



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 (2025-2026)]

[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/220/22-DD/162/2022/DC/1784/2023(Clubbed PRG/221/2022 to PR/G/253/  
2022)]**

**In the matter of:**

**Sh. Mangal Ram Meena**

**Deputy Registrar of Companies**

'Government of India, Ministry of Corporate Affairs

Office of the Registrar of Companies,

NCT of Delhi & Haryana

4<sup>th</sup> Floor, IFCI Tower. 61, Nehru Place,

**NEW DELHI – 110019**

**.... Complainant**

**Versus**

**CA. Mohit Kumar (M. No. 513874)**

B-386, New Friends Colony,  
New Delhi – 110 065

S-351, 2nd Floor,  
Greater Kailash, Part – INEW DELHI - 110048

**.... Respondent**

**MEMBERS PRESENT:**

1. CA. Prasanna Kumar D, Presiding Officer (In person)
2. Ms. Dakshita Das, I.R.A.S (Retd.), Government Nominee (Through VC)
3. Adv Vijay Jhalani, Government Nominee (In person)
4. CA. Mangesh P. Kinare, Member (Through VC)
5. CA. Satish Kumar Gupta, Member (Through VC)

**DATE OF HEARING: 05<sup>th</sup> February 2026.**

**DATE OF ORDER: 11<sup>th</sup> February 2026.**



# भारतीय सनदी लेखाकार संस्थान

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1. That vide Findings dated 30<sup>th</sup> January 2026 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 **CA. Mohit Kumar (M. No. 513874)** (hereinafter referred to as the "Respondent") is **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of the Part I and Clause (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 was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 05<sup>th</sup> February 2026.

3. The Committee noted that on the date of hearing on 05<sup>th</sup> February 2026, the Respondent was present in person and made verbal submissions on the findings of the Committee. An opportunity was given for the submission of written representations; however, the Respondent failed to file any written response/submissions. The Committee noted that the Respondent, in his submissions, inter alia, stated as under: -

- The Respondent submitted that he had not received any rent for providing the premises as a registered office to the companies.
- It was further submitted that temporary addresses were provided only as interim arrangement to facilitate companies in providing registered office during the covid time,.
- Neither a Director nor a shareholder of the Company has been affected.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal submissions of the Respondent. The Committee noted that the issues/ submissions made by the Respondent as aforesaid have been dealt with by it at the time of hearing under Rule 18.



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5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal submissions of the Respondent on the Findings, it is apparent that the Respondent had certified incorporation documents of the Companies and had witnessed MOA & AOA of the companies and was also auditor of some Companies.

5.1 The Respondent despite being auditor of the Company/Companies has let out his property to the Company/Companies for using the same as registered office. This act of acceptance of appointment as statutory auditor of the same Company by the Respondent when the registered office of Company being his premises, created self-interest threat leading to compromising his independence and despite that, the Respondent continued to act as Statutory Auditor of the Company. Accordingly, the Respondent, by associating himself with the Company in the aforesaid manner, violated the provisions of the Code of Ethics and failed to adhere to the fundamental principles governing the profession. The Respondent is, therefore, guilty of professional misconduct, as his actions strike at the very root of auditor independence and undermine public confidence in the auditing profession.

5.2 Further the Respondent certified the Form INC-20A of various companies without verifying credit of money in the bank account of the Companies. Thus, he has not only given wrong certification but also violated the requirement of Section 10A of Companies Act, 2013 which requires a confirmation in Form INC-20A that the subscribers to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of declaration by the subscribers.

5.3 Moreover, the non-disclosure of subscribers' particulars had the effect of concealing material information at the stage of formation of the Company, thereby defeating the purpose of statutory disclosures envisaged under the Companies Act, 2013 and impairing regulatory oversight. By approving Forms INC-33 and INC-34 without mandatory subscriber information,



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the Respondent failed to discharge his professional duty with due care, diligence and professional skepticism.

5.4 The Respondent, despite being fully aware of these irregularities and deficiencies at the stage of incorporation and formation of the Company/companies, proceeded to audit and certify the financial statements for the financial year 2020–21. The Respondent was actively involved in and closely connected with the incorporation and initial structuring of the Company. Such deep involvement, followed by acceptance and continuance of the statutory audit assignment, is wholly incompatible with the fundamental principles of independence and professional skepticism mandated under the Code of Ethics and the Companies Act, 2013. By doing so, the Respondent failed to report material non-compliances and irregularities and instead lent credibility to the affairs of the Company through his audit report.

5.5 Further, with regard to non-disclosure of related party transactions, the Committee is of the view Failure to report the non-disclosure of related party transactions amounts to a serious lapse; as such information is material for stakeholders to assess the financial position and governance of the Company. The Committee is of the view that the Respondent, having knowledge of the existence of loans and advances from related parties, ought to have either ensured appropriate disclosure in the Notes to Accounts or reported the non-compliance in his audit report. By certifying the financial statements without qualification or adverse remark on this material non-disclosure, the Respondent failed to discharge his professional duty with due diligence, independence and professional skepticism. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 30<sup>th</sup> January 2026 which is to be read in consonance with the instant Order being passed in the case.

6. 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.



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7. Thus, the Committee ordered that the Respondent i.e CA. Mohit Kumar (M. No. 513874), New Delhi be REPRIMANDED and also imposed a fine of Rs. 2, 00,000/- (Rupees Two lakh only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

Sd/-

(CA. PRASANNA KUMAR D)

PRESIDING OFFICER

Sd/-

(MS DAKSHITA DAS, I.R.A.S (RETD.))

GOVERNMENT NOMINEE

Sd/-

(ADV. VIJAY JHALANI)

GOVERNMENT NOMINEE

Sd/-

(CA. MANGESH P KINARE)

MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)

MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

*Arju Grover*

अंजु गровер / Arju Grover

सहायक सचिव / Assistant Secretary

अनुशासनालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India

आर्.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)

ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – IV (2025-2026)]**

**[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/220/22-DD/162/2022/DC/1784/2023(Clubbed PRG/221/2022 to PR/G/253/ 2022)]**

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**.... Respondent**

**MEMBERS PRESENT:**

**CA. Prasanna Kumar D, Presiding Officer (In person)**  
**Adv. Vijay Jhalani, Government. Nominee (In person)**  
**CA. Mangesh P. Kinare, Member (In person)**  
**CA. Satish Kumar Gupta, Member (Through VC)**

**DATE OF FINAL HEARING : 15<sup>th</sup> December 2025**

**PARTIES PRESENT:**

**AR of Complainant : Shri Vijayasimha Reddy (Through VC)**  
**Respondent : CA. Mohit Kumar (Through VC)**  
**Counsel for Respondent : Adv. Shivam Gautam (Through VC)**

