

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2025-2026)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

File No: PR/G/76/2024/DD/151/2024/DC/1912/2024

In the matter of:

Ms. Seema Rath
Registrar of Companies, UP
Ministry of Corporate Affairs
37/17, The Mall,
Kanpur- 208001.

....Complainant

-Vs-

CA. Rounak Singh (M.No.310877)
Beside Swarn Chitra Mandir
Opp Indian Oil, Bhandaridih,
Giridih, Jharkhand – 815301.

....Respondent

Members Present (in person):

CA. Charanjot Singh Nanda, Presiding Officer
CMA. Chandra Wadhwa, Government Nominee
CA. Mahesh Shah, Government Nominee
CA. Pramod Jain, Member
CA. Ravi Kumar Patwa, Member

DATE OF FINAL HEARING : 28th July 2025

Parties Present:

Authorized Representative of the Complainant Department: Not Present

Respondent: CA. Rounak Singh (M.No.310877) (Through VC)

1. BACKGROUND OF THE CASE:

- 1.1 It was stated by the Complainant Department that it had come to the knowledge of Central Government that certain individuals viz., Directors / Shareholders / entities in **M/s SPD Gadget India Private Limited** (hereinafter referred to as 'Company') had engaged dummy persons as subscribers to MOA and directors and registered the Company with ROC, Delhi & Haryana by using forged documents / falsified addresses / signatures. Further, Director Identification Number (DIN) was obtained by furnishing false / forged document.

- 1.2 The companies / individuals / entities directly or indirectly connected with the Company might be engaged in illegal / suspicious activities viz, money laundering, tax evasion and non-compliance of various provisions of laws.
- 1.3 Certain professionals had connived with these companies/subscriber to MOA/ Chinese individuals who were acting behind these companies, and professionals had knowingly incorporated these companies and were also assisting in running of these companies for illegal/ suspicious activities in violation of various laws and certified various e-forms filed on MCA Portal with either false information or by concealing the material facts/ information or without attaching relevant annexures to hide their real identity.
- 1.4 Against the aforesaid background, it was informed that the Respondent certified e-Form DIR-12 for the appointment of Mr. Chunlong Ding as Director of M/s SPD Gadget India Private Limited (hereinafter referred to as the 'Company'). As per Rule 10(1) of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2022, individuals from countries sharing a land border with India must obtain Security Clearance from the Ministry of Home Affairs. This clearance was required in the case of the said Director.

2. **CHARGES IN BRIEF:**

S. No.	Charge(s)	Prima Facie Opinion of the Director (Discipline)	Applicable Item of the Schedule to the Chartered Accountants Act, 1949
1.	The e-Form DIR-12 digitally signed by the director of the Company was certified by the Respondent without proper due diligence as there is non-compliance of Section 152 of the Companies Act, 2013 read with Rule 10(1) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2022.	Guilty	Item (7) of Part I of the Second Schedule

3. **THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 21st AUGUST 2024 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF ARE GIVEN BELOW:**

- 3.1 On perusal of the e-Form DIR- 12 (an intimation to ROC regarding appointment of directors and the key managerial personnel and the changes among them) for the appointment of Mr. Chunlong Ding as director of M/s SPD Gadget India Private Limited, it was observed that the same was certified by the Respondent on 07.06.2022. Further, it was observed that the nationality of Mr. Chunlong Ding was shown as 'CN' (Chinese) and his appointment as director of the Company was shown w.e.f. 03.06.2022. It is also observed that the copy of the following Forms / declarations were also attached with the DIR-12 certified by the Respondent: -

- a) Declaration of Mr. Chunlong Ding in Form DIR-2,
- b) Copy of appointment letter issued by the Company,
- c) Extracts of the minutes of board of director meeting in which Mr. Chunlong Ding was appointed,
- d) Form MBP-1 and Form DIR -8.

3.2 It was also observed that while certifying the DIR-12, the Respondent declared as under: -

“Certificate by practicing professional

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/ certified records maintained by the Company/ applicant which is the 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 to be found in order.*
- ii) *All the required attachments have been completely and legibly attached to this form*
- iii) *It is understood that I shall be liable for action under Section 448 of the Companies Act 2013 for wrong certification, if any found at any stage.”*

3.3 It was pertinent to note that Rule 8 of Companies (Appointment and Qualification of Directors), 2014 read with the amendment dated 01.06.2022 in the specified Rule stipulates the following: -

“8 Consent to act as Director

Every person who has been appointed to hold the office of a director shall on or before the appointment furnish to the company a consent in writing to act as such in Form DIR-2:

Provided that the company shall, within thirty days of the appointment of a director file such consent with the Registrar in Form DIR-12 along with the fee as provided in the Companies (Registration Offices and Fees) Rules, 2014.

