verification of the registered office and thus submission of electricity bill or NOC would meet the requirements laid down under this Rule. He further submitted that if the rent agreement was not considered, even then other documents submitted along with the Form would meet the criteria and provide complete information about the details of registered office and ownership of the property. The Committee observed that sub-rule (2) of Rule 25 mentioned four documents at (a) to (d) as attachments to the Form. The Committee, after detailed consideration of provisions of Section 12 of the Companies Act 2013 and Rule 25 of the Companies (Incorporation) Rules 2014, was of the view that either one of the documents mentioned at (a) or (b) under sub-rule (2) of Rule 25 is a mandatory document required to be attached with the Form. The Committee was further of the view that in addition to the above document, both the documents mentioned at (c) and (d) of sub-rule (2) of Rule 25 are also mandatorily required to be attached with the incorporation Form. In other words, the ownership papers of the premises i.e. either (a) the registered document of the title of premises of the registered office in the name of the company, or (b) the notarised copy of lease or rent agreement in the name of the company along with copy of rent paid receipt not older than one month, was a mandatory document to be attached with the incorporation Form. Additionally, the documents mentioned at (c) and (d) under sub-rule (2) of Rule 25 are required to be attached along with ownership papers. The Committee thus opined that ownership paper viz. rent agreement, was a mandatory document to be attached with the Form INC-22; and therefore irregularities if any in respect of essential elements in the rent agreement cannot be ignored.

7.7. The Committee noted that the Respondent has accepted his mistake with regard to omission of essential elements in the rent agreement at Prima Facie Stage. The Committee viewed that the absence of such essential elements in the Rent Agreement should have created doubt in mind of the Respondent on the authenticity of the documents. Further, the rent agreement was not notarised which also raises question on its validity as an authenticated document. Hence, the Respondent was required to be more cautious and vigilant and was expected to insist on completing the documents being attached to the said e-Form rather than certifying a Form with attachments containing incomplete information. Accordingly, it is opined by the

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Committee that the Respondent has failed to exercise due diligence while certifying the Form(s) of the Company M/s. Dethat Trading Private Limited. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

- 7.8. As regards charge related to rent agreement does not include the name, address, signature of witness and NOC from the owner of the premises was not attached with Form INC-22, on perusal of attachments attached with e-Form INC-22 dated 21st May, 2019, it is noted by the Committee that period of Rent Agreement was of 11 months and that the agreement was not signed by either of the parties on any page and there were neither any details of the witness nor any signature of witness on agreement which should have created doubt in mind of the Respondent on the authenticity of the documents. The Committee noted that the Respondent has accepted his mistake with regard to omission of essential elements in the rent agreement at Prima Facie Stage. The Committee noted that the Respondent at hearing stage has submitted that rent agreement was sufficient evidence of the premises being rented out for registered office of the company and therefore NOC was not attached with Form INC-22 which was not required in such a situation. The Committee observed that as discussed in para 7.6 above, authorisation from the owner (i.e. NOC) is also one of the mandatory documents to be attached with Form INC-22. The Respondent was required to be more cautious and vigilant and was expected to insist on completing the documents being attached to the said e-form rather than certifying a Form with attachments containing incomplete information. However, he failed to do so. Accordingly, it is opined by the Committee that the Respondent failed to exercise due diligence while certifying the said Form of the Company namely M/s. Dethat Trading Private Limited. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

With respect to M/s East Alpha Alliance Technology Private Limited –

8. The Committee noted that the charges against the Respondent are as under: -
- i. In the SPICE Form filed vide SRN G43110626, the names of witnesses and their addresses is not written in the Rent Agreement attached in the list of attachments.
 - ii. In the SPICE Form filed vide SRN G43110626, the names of the Lessor and Lessee are not written in the Rent Agreement attached in the list of attachments.
 - iii. In the Form DIR-12 (SRN-H46811402), a foreign director namely Mr. Jianju Lu has given his consent on 09.03.2019 to act as director of the Company but a copy of his visa is not attached with the Form.

iv In the Balance Sheet of the year 2018-2019 attached to AOC-4 filed vide SRN-R15466055, the UDIN of the Respondent is not mentioned.