1. **Background of the Case:**

1.1. As per the Complainant Department, certain professionals have connived with the following companies:

1. M/s Vagabonds Trading Private Limited
2. M/s Rising Restaurant Private Limited
3. M/s Flashbolt Trading Private Limited
4. M/s Boathouse Trading Private Limited
5. M/s Dream Bar Private Limited
6. M/s Magic House Café Private Limited
7. M/s Jade Room Trading Private Limited
8. M/s Coolmind Restaurant Private Limited
9. M/s Stay Gold Trader Private Limited
10. M/s Snowview Café Private Limited
11. M/s Hill Light Hospitality Private Limited
12. M/s Stay Gold Restaurant Private Limited
13. M/s Vagabonds Café Private Limited
14. M/s Magic House Restaurant Private Limited
15. A B Restaurant Ventures Private Limited
16. M/s Young Mind Ventures Private Limited
17. M/s Wholemagic Trading Private Limited
18. M/s Ultra Living Private Limited
19. M/s Blue Lightning Hospitality Private Limited
20. M/s Red Rocks Café Private Limited
21. M/s V H Hospitality Private Limited
22. M/s V H Restaurant Private Limited
23. M/s Jute Box Restaurant Private Limited
24. M/s Stay Gold Hospitality Private Limited
25. M/s PME Entertainment Private Limited
26. M/s Big Boys Café Private Limited
27. M/s Honeycomb Restaurant Private Limited
28. M/s Chophouse Café Private Limited
29. M/s Magicball Restaurant Private Limited
30. M/s Coolmind Hospitality Private Limited
31. M/s Boathouse Café Private Limited
32. M/s Vagabonds Hospitality Private Limited
33. M/s Westland Hospitality Private Limited

### 34. M/s Flashbolt Restaurant Private Limited

Their directors/subscriber to MOA and Chinese individuals who are acting behind these companies and professionals have knowingly incorporated these companies and are also assisting in running of these companies for illegal/ suspicious activities in violation of various laws and further certified various reports/ e- forms filed with Ministry of Corporate Affairs on MCA 21 Portal with false information or by concealing the material facts/ information to hide the real identity of Chinese persons behind the companies particularly at the time of incorporation.

- 1.2. It is stated that the Respondent had certified incorporation documents of some Companies, had witnessed and was auditor of some Companies.
- 1.3. It is stated that since the Complainant has made 34 complaints against the Respondent on similar ground, common allegations pertaining to all 34 companies have been dealt with at one place for better understanding of gravity of allegations and for ease of reference and the allegations which are not common have been dealt with separately company-wise.

#### 2. Charges in brief:

##### Common allegations against 34 Companies

- 2.1. The registered office address of the Company was verified and not found on mentioned address, even no board was found at the address from which it is evident that the Company has not been maintaining its registered office and not maintaining its books of accounts as per the requirements of laws. It appears that it is a shell company solely incorporated with malafide intention.
- 2.2. The Respondent, while certifying the documents, has given the same address and subscribers intentionally and gave his e-mail ID in place of companies' e-mail / directors' e-mail in e-forms.
- 2.3. The Respondent who had certified and given witness in all the documents, is also the landlord of the rented premises which strengthened the apprehension that on one hand he had with the malafide intention let out his own premises on rent to these companies and on the other hand, being the professional of the Company, he had certified and witness all the documents of the Companies.

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- 2.4. The Company has filed Form No.INC-20A regarding declaration for commencement of business wherein subscribers' proof of payment for value of shares has to be attached mandatorily. However, there was no document which could prove that the number of shares has been credited in the account of the Company.

**Allegation related to 'Rising Restaurant Pvt. Ltd.'**

- 2.5. The bank account of one of the Director of above Company namely Mr. Gaurav Sharma has been opened in joint name with the Respondent.
- 2.6. The Respondent was statutory auditor of the Company, and he also let out the property to the Company for use the same as registered office of the Company. Hence, it is evident that the Respondent had incorporated the Company with malafide intention to carry out the business of the Company in a fraudulent manner and violated Code of Ethics.

**Allegation related to Flashbolt Trading Pvt. Ltd**

- 2.7. The Respondent was statutory auditor of the Company and he also let out the property to the Company for use the same as registered office of the Company. Hence, it is evident that the Respondent had incorporated the Company with malafide intention to carry out the business of the Company in a fraudulent manner.

**Allegation related to M/s. Boathouse Trading Private Limited**

- 2.8. The Respondent was the owner of the premises where the registered office of the Company was situated, and he was also auditor of the Company.
- 2.9. It was observed that from the copy of the cheque dated 23.08.2019 which was attached with INC-20A was from a bank account which was jointly opened and operated by Shri Gaurav Sharma, director of the Company and the Respondent. Hence, it appears that the Respondent, who was auditor of the Company, has incorporated the Company in connive with the subscribers and directors for fraudulent purpose with the malafide intention to deceive the public at large.

**Allegation related to M/s. Jade Room Trading Private Limited**

- 2.10. The incorporation document form INC 33 and INC 34, in case of above Company was found to be without attachment of subscribers' details though they were issued 10,000/- equity

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shares each and the same had been approved by the Respondent. The same amounts to concealing of information on formation of Company.

**Allegation related to M/s. Snow View Café Private Limited**

- 2.11. The Respondent is the auditor of the Company who has audited Balance Sheet for the financial year 2020-21 and it appears that the Respondent is mastermind behind the incorporation of the Company with the common ulterior motive to defraud the public at large.

**Allegation related to M/s. Whole Magic Trading Private Limited**

- 2.12. The Respondent was statutory auditor of the Company and he also let out the property to the Company for use the same as registered office of the Company. Hence, it is evident that the Respondent, in connivance of Directors / subscribers, had incorporated the Company with malafide intention to carry out the business of the Company in fraudulent manner.

- 2.13. It was observed from the copy of the cheque dated 23.08.2019 attached with INC 20A that the account has been jointly opened and operated by Mr. Gaurav Sharma, director of the Company and the Respondent, Auditor of the Company. Hence, it appears that the Respondent has incorporated the Company in connivance with the subscribers and directors for fraudulent purpose with the malafide intention to deceive the public at large.

**Allegation related to M/s. Blue Lightning Hospitality Private Limited**

- 2.14. The Respondent let out property to the Company and also became the auditor of the Company with malafide intention to initiate illicit / suspicious activities.

**Allegation related to M/s. PME Entertainment Private Limited**

- 2.15. The Respondent let out property to the Company and also became the auditor of the Company with malafide intention to initiate illicit / suspicious activities.

**Allegation related to M/s. Chophouse Cafe Private Limited**

- 2.16. The Respondent let out property to the Company and became the auditor of the Company with malafide intention to initiate illicit / suspicious activities.

- 2.17. The copy of the cheque dated 28.06.2019, attached with the INC-20A, was from the bank account of one of the Directors of the above Company namely Mr. Gaurav Sharma which was opened in joint name with the Respondent. Hence, it appears that the Respondent,

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auditor of the Company, has incorporated the Company in connivance with the subscribers and directors for fraudulent purpose with the malafide intention to deceive the public at large.

**Allegation related to M/s. Coolmind Hospitality Private Limited**

- 2.18. The Respondent let out property to the Company and also became the auditor of the Company with malafide intention to initiate illicit / suspicious activities.
- 2.19. It is alleged that the copy of the cheque dated 16.07.2019, attached with the INC-20A, was from the bank account of one of the Directors of above Company namely Mr. Gaurav Sharma which was opened in joint name with the Respondent. Hence, it appears that the Respondent, auditor of the Company, has incorporated the Company in connivance with the subscribers and directors for fraudulent purpose with the malafide intention to deceive the public at large.

**Allegation related to M/s. Westland Hospitality Private Limited**

- 2.20. The Respondent let out property to the Company and also became the auditor of the Company with malafide intention to initiate illicit / suspicious activities.
- 2.21. The Company has filed financial statement in Form AOC 4 for financial year 2019-2020 but has not attached complete balance sheet details like share capital, source of long-term borrowings and notes to accounts and has concealed these details intentionally. It is also alleged that the Company has shown a long-term borrowing of Rs.55,96,020/- but the source of borrowing was not disclosed. In the same way, the Company has not disclosed the details of the amount of trade payable, capital work in progress, long-term loan and advances etc.