****Provided further that in case the person seeking appointment is a national of a country which shares land border with India, necessary security clearance from the Ministry of Home Affairs, Government of India shall also be attached along with the consent.” (emphasis added)*** (Inserted by the Companies (Appointment and Qualification of Directors), Amendment Rules 2022 vide notification 01.06.2022.

- 3.4 It was observed from Mr. Chunlong Ding's passport and driving licence that he is Chinese national and accordingly, a mark 'CN' (Chinese) was mentioned in DIR-12 against the nationality of Mr. Chunlong Ding. Therefore, as per requirement of aforesaid Rule, Mr. Chunlong Ding, who was a Chinese national and the China shares land border with India, was required to obtain security clearance from Ministry of Home Affairs, Government of India and make it part of the consent to be given by him in DIR-2 in terms of the requirement of the proviso to the Rule 8 of Companies (Appointment and Qualification of Directors), 2014. However, it was observed that no such declaration as required by the proviso to Rule 8 was provided.
- 3.5 It was also observed that the Respondent certified the DIR-12 on 07.06.2022 and was, therefore, required to ensure compliance with all the provisions of the Companies Act, 2013, and the applicable Rules framed thereunder as on the date of certification. He cannot take plea that Rule being new, he was not aware of the same or since the Form DIR-12 was not updated on MCA portal till the date of certification, he was not supposed to verify the compliance of the applicable amended Rules, 2002. The proviso to Rule 8 as inserted by the Companies (Appointment and Qualification of Directors) Amendment Rules, 2022, clearly states that the declaration regarding security clearance should be attached with the consent i.e. (DIR-2). Hence, keeping in view the requirement of the Rule 8, he should have attached the declaration of Mr. Chunlong Ding with regard to the security clearance with DIR-2 but the same has not been done.
- 3.6 It was noted that though the DIR-12 was declared to be defective by the ROC on 31.01.2024, yet the same could not absolve the Respondent from the responsibility of discharging his professional duties in accordance with the applicable law at the time of certification of e-Form DIR-12. Therefore, any benefit could not be extended to the Respondent merely on the ground that DIR-12 was declared defective by the ROC after almost 1.5 years of its filing. Hence, it was viewed that the Respondent failed to ensure the compliance of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2014 (as amended in 2022) and consequently, certified DIR-12 without incomplete details.
- 3.7 The Director (Discipline) in his Prima Facie Opinion dated 21st August 2024 opined that the Respondent is Prima Facie **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Item of the Schedule to the Act, states as under:

Item (7) of Part I of the Second Schedule:

"A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he:

X X X X

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

- 3.8 The Prima Facie Opinion formed by the Director (Discipline) was considered by the (erstwhile) Disciplinary Committee at its meeting held on 18th September 2024. The (erstwhile) Committee on consideration of the same, concurred with the reasons given

against the charges and thus, agreed with the Prima Facie opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part - I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. DATE(S) OF WRITTEN SUBMISSIONS/PLEADINGS BY PARTIES:

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

S. No.	Particulars	Date
1.	Date of Complaint in Form 'I' filed by the Complainant	02.04.2024
2.	Date of Written Statement filed by the Respondent	15.06.2024
3.	Date of Rejoinder filed by the Complainant	10.07.2024
4.	Date of Prima facie Opinion formed by Director (Discipline)	21.08.2024
5.	Written Submissions filed by the Respondent after Prima Facie Opinion	NIL (received on 07.11.2024 through email followed by hard copy through post)
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	31.01.2025

5. SUBMISSIONS OF THE RESPONDENT:

- 5.1 The Committee noted that the Respondent in his submissions dated Nil (received on 7th November 2024 through email followed by hard copy through post), in response to the Prima Facie Opinion, inter-alia, stated as under: -
- Notification No. G.S.R. 410(E)- The Companies (Appointment and Qualification of Directors) Amendment Rules, 2022 was notified on 01.06.22 which was very new which the Respondent missed on date of e-certification i.e. 7th June 2022 which was just 6 days ahead the date of notification. The said act is purely bonafide and did not arose out of any malafide intent.
 - The term "gross negligence" is often used to describe a higher degree of negligence than what is often called ordinary or mere negligence. Thus, the term "gross negligence" means some culpable default or some willful blindness and does not merely arise from want of oversight or innocent mistakes. In the extant case, the clause of notification that was released just 6 days prior to the date of e-certification was missed out unintentionally and not because any malafide intent was involved to overlook the clause. The said Form was finally not accepted also and the incompleteness of the DIR-12 vide SRN FO4971560 was communicated to the Directors and the Statutory Auditors of the Company for its rectification.
 - No adverse view be kindly taken in this matter as it was purely circumstantial and there was no failure to act honestly and reasonably.