- 8.1. The Committee noted the submissions of the Respondent in respect of charges contained in point(s) (i) & (ii) above that the Rent agreement signed by both the parties is a valid document and was available on record and it is not the case that without the witnesses, the agreement is not acceptable or invalid. In view of submissions of the Respondent, the Committee noted that name and address of the witness(es) are not there in rent agreement and the rent agreement was also not registered as per Section 17 of Registration Act, 1908 as the period of rent agreement was for more than a year.
- 8.2. On perusal of attachments attached with e-Form INC-32 (SPICe) dated 18th May 2017, the Committee noted that period of Rent Agreement was of 3 years. The Committee observed that Section 17 of the Registration Act, 1908 requires mandatory registration of Rent/ Lease agreement, if lease is of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent. In view of this, the Committee observed that in extant case, the rent agreement was notarised and not registered, which itself is a violation of Section 17 of the Registration Act, 1908. It is noted that any agreement for a period of less than a year can be valid if notarised, but it was not in the extant case as the rent agreement was for 3 years. Hence, the said rent agreement cannot be regarded as a valid document.
- 8.3. According to the Respondent, rent agreement was not a stand-alone document for verification of registered office of the company; as NOC from owner of premises was also attached as proof of ownership, which would ensure the identity of parties and also meet the requirement laid down under the Companies (Incorporation) Rules, 2014. The Committee observed that sub-rule (2) of Rule 25 mentioned four documents at (a) to (d) as attachments to the Form. The Committee observed that the documents that are mandatorily required to be attached with SPICe Form are given in sub-rule (2) of Rule 25 of the Companies (Incorporation) Rules, 2014; and the view of the Committee on this matter is already stated in para 7.6 above which may be referred to for the instant charge also. The Committee thus opined that ownership paper viz. rent agreement, was a mandatory document to be attached with SPICe Form and therefore irregularities if any in respect of essential elements in the rent agreement cannot be ignored.
- 8.4 Further, the Committee observed that the name of lessor and lessee was not mentioned on last page of agreement which should have created doubt in mind of the Respondent on the authenticity of the documents. Hence, the Respondent was required to be more cautious and

vigilant and was expected to insist on completing the documents being attached to the said e-Form rather than certifying a Form with attachments containing incomplete information. Accordingly, it is opined by the Committee that the Respondent failed to exercise due diligence while certifying the Spice Form of the Company. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

- 8.5. As regards **next charge** that a foreign director gave his consent to act as Director of the Company, but a copy of his visa was not attached with the Form, the Committee noted that the Respondent in his written statement at Prima Facie Stage has accepted that copy of VISA was not attached with Form DIR -12. Moreover, the Committee noted that the Respondent in his written submissions dated 16/03/2023, at hearing stage has claimed to have attached the copy of VISA of Mr. Jianju Lu, but same was not found to be attached with the said submissions. In view of this, it is observed that no copy of VISA of Mr. Jianju Lu was available on record. The Committee was of the view that in case a foreign individual is being appointed as Director on the Company, the Respondent was required to be more careful, and should have exercised due diligence in the matter.
- 8.6. In view of above, the Committee opined that the Respondent failed to exercise due diligence while certifying the said Form DIR-12 in respect of the Company. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 8.7. In relation to the **next charge** that in the Balance Sheet of the year 2018-2019, UDIN of the Respondent is not mentioned, the Committee noted the submissions of the Respondent that the applicability of UDIN was w.e.f. 01.07.2019 and balance sheet was signed before this date and there was typographical error in Audit Report which was corrected.
- 8.8. In view of the charge and submissions of the Respondent, the Committee noted that it is an admitted fact that UDIN was mandatory for all Audit, Assurance and attest functions rendered by Chartered Accountants. w.e.f. 01.07.2019 In instant case, it is observed by the Committee that the Respondent had signed financial statements on 30th September 2019 and he has later changed the date to 30th June 2019 (handwritten). It is clearly visible that "6" has been written with pen subsequently over "9"., The Committee thus opined that it apparent that to avoid the requirement of UDIN number, the date has been changed subsequently by overwriting. Further, the Respondent had also not brought on record any document/evidence to prove that financial statements were signed by him on 30/06/2019. Accordingly, the Committee was of

the view that the Respondent failed to exercise due diligence while signing the Financial Statements of the Company. Thus, the Respondent is Guilty of Professional Misconduct falling within the meaning of Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