**3. The relevant issues discussed in the Prima Facie Opinion dated 17<sup>th</sup> November 2022 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1. The Respondent, with respect to the allegation mentioned at para 2.1, 2.2 & 2.3 above, brought on record documents to establish that he had verified relevant documents to certify incorporation form yet keeping in view the fact that the 32 companies were being operated from a common place where even no space was there to fix the sign boards of all companies, it appears that the common address i.e. 25, Ground Floor, J & K Block, Laxmi Nagar, Near Ricky Property Delhi, was used only to get all the companies registered with ROC. It was not clear as to how from a common place, 32 companies (including 21 companies incorporated by the Respondent) will be functioning for the business purposes of

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the Companies (including activity of maintenance of books of accounts) as declared by the Respondent in Spice forms. Moreover, the property as mentioned above were let out by the Respondent without any rent / lease agreements and the same clearly indicates that the Respondent was fully aware of the fact that 32 companies (including 21 companies incorporated by the Respondent) cannot be operated from a single small place and despite that he had certified incorporation forms in case of 21 companies and also witnessed MOA & AOA in case of 21 companies. Further, while incorporating the companies, the Respondent had given his e-mail ID and mobile no. in incorporation form. Hence, the above facts clearly indicate that the Respondent was not only grossly negligent in conduct of his professional duties but also his connivance with the management / directors / subscribers of the Companies in getting the companies registered without having proper registered office cannot be denied at this stage. Accordingly, the Respondent was prima facie **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.1.1. In case of one company i.e., Jute Box Restaurant Pvt. Ltd, it was observed that the address of the registered office of the Company was different and the said company was incorporated by the Respondent. However, the Respondent did not bring on record copy of any documentary evidence as required in terms of Rule 25 (2) of the Companies (Incorporation) Rules, 2014 for verification of registered office of the said Company. In absence of any documentary evidence, it appears that the Respondent failed to verify the relevant documents before certifying incorporation form of this company. Accordingly, he was prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.2. With respect to allegation mention at Para 2.4 above relating to certification of Form no. INC-20A without verifying credit of amount of shares subscribed by the promoters / directors in bank account of the Companies, it was noted that the Respondent certified INC – 20A form (a form to declare commencement of business) in respect of 18 companies (companies as mentioned in sl. No.1, 2, 3, 7, 9, 11, 12, 13, 14, 18, 19, 21, 22, 24, 27, 31, 32, 34 of Para 1.1 above). On perusal of said form INC-20A, it was evident that the Respondent has given certification that "every subscriber to the MOA has paid the value for shares agreed to be taken by him." But in view of documents / information available on record, it was observed that the Respondent only provided copy of cheques regarding payment of value of shares and he did not bring on record any documentary evidence to establish that the amount of cheque(s) was duly credited into the bank account of the respective Company. Hence, it

appears that the Respondent certified the Form INC-20A without verifying credit of money in the bank account of the Company. Thus, he had not only given wrong certification but also violated the requirement of Section 10A of Companies Act, 2013 which requires a confirmation in Form INC-20A that the subscribers to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of declaration by the subscribers. Thus, the Respondent was held prima facie **Guilty** of professional misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.3. With respect to the allegation mentioned at Para 2.5 above, it was observed that Mr. Gaurav Sharma is the subscriber/director of said Company. It was also noted that Mr. Gaurav Sharma had issued a cheque dated 16/07/2019 amounting Rs. 50,000/- in the name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it was noted that at the place of authorized signatories, the name of the Respondent also appearing in said cheque with name of Mr. Gaurav Sharma. In view of this, it was apparent that the Respondent was joint bank account holder with one of the director of the Company and had made the investment in said Company. There was no clarification from the Respondent as to whose money was invested in the Company in the name of Shri Gaurav Sharma and what is the Respondent's relationship with Shri Gaurav Sharma. Keeping in view the fact that the Respondent lent out his property to the Company and the payment was made from the bank account in which he was also one of the joint holders, it appears that the Respondent was fully involved into the affairs of the Company and accordingly, his connivance with the subscribers and directors of the Company in formation of company by flouting provisions of the Companies Act, 2013, with malafide intention, cannot be denied at this stage. Hence, he was held prima facie **Guilty** of professional misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

3.4. With respect to the allegation mentioned at Para 2.6 above, it was observed that the Respondent had let out his property to the Company/Companies to use as registered office of the Company/Companies. As per Section 141 (3) (e) of the Companies Act, 2013, "*A person or a firm who, whether directly or indirectly, has business relationship with the Company, or its subsidiary, or its holding or associate Company or subsidiary of such holding Company or associate Company of such nature as may be prescribed shall not be eligible for appointment as an auditor of a Company.*" In the instant case of above Company/Companies, the Respondent despite being auditor of the Company/Companies

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was having business relationship with the Company/Companies as he let out his property to the Company/Companies for using the same as registered office and he appears to have charged rent on the same. Accordingly, since the property appears to have been rented out from the date of incorporation, the Respondent should not had accepted the position of Auditor of the Company/Companies as he was disqualified to be an auditor of the Company/Companies. Accordingly, it appears that the Respondent while accepting the position of auditor, failed to exercise due diligence. The Respondent was prima facie **Guilty** of 'Professional' Misconduct' falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

- 3.4.1 It was further noted that as per Code of Ethics, a professional is not expected to give his premises for use as registered office for registration/ formation of Company/Companies and thereafter accept statutory audit assignment of the Company/Companies which creates conflict of interest and directly affects/compromise his independence as an auditor of the Company/Companies. Since by letting out the properties to the Company/Companies, the Respondent got into financial transaction with the auditee client, the said act of the Respondent had violated the provisions of the Code of Ethics. Thus, the Respondent was prima facie **Guilty** of 'Professional Misconduct' falling within the meaning of Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949. In view of above fact/findings, the Respondent was prima facie **Guilty** of 'Professional Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 3.5. With respect to the allegation mentioned at Para 2.7 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of 'Professional' Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 3.6. With respect to the allegation mentioned at Para 2.8 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of 'Professional' Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

- 3.7. With respect to the allegation mentioned at Para 2.9 above, it was observed that Mr. Gaurav Sharma is the subscriber/director of said Company. It was also noted that Mr. Gaurav Sharma has issued a cheque dated 23.08.2019 amounting Rs. 50,000/- in name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it was noted that at the place of authorized signatories, the name of the Respondent is also appearing in said cheque along with the name of Mr. Gaurav Sharma. In view of this, it was apparent that the Respondent was joint bank account holder with one of the directors of the Company and had made the investment in said Company. There was no clarification from the Respondent as to whose money was invested in the Company in the name of Shri Gaurav Sharma and what is the Respondent's relationship with Shri Gaurav Sharma. Keeping in view the fact the Respondent lent out his property to the Company and the payment was made from the bank account in which he was also one of the joint holders, it appears that the Respondent was actively involved into the affairs of the Company and accordingly, his connivance with the subscribers and directors of the Company in formation of company by flouting provisions of the Companies Act, 2013, with malafide intention, cannot be denied at this stage. Hence, he was held prima facie **Guilty** of Other misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.
- 3.8. With respect to the allegation mentioned at Para 2.10 above, on perusal of information and documents / papers on record, it was evident that the Respondent has certified SPICe form and Form No. INC-20A of the Company. Further, it was noted that the Respondent had witnessed to the alleged Form No. INC-33 & 34 i.e., SPICe + MOA and AOA. On perusal of MOA, it was noted that 10,000 equity shares have been issued but detail of subscribers i.e., name, address, description and occupation is missing, which was an essential information to disclose in the said form. Thus, it was apparent that the Respondent had not exercised due diligence while signing the said forms. Thus, he was held prima facie **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 3.9. With respect to the allegation mentioned at Para 2.11 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of 'Professional' Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