6. SUBMISSION OF THE COMPLAINANT DEPARTMENT:

6.1 The Committee noted that the Complainant Department in its submissions vide email dated 31st January 2025, inter-alia, stated as under: -

a) As per Rule 10(1) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2022, which are effective from 01.06.2022, "*In case the person seeking appointment is a national of a country which shares land border with India, necessary security clearance from the Ministry of Home Affairs, Government of India shall also be attached along with the consent*".

b) Further as per Companies (Appointment and Qualification of Directors) Amendment Rules, 2022, in DIR-2, under the heading 'declaration', the following shall be inserted:

"(ii) I further declare that -

I am not required to obtain the security clearance from the Ministry of Home Affairs, Government of India before seeking appointment as director; or

I am required to obtain the security clearance from the Ministry of Home Affairs, Government of India before seeking appointment as director and the same has been obtained and is attached."

c) The above-mentioned declaration was not declared in writing in DIR-2 i.e. consent to act as director i.e. as per the amendment made by Mohd Arif Khan (Director of SPD Gadget India Private Limited) at the time of filing e-Form DIR-12. Hence, it was non-compliance of Section 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Amendment Rules, 2022. The e-Form was digitally signed by Mr. Mohd. Arif Khan, Director of SPD Gadget India Private Limited and the Form was certified by the Respondent. This shows that the Respondent had not exercised his due diligence while certifying the said e-Form DIR-12.

d) There was no Investigation/Inquiry report in the said case.

7. BRIEF FACTS OF THE PROCEEDINGS:

7.1 The details of the hearing(s) fixed and held/adjourned in said case are given as under: -

S. No.	Particulars	Date(s) of meeting	Status of hearing
1.	1 st Hearing	16.12.2024	Part heard and adjourned.
2.	2 nd Hearing	28.07.2025	Concluded and decision taken on the conduct of the Respondent.

7.2 On the day of the hearing held in the case on 16th December 2024, the Committee noted that there was no representation from the Complainant Department when the case was taken up for hearing. However, the Respondent was present before it through Video Conferencing. Thus, the Committee decided to proceed ahead with the hearing in the case. The Respondent was administered on Oath. Thereafter, the Committee enquired from the

Respondent as to whether he was aware of the charges. On the same, the Respondent replied in the affirmative and pleaded Not Guilty to the charges leveled against him. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date. With this, the hearing in the case was part heard and adjourned.

- 7.3 On the day of the hearing held in the case on 28th July 2025, the Committee noted that the Respondent was present before it through video conferencing. However, the Authorized Representative of the Complainant Department was not present when the case was taken up for hearing. Since there had been a change in the composition of the Committee since the last hearing, it was duly intimated to the Respondent who was present before the Committee and was given an option of de-novo. The Respondent affirmed to continue with the proceedings in the case. Since the written submissions of the Complainant Department countering the further written submissions of the Respondent on the Prima Facie Opinion were already on record, the Committee decided to proceed ahead with the hearing in the case. On consideration of the submissions made by the Respondent, the Committee posed certain questions to him which were responded to by him. Thereafter, the Committee, on consideration of the documents on record and the oral and written submissions of the parties to the case vis-à-vis facts of the case, decided to conclude the hearing in the case.

8. FINDINGS OF THE COMMITTEE:

- 8.1 The Committee noted that the conduct of the Respondent has been examined with respect to the sole charge alleged against him as regards the certification of Form DIR-12 for the appointment of Mr. Chunlong Ding as Director of M/s SPD Gadget India Private Limited on 07.06.2022 without proper due diligence in non-compliance of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Amendment Rules, 2022.
- 8.2 The Committee noted that the Company was incorporated on 1st April 2022 with 2 directors, namely, Mohd. Arif Khan and Mr. Gaurav Bisht. Mr. Chunlong Ding was appointed as an additional director of the Company with effect from 3rd June 2022, in respect of whose appointment Form DIR 12 had been certified by the Respondent on 7th June 2022.
- 8.3 The Committee noted that the Respondent in his defence, inter-alia, stated that he was aware that the alleged Director was a Chinese national and he was provided with his passport, driving license and DIR 3, i.e., DIN allotment letter (which shows that the director was already allotted a DIN). He further stated at time of hearing held on 28th July, 2025 that the Form DIR 12 was also not updated with the amendment which had come on 1st June 2022 at the time of certification of Form DIR 12 by him on 7th June 2022. In today's date if we file DIR 12, below the Form there is a check box to furnish the detail that necessary clearance from Ministry of Home Affairs has been obtained. Earlier, e-Forms were uploaded on the ROC's V2 site by first downloading it offline and then filling it up. Under the V3 system, the Form is available online through the company's ID, where details are entered directly, and a PDF version is generated after submission. Thus, the process differs between the V2 and V3 versions. Further, in the same Notification at second para it is mentioned that the DIN will be allocated to a foreign national only after obtaining the necessary clearance from the Ministry of Home Affairs. Since the DIN was already allotted, he certified Form DIR 12 as on 7th June 2022 on the basis of documents provided to him.