In respect of M/s Neu Science and Metallurgical Technology Private Limited –

9. The Committee noted that the charges against the Respondent are as under: -
- i. In rent agreement enclosed with the SPICE INC-32 Form, the following irregularities are reported:
 - a) The Company was incorporated on 14.06.2018, but rent agreement was executed on 03.04.2017. Further, the rent agreement is not in the name of Company.
 - b) The names and address of the witness are not mentioned in the rent agreement.
 - c) The rent agreement is for a period of 36 months. However, the registration documents for the same are not provided.
 - ii. In Form INC-22, filed by the Company, it has been reported that there are no witnesses to the rent agreement.
 - iii. In the Forms SPICE MOA- INC-33 and SPICE AOA- INC-34, in the witness column, the name of the professional is written as Praveen Sharma. However, the membership number and digital signatures are of the Respondent.
 - iv. From the Form AOC-4 for the financial year ended 2018-19 (SRN: R16222705), the following has been reported:
 - a) Rent computation is incorrect.
 - b) In the Directors report, the description of main products/services of the Company is stated as "manufacture of reinforced safes, vaults, strong room doors, gates", which is not in line with the main objects of the Company, which is written in MOA of Company.
- 9.1. The Committee noted the submissions of the Respondent in respect of charge contained in para 9 (i) above that there is no bar that the director cannot give NOC for a property taken on lease by the Company at the address of registered office. He further submitted that since the rent agreement was for a period of more than 11 months which was not registered, he had relied upon the provisions of Section 106 of the Transfer of Property Act.

- 9.2. On perusal of documents attached with e-Form INC-32 (SPICe), the Committee noted that period of Rent Agreement was of 36 months. The Committee noted that its views on the requirement of mandatory registration of rent/lease agreement for a period of three years is already stated in para 8.2 above which may be referred to for the instant charge also. Hence, the said rent agreement cannot be regarded as a valid document.
- 9.3. Further, the Committee observed that the name of lessor and lessee was also not mentioned on the last page of rent agreement which should have created doubt in mind of the Respondent on the authenticity of the documents. Hence, the Respondent was required to be more cautious and vigilant and was expected to insist on completing the documents being attached to the said e-Form rather than certifying a Form with attachments containing incomplete information. Accordingly, it is opined by the Committee that the Respondent failed to exercise due diligence while certifying the Spice Form of the Company. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 9.4. In relation to the **next charge** that in Form INC-22 filed by the Company, there are no witnesses to the rent agreement, the Committee noted the submissions of the Respondent that there is no requirement to have witnesses to make any agreement valid. On perusal of attachments attached with e-Form INC-22, the Committee observed that this Rent agreement was not signed by any witness. Further on agreement, it was mentioned "*signed in presence of following witnesses*" but no witness details (viz. name and address(es)) were mentioned.
- 9.5. In view of the above, the Committee viewed that the Respondent was required to insist on completing the documents being attached to the said e-Form rather than certifying a Form with attachments containing incomplete information, t but the Respondent failed to do so. Accordingly, it is opined by the Committee that the Respondent failed to exercise due diligence while certifying the Form of the Company. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 9.6. In relation to the **next charge** that in the Forms SPICE MOA INC-33 and SPICE AOA INC-34, the name of the professional was wrongly written as "Praveen Sharma", the Committee noted the submissions of the Respondent that the same was an unintentional error which had crept in due to typographical error on the part of his staff.

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- 9.7 In view of the charge and submissions of the Respondent, the Committee noted that the Respondent witnessed SPICE MOA INC-33 dated 06th June 2018 and SPICE AOA INC-34 dated 06th June 2018, in respect of M/s Neu Science and Metallurgical Technology Private Limited. The Committee further noted that the name of Respondent as witness has been mentioned by him as "Praveen Sharma" and not as "Praveen Murarka"; though against it, he has mentioned his membership number and used his digital signatures. The Committee observed that such a mistake showed the very casual approach adopted by the Respondent in not even reading the document while witnessing those documents which is certainly not expected from a Chartered Accountant. The Committee was of further view that filing of such wrong information by a professional is not acceptable. Accordingly, it is opined by the Committee that the Respondent failed to exercise due diligence while witnessing the aforesaid SPICE MOA INC-33 dated 06th June 2018 and SPICE AOA INC-34 dated 06th June 2018 for the Company. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 9.8 In relation to the **next charge** that Rent computation is incorrect, the Committee noted the submissions of the Respondent that tenant would have re-negotiated the rent amount after incorporation of the Company as CORONA pandemic had hit hard on many businesses. The Committee further noted that the Respondent had audited the Financial Statements for the financial year 2018-19 in respect of M/s Neu Science and Metallurgical Technology Private Limited and the rent booked in Profit & Loss account was Rs. 2,62,802/- which was less than what was supposed to be booked/ paid by the Company i.e., Rs. 3,96,000/- as per rent agreement.
- 9.9 The Committee noted the plea of the Respondent that rent would have been negotiated subsequently by the Company at lower amount. However, the Committee was of the view that the Respondent could not produce anything in support of his statement. Thus, it showed failure on the part of the Respondent (who was Statutory Auditor of the Company) to exercise due diligence while booking the rent amount in profit and loss account without any supporting evidence for that amount. Thus, in the absence of any document to supplement his defence, the argument of the Respondent cannot be accepted. Thus, the Committee opined that the Respondent on this allegation is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