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- 3.10. With respect to the allegation mentioned at Para 2.12 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 3.11. With respect to the allegation mentioned at Para 2.13 above, it was observed that Mr. Gaurav Sharma is the subscriber/director of said Company. It was also noted that Mr. Gaurav Sharma has issued a cheque dated 23/08/2019 amounting Rs. 50,000/- in name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it was noted that at the place of authorized signatories, the name of the Respondent also appearing in said cheque with the name of Mr. Gaurav Sharma. In view of this, it is apparent that the Respondent was joint bank account holder with one of the directors of the Company and appears to have made the investment in said Company. There was no clarification from the Respondent as to whose money was invested in the Company in the name of Shri Gaurav Sharma and what is the Respondent's relationship with Shri Gaurav Sharma. Keeping in view the fact that the Respondent lent out his property to the Company and the payment was made from the bank account in which he was also one of the joint holders, it appears that the Respondent was actively involved into the affairs of the Company and accordingly, his connivance with the subscribers and directors of the Company in formation of company by flouting provisions of the Companies Act, 2013, with malafide intention, cannot be denied at this stage. Hence, he was held prima facie **Guilty** of other misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.
- 3.12. With respect to the allegation mentioned at Para 2.14 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 3.13. With respect to the allegation mentioned at Para 2.15 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated

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here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

3.14. With respect to the allegation mentioned at Para 2.16 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

3.15. With respect to the allegation mentioned at Para 2.17 above, it was apparent that Mr. Gaurav Sharma is the subscriber/director of said Company and the Respondent has certified Form No. INC - 32 for incorporation of the Company. Further, it was also noted that Mr. Gaurav Sharma has issued a cheque dated 28/06/2019 amounting Rs. 50,000/- in name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it was noted that at the place of authorized signatories, the name of the Respondent was also appearing with name of Mr. Gaurav Sharma. In view of this, it was apparent that the Respondent was joint bank account holder with one of the directors of the Company and appears to have made the investment in said Company. There was no clarification from the Respondent as to whose money was invested in the Company in the name of Shri Gaurav Sharma and what is the Respondent's relationship with Shri Gaurav Sharma. Keeping in view the fact that the Respondent lent out his property to the Company and the payment was made from the bank account in which he was also one of the joint holders, it appears that the Respondent was actively involved into the affairs of the Company and accordingly, his connivance with the subscribers and directors of the Company in formation of company by floating provisions of the Companies Act, 2013, with malafide intention, cannot be denied at this stage. Hence, he was held prima facie **Guilty** of professional misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

3.16. With respect to the allegation mentioned at Para 2.18 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

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3.17. With respect to the allegation mentioned at Para 2.19 above, it was apparent that Mr. Gaurav Sharma is the subscriber/director of said Company and the Respondent was owner of the premise where the registered office of the Company was situated and he was also statutory auditor of the Company for financial years 2019-2020 & 2020-2021. Further, it was also noted that Mr. Gaurav Sharma has issued a cheque dated 16.07.2019 amounting to Rs. 50,000/- in name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it was noted that at the place of authorized signatories, the name of the Respondent also appearing in said cheque with name of Mr. Gaurav Sharma. In view of this, it was apparent that the Respondent was joint bank account holder with one of the directors of the Company and appears to have made the investment in said Company. There was no clarification from the Respondent as to whose money was invested in the Company in the name of Shri Gaurav Sharma and what is the Respondent's relationship with Shri Gaurav Sharma. Keeping in view the fact the Respondent let out his property to the Company and the payment was made from the bank account in which he was also one of the joint holders, it appears that the Respondent was actively involved into the affairs of the Company and accordingly, his connivance with the subscribers and directors of the Company in formation of company by floating provisions of the Companies Act, 2013, with malafide intention, cannot be denied at this stage. Hence, he was held prima facie **Guilty** of other misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

3.18. With respect to the allegation mentioned at Para 2.20 above, it was viewed that the allegation as mentioned in Para 2.6 above are of similar nature, accordingly, the observations as given against the said allegation in para 3.4 to 3.4.1 above are reiterated here. Accordingly, the Respondent was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

3.19. With respect to the allegation mentioned at Para 2.21 above, it was observed that the said AOC-4 was not signed by the Respondent. Accordingly, the Respondent cannot be held responsible for irregularity or discrepancies, if any, in said AOC-4. However, it was observed that Loan & Advance has been shown from related parties but no disclosure of related party was given in the Notes to Accounts of the Financial Statement of the Company for the financial year 2019-20 which have been certified by the Respondent as auditor. Hence, it appears that the Respondent was required to report this fact appropriately in his report for not providing disclosures of related party in the Notes to Accounts. Thus, the Respondent

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was held prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

- 3.20. The Director (Discipline) in his Prima Facie Opinion dated 17<sup>th</sup> November 2022 opined that the Respondent was prima facie **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949. The said Clauses of the Schedule to the Act, states as under:

**Clause (7) of Part I of the Second Schedule:**

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

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

**Clause (1) of Part II of Second Schedule:**

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

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

**Clause (2) of Part IV of First Schedule**

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

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

- 3.21. The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 9<sup>th</sup> June 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 and Other Misconduct falling within the meaning of Clause (7) of Part – I and Clause (1) of Part II of the Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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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	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	14 <sup>th</sup> March 2022
2.	Date of Written Statement filed by the Respondent	10 <sup>th</sup> May 2022 and 14 <sup>th</sup> June 2022
3.	Date of Rejoinder filed by the Complainant	22 <sup>nd</sup> July 2022
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	17 <sup>th</sup> November 2022
5.	Written Submissions filed by the Respondent after PFO	15 <sup>th</sup> October 2024

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

5.1 The Respondent vide letter dated 15<sup>th</sup> October 2024, inter-alia, made the submissions which are given as under:-

- (i) That in all the alleged companies, no person including the director and the shareholder does not belong to other foreign country including China. Further all the alleged Company were never having any investment or any trade with any foreign country.
- (ii) That the matter is already enquired by EOW on the complaint filed by the Complainant. However, no irregularities, fraud, scam transactions etc. has been found and the Respondent was found not guilty by EOW.
- (iii) That the Respondent assist the directors in incorporation and certified the incorporation form and in some companies he was appointed as statutory auditor and he is not under any obligation to ensure that the company should maintain the registered office as per the provisions of Companies Act, 2013.
- (iv) That after the incorporation of Company, the Respondent does not have any role in management of the Company hence the Respondent cannot be held liable for non-maintaining the registered office of the Company, if any.
- (v) That the Respondent has given the premises to Mr. Gaurav Sharma without any consideration to facilitate into the business. Further since the Respondent is the person who ensure the compliances of certain companies that's why his email was given.
- (vi) That the Respondent is under the impression that the cheque can also be considered as the proof of payment.

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- (vii) That in the year 2016, the Respondent and Mr. Gaurav Sharma opened a joint bank account with the intention to start the business. However, the same did not went ahead and they both separated. The Respondent was not aware that Mr. Gaurav Sharma while subscribing the shares of the Company has given the cheque from that account.
- (viii) That the Respondent was working in a bonafide way and there is no fraudulent and sham transactions in the alleged Companies.