- 8.4 The Committee noted that the relevant Notification No. G.S.R. 410(E), introducing the Companies (Appointment and Qualification of Directors) Amendment Rules, 2022, was notified on 01st June 2022. The Respondent certified Form DIR-12 on 7th June 2022, six days after the notification came into effect. The following provisos was inserted in Rule 8(1) and Rule 10(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the amended Rules require as under: -

"Rule 8 - Consent to Act as Director.

*Every person **who has been appointed to hold the office of a director** shall on or before the appointment furnish to the company a consent in writing to act as such in Form DIR-2.*

Provided that the company shall, within thirty days of the appointment of a director, file such consent with the Registrar in Form DIR-12 along with the fee as provided in the Companies (Registration Offices and Fees) Rules, 2014.

Provided further that in case the person seeking appointment is a national of a country which shares land border with India, necessary security clearance from the Ministry of Home Affairs, Government of India shall also be attached along with the consent.

"Rule 10 – Allotment of DIN.

(1) *On the submission of the Form DIR-3 on the portal and payment of the requisite amount of fees through online mode [an application number shall be generated by the system automatically].*

Provided that no application number shall be generated in case of the person applying for Director Identification Number is a national of a country which shares land border with India, unless necessary security clearance from the Ministry of Home Affairs, Government of India has been attached along-with application for Director Identification Number..."

The Committee on perusal of e-Form DIR -12 certified by the Respondent noted that there was no specific column for declaration regarding the Security Clearance from the Ministry of Home Affairs. Further, the Committee also observed that the alleged director's Director Identification Number i.e. 09629735 was also stated in the said Form DIR 12 which means that the alleged director was already having a DIN at the time of certification of Form DIR 12 by the Respondent.

- 8.5 Further, the Committee noted that since security clearance from the Ministry of Home Affairs, Government of India had not been attached, the said Form was marked as 'defective' by the Registrar, Kanpur on 31st January 2024 under intimation to the Company. The incompleteness of the DIR-12 vide SRN FO4971560 was also communicated to one of the Directors of the Company by the Respondent vide communication dated 3rd February 2024 and telephonically to the Statutory Auditors i.e., M/s V.V. Kale & Co. of the Company as informed by the Respondent. It was also noted that the Company vide letter dated 10th February 2024 informed the Respondent that once the requirement is complied with and necessary document is procured, he shall be duly informed. However, subsequently, there was no communication from the Company.

8.6 In view of the above, the Committee held as under:

- a) The requirement of obtaining Security Clearance under Rule 10(1) is limited to applications for DIN under Form DIR-3. The alleged director was already allotted a DIN on 3rd June 2022 prior to certification of Form DIR 12 by the Respondent.
- b) The Form DIR 12 as available at the time of Respondent's certification, did not reflect any amendment incorporating the requirement of Security Clearance under the said Rules.
- c) The Respondent carried out the verification of the necessary supporting documents i.e. Passport, Driving License and DIR-3 of the alleged director, at the time of certification.

8.7 The Committee also noted that the said Form DIR-12 certified by the Respondent had been marked as 'defective' by the Registrar. The Respondent, despite not being associated with the Company in any other capacity, post the said certification, took reasonable steps to inform the Management of the Company for rectification of the defect. The Committee also noted that the instant Company is still active as per MCA records having filed the last Balance Sheet till 31st March 2024. Also, Mr. Chunlong Ding is still an active Director of the Company. Further, the alleged lapse on the part of the Respondent cannot be stretched upon so as to amount to gross negligence on his part.

8.8 Thus, looking into the facts and circumstances of the case, the Committee was of the view that no case of misconduct is made out against the Respondent and accordingly, decided to hold the Respondent **Not Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act 1949 in respect of the Charge alleged against him.

9. CONCLUSION:

9.1 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 PEO)	Findings	Decision of the Committee
Para 2 as given above	Paras 8.4 to 8.8 as given above	NOT GUILTY - Item (7) of Part I of the Second Schedule

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

10. **ORDER:**

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

Sd/-
(CA. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-
(CMA. CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. PRAMOD JAIN)
MEMBER

Sd/-
(CA. RAVI KUMAR PATWA)
MEMBER

DATE : 18th November 2025
PLACE : NEW DELHI

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Prover
अंजू गровер / Anju Grover
सहायक सचिव / Assistant Secretary
अनुशासनमय निर्देशालय / Disciplinary Directorate
भारतीय चार्टर्ड अकाउंटन्ट्स संस्थान
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