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- 9.10 In respect of the **next charge** that the description of main products/services of the Company given in the Directors' Report is not in line with the main objects of the Company, as written in MOA of Company, the Committee noted the submissions of the Respondent that Form MGT 14 for filing of resolution of altered MOA was filed with RoC on 03/07/2019 and there was no requirement to report any facts in his audit report dated 04th July 2019 as the main object of Company was as per the altered MOA of the Company. The Committee further noted that the Respondent had audited the Financial Statements of M/s Neu Science and Metallurgical Technology Private Limited for the financial year 2018-2019.
- 9.11. In view of above, the Committee noted that the Respondent had not brought on record copy of Form MGT 14 as claimed to be filed with RoC for altering the MOA of the Company. Further, said copy of MGT 14 dated 03/07/2019 was not found enclosed with his written submissions dated 16/03/2023 as claimed to be attached therewith. Further, the copy of altered MOA of the Company brought on record by the Respondent has not been authenticated as it does not have the signatures of Directors of the Company or has been certified by the Registrar of Companies. Therefore, the Committee did not accept the submissions of the Respondent in this behalf. Accordingly, the Committee viewed that the Respondent (who was Statutory Auditor of the Company) should have reported the facts in his audit report that activities carried out by the Company as its main object are different from the main objects mentioned in MOA. Thus, it was viewed that the Respondent had failed to report the said facts in his Audit Report. Accordingly, it is opined by the Committee that the Respondent had failed to exercise due diligence, in the matter. Thus, the Respondent is **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
10. The Committee further noted that although there is no evidence/document on record which may establish that the Respondent was aware of the malafide intention of the directors of the Company or any of their illegal activities, however, considering the negligence on the part of the Respondent in various certifications done by him (as discussed above), the possibility of him being in hand in gloves with the management of the Company for its ulterior motive cannot be ruled out especially when Respondent had failed to appear before it in any of the hearings and thus, no submissions has been made by the Respondent in this regard. . Thus, the Respondent is held Guilty of Other Misconduct falling under Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949

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11 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
With respect to M/s Dethat Trading Private Limited		
Para 2.1 (i) as above.	Para 7.2 to 7.7 as above.	GUILTY- As per Item (7) of Part I of Second Schedule
Para 2.1 (ii) as above.	Para 7.8 as above.	GUILTY- As per Item (7) of Part I of Second Schedule
With respect to M/s East Alpha Alliance Technology Private Limited		
Para 2.2 (i) & (ii) as above.	Para 8.1 to 8.4 as above.	GUILTY- as per Item (7) of Second Schedule
Para 2.2 (iii) as above.	Para 8.5 to 8.6 as above.	GUILTY- As per Item (7) of Part I of Second Schedule
Para 2.2 (iv) as above.	Para 8.7 to 8.8 as above.	GUILTY - as per Item (1) of Part II of Second Schedule
With respect to M/s Neu Science and Metallurgical Technology Private Limited		
Para 2.3 (i) as above.	Para 9.1 to 9.3 as above.	GUILTY- as per Item (7) of Part I of Second Schedule
Para 2.3 (ii) as above.	Para 9.4 to 9.5 as above.	GUILTY- as per Item (7) of Part I of Second Schedule
Para 2.3 (iii) as above.	Para 9.6 to 9.7 as above.	GUILTY- as per Item (7) of Part I of Second Schedule
Para 2.3 (iv) (a) as above.	Para 9.8 to 9.9 as above.	GUILTY- as per Item (7) of Part I of Second Schedule
Para 2.3 (iv) (b) as above.	Para 9.10 to 9.11 and Para 10 as above.	GUILTY- as per Item (7) of Part I of Second Schedule and as per Item (2) Part IV if First Schedule

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12. In view of the above observations, considering the written submissions of the Complainant and the Respondent and documents/material on record, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I and Item (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(SHRI JIWESH NANDAN, IAS {RETD.})
GOVERNMENT NOMINEE


Sd/-
(MS. DAKSHITA DAS, IRAS {RETD.})
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

DATE: 30/12/2024

PLACE: New Delhi

सही प्रतिलिपि होने के लिए अनामि/ /
Certified to be true copy


निशा शर्मा / Rishi Sharma
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
संन्यासनात्मक निर्देशालय / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
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