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

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

S. No.	Date of meeting(s)	Status
1.	18 <sup>th</sup> August 2023	Part heard and adjourned.
2.	28 <sup>th</sup> May 2024	Deferred due to paucity of time.
3.	03 <sup>rd</sup> June 2024	Adjourned at the request of the Respondent
4.	20 <sup>th</sup> June 2024	Adjourned at the request of the Respondent.
5.	29 <sup>th</sup> July 2024	Deferred due to paucity of time.
6.	29 <sup>th</sup> August 2024	Adjourned at the request of the Respondent.
7.	18 <sup>th</sup> September 2024	Adjourned at the request of the Respondent
8.	03 <sup>rd</sup> November 2024	Adjourned at the request of the Respondent
9.	19 <sup>th</sup> November 2025	Part heard and adjourned (Denovo opted by Respondent and Respondent was put on Oath)
10.	02 <sup>nd</sup> December 2025	Adjourned at the request of the Respondent
11.	15 <sup>th</sup> December 2025	Hearing Concluded and Decision Taken

- 6.2. On the day of first hearing held on 18<sup>th</sup> August 2023, the Committee noted that the Respondent was present in person and appeared before it. The office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him.

Being first hearing of the case, the Respondent was put on oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges and then charges against the Respondent were read out. On the same the Respondent replied in the affirmative and pleaded Not Guilty to the charges levelled against him.

In the absence of the Complainant and in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases)

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Rules, 2007, the Committee adjourned the case to a later date. With this, the case was part heard and adjourned.

- 6.3. On the day of hearing held on 28<sup>th</sup> May 2024, Consideration of subject case was deferred by the Committee.
- 6.4. On the day of hearing held on 03<sup>rd</sup> June 2024 and 20<sup>th</sup> June 2024, the Committee noted that Respondent had sought adjournment. Acceding to the request of the Respondent, the Committee adjourned the case to a future date.
- 6.5. On the day of hearing held on 29<sup>th</sup> July 2024, Consideration of subject case was deferred by the Committee.
- 6.6. On the day of hearing held on 29<sup>th</sup> August 2024, 18<sup>th</sup> September 2024 and 03<sup>rd</sup> November 2024, the Committee noted that Respondent had sought adjournment. Acceding to the request of the Respondent, the Committee adjourned the case to a future date.
- 6.7. On the day of hearing held on 19<sup>th</sup> November 2025, the Committee noted that Respondent along with Counsel was present through VC and appeared before it.  
The Committee enquired from the Respondent/Counsel for the Respondent that since the composition of the Committee had changed subsequent to the last hearing held on 18/08/2023 in this case, whether he wished to have a de-novo hearing or may continue from the stage it was last heard. The Counsel of the Respondent opted for de-novo hearing and accordingly the Respondent was administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against them.  
The Respondent explained that temporary addresses were provided at the time of incorporation to enable execution of lease deeds, and that after incorporation the companies shifted their registered offices to their respective business premises.  
The Counsel for the Respondent submitted that the Respondent had merely assisted clients in incorporation and that subsequent maintenance of registered office, email ID, and statutory compliance was the responsibility of the company and its directors under the Companies Act. The Counsel further stated that providing an email ID for initial compliance was a common facilitation practice and that such details were later changed by the companies.

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Regarding the allegation relating to Form INC-20A, the Counsel submitted that cheques towards share capital were attached as proof at the relevant time, and that the form and requirements were newly introduced. It was acknowledged that there may have been negligence, but it was argued that such negligence was without malafide intent and did not amount to professional misconduct.

The Respondent clarified that joint accounts were not actively operated by him, that certain individuals were not related to him, and that in relevant cases he was not the first auditor or had joined after resignation of related directors.

The Counsel for the Respondent reiterated that the allegations across companies were similar, that there was no fraudulent intent, and that at best the matter involved some negligence which does not constitute professional misconduct.

The Committee decided to adjourn the matter for further hearing to enable the presence of the Respondent to make further submissions. With this the matter was part heard and adjourned.

6.8. On the day of hearing held on 02<sup>nd</sup> December 2025, the Committee noted that Respondent had sought adjournment. Acceding to the request of the Respondent, the Committee adjourned the case to a future date.

6.9. On the day of final hearing held on 15<sup>th</sup> December 2025, the Committee noted that Respondent along with Counsel and Counsel for the Complainant was present through VC and appeared before it.

The Counsel of the respondent reiterated that the allegations regarding foreign (Chinese) involvement were unfounded, as there was no director, shareholder, or transaction linked to such involvement. It was further submitted that the respondent, while acting as a certifying professional, had only certified incorporation-related forms and had no statutory obligation to verify the maintenance of the registered office post-incorporation. The Counsel also submitted that certification of incorporation forms for relatives is not prohibited under law. With respect to allegations concerning Form INC-20A, it was stated that at the relevant time the form was newly introduced and lacked clarity regarding supporting documents, and therefore cheques were annexed bona fide. The Counsel emphasized that, at most, the matter involved negligence and not misconduct.

The Authorized Representative of the complainant stated that he has no further submissions to make in the matter. After hearing the submissions of the Counsel of the Respondent and the Authorized Representative of the Complainant, the Committee concluded the hearing.

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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 decided on the conduct of the Respondent.

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

The Committee noted that the allegation against the Respondent in which he has been held Prima Facie Guilty and same has been explained in para 2 above. The Committee also noted the details of forms certified by the Respondent and his role in respect of 34 companies and details of documents given under PFO. The Committee further noted the written submissions of the Respondent as detailed in Para 5 above.

7.1. As regards the **charge against the Respondent as given in Para 2.1 & 2.2 above**, the Committee noted that in incorporation forms of all such 32 Companies (including 21 companies incorporated by the Respondent), a common address i.e., *25, Ground Floor, J & K Block, Laxmi Nagar, Near Ricky Property Delhi*, is given as the registered office. It is further noted that such address belongs to the Respondent.

7.1.1. The Committee noted that the Respondent, at the time of certifying incorporation forms (SPICe+ form) of Companies has given the declaration that he personally visited the premises and verified that the said address would be functioning for the business purpose of the company as mentioned below:

*"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)."*

7.1.2. The Committee noted that the Respondent in his submissions has mentioned that as per the provisions of Section 12 of Companies Act 2013, it is the duty of the company to maintain the registered office of the Company and he as a certifying professional is not under obligation to ensure that the company should maintain the registered office as per the provisions of Companies Act 2013. He further submitted that at the time of incorporation he ensured that the Company is having the registered office and after incorporation, the Respondent cannot be held liable for non-maintaining the registered office of the Company.

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7.1.3. The Committee in this regard noted that Section 12 of the Companies Act 2013 states as under:

**“Section 12 of the Companies Act, 2013**

- (1) *A company shall, on and from the fifteenth day of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.”*
- (2) *The company shall furnish to the Registrar verification of its registered office within a period of thirty days of its incorporation in such manner as may be prescribed.*
- (3) *Every company shall—*
  - (a) *paint or affix its name, and the address of its registered office, and keep the same painted or affixed, on the outside of every office or place in which its business is carried on, in a conspicuous position, in legible letters, and if the characters employed therefor are not those of the language or of one of the languages in general use in that locality, also in the characters of that language or of one of those languages;*
  - (b) *have its name engraved in legible characters on its seal, if any;*
  - (c) *get its name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications; and*
  - (d) *have its name printed on hundies, promissory notes, bills of exchange and such other documents as may be prescribed.*

The Committee from above provisions noted that, it is nowhere mentioned that certifying professional is under any obligation to ensure that the company should maintain the registered office as per the provisions of Companies Act 2013.

7.1.4. The Committee noted that the Respondent has brought on record that he had duly verified the details of the directors, PAN Card, etc. as required in terms of the requirement of the Companies (Incorporation) Rules, 2014 at the time of certifying the incorporation form of the subject companies and if the Company has changed the registered office after its incorporation, then the Respondent has no role in the same.

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- 7.1.5. The Committee also noted that non-availability of premises at the time of physical verification does not automatically establish that the registered office never existed or that the incorporation was fraudulent.
- 7.1.6. The Committee noted that while incorporating the companies, the email id of the Respondent was being given in the incorporation applications of all the Companies. The Committee in this regard noted that there is no bar for using the same email id for different companies. Further, if the company requires it can change the email id afterwards. Hence merely by using same registered address and same email id for all the companies, it cannot be concluded that the Respondent was grossly negligent in conduct of his professional duties or is in connivance with the management / directors / subscribers of the Companies. Accordingly, the Respondent is **NOT GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 for this allegation.
- 7.2. With respect to the **charge mentioned at Para 2.3 above**, it is noted that the Respondent has let out his property despite being auditor of the Company/Companies mentioned at sl. no. 2, 3, 4, 5, 8, 10, 11, 17, 25, 26 & 27 of Para 1.1 above to use as registered office of the Company/Companies. The Committee in this regard noted that Section 141 (3) (e) of the Companies Act, 2013 states as under:

*"A person or a firm who, whether directly or indirectly, has business relationship with the Company, or its subsidiary, or its holding or associate Company or subsidiary of such holding Company or associate Company of such nature as may be prescribed shall not be eligible for appointment as an auditor of a Company."*

From the above provision, it is evident a person who has let out his property or has any kind of business relationship with Companies is disqualified from becoming the auditor of the said companies.

- 7.2.1 The Committee noted that in this regard, Code of Ethics (Reprinted May, 2009, Page 3 & 4) provides as under:-

**"Conceptual Framework Approach**

**100.5 The circumstances in which professional accountants operate may give rise to specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates such threats and specify the**

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appropriate mitigating action. In addition, the nature of engagements and work assignments may differ and consequently different threats may exist, requiring the application of different safeguards. A conceptual framework that requires a professional accountant to identify, evaluate and address threats to compliance with the fundamental principles, rather than merely comply with a set of specific rules which may be arbitrary, is, therefore, in the public interest. **This Code provides a framework to assist a professional accountant to identify, evaluate and respond to threats to compliance with the fundamental principles. If identified threats are other than clearly insignificant, a professional accountant should, where appropriate, apply safeguards to eliminate the threats or reduce them to an acceptable level, such that compliance with the fundamental principles is not compromised.**

...

100.7 A professional accountant should take qualitative as well as quantitative factors into account when considering the significance of a threat. If a professional accountant cannot implement appropriate safeguards, the professional accountant should decline or discontinue the specific professional service involved, or where necessary resign from the client (in the case of a professional accountant in public practice) or the employing organization (in the case of a professional accountant in service).

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#### **"Threats and Safeguards**

100.9 Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:

- (a) **Self-interest threats, which may occur as a result of the financial or other interests of a professional accountant or of a relative\*;**
- (b) Self-review threats, which may occur when a previous judgment needs to be re-evaluated by the professional accountant responsible for that judgment;
- (c) Advocacy threats, which may occur when a professional accountant promotes a position or opinion to the point that subsequent objectivity may be compromised;
- (d) Familiarity threats, which may occur when, because of a relationship, a professional accountant becomes too sympathetic to the interests of others; and
- (e) Intimidation threats, which may occur when a professional accountant may be deterred from acting objectively by threats, actual or perceived."

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#### **"Section 280**

##### **Objectivity–All Services**

280.1 A professional accountant in public practice should consider when providing any professional service whether there are threats to compliance with the fundamental principle of objectivity resulting from having interests in, or relationships with, a client or

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directors, officers or employees. For example, a familiarity threat to objectivity may be created from a personal or business relationship.

280.2 A professional accountant in public practice who provides an assurance service is required to be independent of the assurance client. Independence of mind and in appearance is necessary to enable the professional accountant in public practice to express a conclusion, and be seen to express a conclusion, without bias, conflict of interest or undue influence of others. Section 290 provides specific guidance on independence requirements for professional accountants in public practice when performing an assurance engagement.

280.3 The existence of threats to objectivity when providing any professional service will depend upon the particular circumstances of the engagement and the nature of the work that the professional accountant in public practice is performing.

280.4 A professional accountant in public practice should evaluate the significance of identified threats and, if they are other than clearly insignificant, safeguards should be considered and applied as necessary to eliminate them or reduce them to an acceptable level. Such safeguards may include:

- Withdrawing from the engagement team.
- Supervisory procedures.
- Terminating the financial or business relationship giving rise to the threat.
- Discussing the issue with higher levels of management within the firm.
- Discussing the issue with those charged with governance of the client."

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"Section 290

#### *Independence—Assurance Engagements*

290.1 In the case of an assurance engagement it is in the public interest and, therefore, required by this Code of Ethics, that members of assurance teams,\* firms and, when applicable, network firms\* be independent of assurance clients.

...  
290.8 Independence\* requires:

#### *Independence of Mind*

The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.

#### *Independence in Appearance*

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised."

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It is further noted that as per Guidance Note on Independence of Auditors (Reprint June, 2012 – Page No. 6)

*"2. Threat to Independence*

*2.1 The Code of Ethics for Professional Accountants, prepared by the International Federation of Accountants (IFAC) identifies five types of threats. These are:*

- 1. Self-Interest threats, which occur when an auditing firm, its partner or associate could benefit from a financial interest in an audit client. Examples include (i) direct financial interest or materially significant indirect financial interest in a client.....(iv) close business relationship with an audit client....."*

The Committee noted from above provisions of Code of Ethics, that a professional is not expected to give his premises for use as registered office for registration/ formation of Company/Companies and thereafter accept statutory audit assignment of the Company/Companies which creates conflict of interest and directly affects/compromise his independence as an auditor of the Company/Companies.

7.2.2 The Committee in the instant case observes that the Respondent was appointed as the statutory auditor of the Company and simultaneously had let out his own property to the Company for use as its registered office. Such an arrangement establishes a direct financial and business relationship between the Respondent and the Company, resulting in a grave and continuing conflict of interest. The Code of Ethics mandates that a statutory auditor shall remain independent both in fact and appearance and shall not enter into any relationship that compromises, or is likely to compromise, his objectivity and professional judgment.

7.2.3 The Committee further notes that the Respondent was not merely an external professional rendering audit services but was closely associated with the Company from the very stage of its incorporation. By permitting the Company to use his property as its registered office and thereafter continuing as statutory auditor, the Respondent placed himself in a position of proximity to the management and affairs of the Company, thereby eroding the fundamental principles of independence, integrity, and objectivity. Such conduct is wholly incompatible with the role and responsibilities of a statutory auditor.

7.2.4 In view of the above, the Committee was of the view that the independence of the Respondent was compromised and there existed self-interest threat and despite that, the Respondent continued to act as Statutory Auditor of the Companies. The Committee was of the view that a member is expected to interpret the requirement regarding independence

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much more strictly than what the law required and he should not place himself in a compromising situation or in that which jeopardised his independence.

- 7.2.5 In the instant case of above Company/Companies, the Respondent despite being auditor of the Company/Companies has let out his property to the Company/Companies for using the same as registered office. The Committee is of the view that the act of acceptance of appointment as statutory auditor of the same Company by the Respondent when the registered office of Company being his premises, created self-interest threat leading to compromising his independence and despite that, the Respondent continued to act as Statutory Auditor of the Company. Accordingly, the Committee holds that the Respondent, by associating himself with the Company in the aforesaid manner, violated the provisions of the Code of Ethics and failed to adhere to the fundamental principles governing the profession. The Respondent is, therefore, found guilty of professional misconduct, as his actions strike at the very root of auditor independence and undermine public confidence in the auditing profession. Accordingly, the Respondent was held **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I Second Schedule to the Chartered Accountants Act, 1949.

**Similar charge has been made against the Respondent in other companies also namely M/s. Rising Restaurant Pvt. Ltd., M/s Flashbolt Trading Pvt. Ltd, M/s. Boathouse Trading Private Limited, M/s. Whole Magic Trading Private Limited, M/s. Blue Lightning Hospitality Private Limited, M/s. PME Entertainment Private Limited, M/s. Chophouse Cafe Private Limited, M/s. Coolmind Hospitality Private Limited and M/s. Westland Hospitality Private Limited mentioned at Para 2.6, Para 2.7, Para 2.8, Para 2.12, Para 2.14, Para 2.15, Para 2.16, Para 2.18 and Para 2.20 above respectively. Hence the Respondent is held Guilty of 'Professional Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949 in those charges also.**

- 7.3 With respect to the **charge mentioned at Para 2.4 above**, it is noted that section 10A of Companies Act 2013 states as under:

**10A. Commencement of business, etc.—**

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*(1) A company incorporated after the commencement of the Companies (Amendment) Act, 2019 and having a share capital shall not commence any business or exercise any borrowing powers unless—*

*(a) a declaration is filed by a director within a period of one hundred and eighty days of the date of incorporation of the company in such form and verified in such manner as may be prescribed, with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration; and*

*(b) the company has filed with the Registrar a verification of its registered office as provided in sub-section (2) of section 12.*

*(2) If any default is made in complying with the requirements of this section, the company shall be liable to a penalty of fifty thousand rupees and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues but not exceeding an amount of one lakh rupees.*

*(3) Where no declaration has been filed with the Registrar under clause (a) of sub-section (1) within a period of one hundred and eighty days of the date of incorporation of the company and the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may, without prejudice to the provisions of sub-section (2), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII.]*

7.3.1 The Committee noted that the Respondent certified the INC – 20A form (A form to declare commencement of business) in respect of 18 companies (companies as mentioned in sl. No.1, 2, 3, 7, 9, 11, 12, 13, 14, 18, 19, 21, 22, 24, 27, 31, 32, 34 in para 1.1 above). On perusal of said form INC-20A, it is evident that the Respondent has given certification that "every subscriber to the MOA has paid the value for shares agreed to be taken by him." But in view of documents / information available on record, it is observed that the Respondent only provided copy of cheques regarding payment of value of shares and he did not bring on record any documentary evidence to establish that the amount of cheque(s) was duly credited into the bank account of the respective Company.

7.3.2 The Committee noted that the Respondent in his submissions has mentioned that at the time of incorporation the law was new and he is under the impression that the cheque can also be considered as the proof of payment. It is noted from above provisions that the Respondent is

(2) A2

required to obtain declaration of directors that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration. However, the Respondent failed to do so.

7.3.3 Hence, it appears that the Respondent certified the Form INC-20A without verifying credit of money in the bank account of the Company. Thus, he has not only given wrong certification but also violated the requirement of Section 10A of Companies Act, 2013 which requires a confirmation in Form INC-20A that the subscribers to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of declaration by the subscribers. Thus, the Respondent is held **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7.4 With respect to the **charge mentioned at Para 2.5 above**, it is noted that Mr. Gaurav Sharma is the subscriber/director of said Company. It is also noted that Mr. Gaurav Sharma has issued a cheque dated 16.07.2019 amounting Rs. 50,000/- in the name of said Company for payment of subscription money. Upon perusal of copy of said cheque, it is noted that at the place of authorized signatories, the name of the Respondent also appearing in said cheque with name of Mr. Gaurav Sharma. In view of this, it is apparent that the Respondent was joint bank account holder with one of the director of the Company and had made the investment in said Company.

7.4.1 The Committee noted that the Respondent in this regard had submitted that in the year 2016 Mr. Gaurav Sharma with the intention to start a business with him opened a joint bank account. However, the said business did not go well and the idea was dropped and he has no idea that Mr. Gaurav Sharma had given the cheque from the said bank account.

7.4.2 The Committee further noted that at the time of incorporation and filing of Form INC-20A, the company had not yet appointed its statutory auditor under Section 139 of the Companies Act, 2013. Consequently, the Respondent was not acting in the capacity of a statutory auditor at the relevant point of time. In the absence of an auditor-client relationship, the question of impairment of auditor independence or professional misconduct does not arise. The applicability of independence requirements under the ICAI Code of Ethics arises only during the subsistence of an audit engagement. Since the Respondent was not appointed as statutory auditor at the time of the transaction, and no continuing financial interest post-appointment has been demonstrated, no ethical violation is made out. Further, a proposed auditor is not prohibited from holding a joint bank account with a director in personal

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capacity. A joint bank account does not automatically imply financial interest in the company unless it is proved that the auditor derived benefit from the company funds, or subscription money was manipulated hence no adverse inference can be drawn from the same. Accordingly, the Respondent is held **NOT GUILTY** of other misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

- 7.5 With respect to the **charge mentioned at Para 2.6 above**, it is noted that the observations as mentioned from Para 7.2 to 7.2.4 above are reiterated here. Accordingly, the Respondent was held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.6 With respect to the **charge mentioned at Para 2.7 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **Guilty** of 'Professional' Misconduct' falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.7 With respect to the **charge mentioned at Para 2.8 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.8 With respect to the **charge mentioned at Para 2.9 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.2 above are reiterated here. Accordingly, the Respondent is held **NOT GUILTY** of Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 7.9 With respect to the **charge mentioned at Para 2.10 above**, it is observed that the incorporation documents filed in respect of the Company, namely Form INC-33 (e-MoA) and Form INC-34 (e-AoA), were filed without mandatory attachments containing the particulars of the subscribers, despite the fact that each subscriber was issued 10,000 equity shares at the time of incorporation. The Committee noted that disclosure of subscribers' details is a fundamental statutory requirement at the stage of incorporation under Sections 3, 4 and 7 of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014, which mandate complete and accurate disclosure of the names, addresses, identity and shareholding of the subscribers to the Memorandum of Association.

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- 7.9.1 The Committee further observes that under Section 7(1) (a), (b) and (c) of the Companies Act, 2013, incorporation documents must be filed with true, correct and complete particulars, and any misstatement or suppression of material information at the time of incorporation renders the incorporation process defective and liable to action under the Act. The absence of subscribers' details in Forms INC-33 and INC-34 constitutes suppression of material facts relating to the formation, ownership and control of the Company.
- 7.9.2 It is further noted that the said incorporation documents were approved and authenticated by the Respondent, a practicing Chartered Accountant, who subsequently acted as the statutory auditor of the Company. The Respondent, being a professional well-versed with the provisions of the Companies Act, 2013, was expected to exercise due diligence and ensure that all statutory requirements were duly complied with prior to approval and filing of the incorporation documents. By approving Forms INC-33 and INC-34 without mandatory subscriber information, the Respondent failed to discharge his professional duty with due care, diligence and professional skepticism.
- 7.9.3 The Committee is of the considered view that such omission cannot be treated as a mere technical or clerical lapse. The non-disclosure of subscribers' particulars had the effect of concealing material information at the stage of formation of the Company, thereby defeating the purpose of statutory disclosures envisaged under the Companies Act, 2013 and impairing regulatory oversight. The Respondent's conduct facilitated the incorporation of the Company in a non-transparent manner and undermined the integrity of the corporate registration process. Accordingly, the Committee holds that the Respondent, **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 7.10 With respect to the **charge mentioned at Para 2.11 above**, it is noted that the role of a statutory auditor carries with it a duty to act independently, objectively and in the public interest. However, the Committee observes that the Respondent's association with the Company was not confined merely to the audit of its accounts but extended to the very stage of its incorporation and formation. From the material available on record and the cumulative conduct of the Respondent, as discussed in the preceding paragraphs, it emerges that the Respondent was actively involved in and closely connected with the incorporation and initial structuring of the Company. Such deep involvement, followed by acceptance and continuance of the statutory audit assignment, is wholly incompatible with the fundamental principles of independence and professional skepticism mandated under the Code of Ethics and the Companies Act, 2013.

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- 7.10.1 The Committee is of the view that the Respondent, despite being fully aware of the irregularities and deficiencies at the stage of incorporation and formation of the Company, proceeded to audit and certify the financial statements for the financial year 2020–21. By doing so, the Respondent failed to report material non-compliances and irregularities and instead lent credibility to the affairs of the Company through his audit report. Such conduct goes beyond negligence and reflects a conscious and deliberate disregard of statutory duties.
- 7.10.2 The cumulative effect of the Respondent's actions demonstrates that he acted in concert with the promoters and management of the Company and was not a mere passive auditor. The Respondent's conduct contributed to the Company presenting itself as a compliant and law-abiding entity, thereby misleading stakeholders and the public at large. Accordingly, the Committee holds that the Respondent, by acting as statutory auditor despite his active involvement in the incorporation and by certifying the financial statements for the financial year 2020–21, is **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.11 With respect to the **charge mentioned at Para 2.12 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.12 With respect to the **charge mentioned at Para 2.13 above**, it is noted that the observations as mentioned from Para 7.8 to 7.8.2 above are reiterated here. Accordingly, the Respondent is held **NOT GUILTY** of Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 7.13 With respect to the **charge mentioned at Para 2.14 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.14 With respect to the **charge mentioned at Para 2.15 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent

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is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

- 7.15 With respect to the **charge mentioned at Para 2.16 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.16 With respect to the **charge mentioned at Para 2.17 above**, it is noted that the observations as mentioned from Para 7.8 to 7.8.2 above are reiterated here. Accordingly, the Respondent is held **NOT GUILTY** of Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 7.17 With respect to the **charge mentioned at Para 2.18 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.18 With respect to the **charge mentioned at Para 2.19 above**, it is noted that the observations as mentioned from Para 7.8 to 7.8.2 above are reiterated here. Accordingly, the Respondent is held **NOT GUILTY** of Other Misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 7.19 With respect to the **charge mentioned at Para 2.20 above**, it is noted that the observations as mentioned from Para 7.5 to 7.5.4 above are reiterated here. Accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.
- 7.20 With respect to the **charge mentioned at Para 2.21 above**, the Committee observes that the said Form AOC-4 was not signed by the Respondent and, therefore, the Respondent cannot be held directly responsible for irregularities or deficiencies, if any, in the filing of the said statutory form. However, the Committee noted that the financial statements for the financial year 2019–20, were audited and certified by the Respondent in his capacity as statutory auditor. On examination of the audited financial statements, it is observed that the Company had shown Loans and Advances from related parties. However, no disclosure regarding related party transactions was made in the Notes to Accounts, which form an integral part of the financial statements. Such disclosure is mandatory under Section 188 of

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the Companies Act, 2013 as well as Paragraph 23 of AS 18 requires full and transparent disclosure of related party transactions which is given below:

*23. If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following:*

- (i) the name of the transacting related party;*
- (ii) a description of the relationship between the parties;*
- (iii) a description of the nature of transactions;*
- (iv) volume of the transactions either as an amount or as an appropriate proportion;*
- (v) any other elements of the related party transactions necessary for an understanding of the financial statements;*
- (vi) the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and*
- (vii) amounts written off or written back in the period in respect of debts due from or to related parties.*

7.20.1 The Committee noted that the obligation to ensure adequate disclosure in the Notes to Accounts falls within the statutory duties of an auditor under Section 143 of the Companies Act, 2013. An auditor is required to examine whether the financial statements give a true and fair view and whether proper disclosures, as required by law and accounting standards, have been made. Failure to report the non-disclosure of related party transactions amounts to a serious lapse; as such information is material for stakeholders to assess the financial position and governance of the Company. The Committee is of the view that the Respondent, having knowledge of the existence of loans and advances from related parties, ought to have either ensured appropriate disclosure in the Notes to Accounts or reported the non-compliance in his audit report. By certifying the financial statements without qualification or adverse remark on this material non-disclosure, the Respondent failed to discharge his professional duty with due diligence, independence and professional skepticism.

7.20.2 The Committee further noted that such omission cannot be treated as a minor or technical lapse. Non-disclosure of related party transactions has the effect of concealing material facts, distorting the true financial picture of the Company, and misleading stakeholders and regulators. The Respondent's failure to report this non-compliance facilitated the presentation of incomplete and misleading financial statements. Accordingly, the Committee holds that the Respondent is **GUILTY** of Professional Misconduct for failure to disclose and report material misstatements and omissions in the financial statements audited by him,

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which falls within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8 **Conclusion:**

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

<b>Charges (as per PFO)</b>	<b>Findings</b>	<b>Decision of the Committee</b>
Para 2.1 & 2.2 as above	Para 7.1 to 7.1.6 as above	<b>NOT GUILTY</b> as per Clause (7) of Part I of Second Schedule and Clause (2) of Part IV of First Schedule
Para 2.3 as above	Para 7.2 to 7.2.5 as above	<b>GUILTY</b> as per Clause (7) of Part I of Second Schedule
Para 2.4 as above	Para 7.3 to 7.3.3 as above	<b>GUILTY</b> as per Clause (7) of Part I of Second Schedule
Para 2.5 as above	Para 7.4 to 7.4.2 as above	<b>NOT GUILTY</b> as per Clause (2) of Part IV of First Schedule
Para 2.6 as above	Para 7.5 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.7 as above	Para 7.6 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.8 as above	Para 7.7 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.9 as above	Para 7.8 as above	<b>NOT GUILTY</b> as per Clause (2) of Part IV of First Schedule
Para 2.10 as above	Para 7.9 to 7.9.3 as above	<b>GUILTY</b> as per Clause (7) of Part I of Second Schedule
Para 2.11 as above	Para 7.10 to 7.10.2 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.12 as above	Para 7.11 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.13 as above	Para 7.12 as above	<b>NOT GUILTY</b> as per Clause (2) of Part IV of First Schedule
Para 2.14 as above	Para 7.13 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (4) of Part II of Second Schedule

Para 2.15 as above	Para 7.14 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.16 as above	Para 7.15 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.17 as above	Para 7.16 as above	<b>NOT GUILTY</b> as per Clause (2) of Part IV of First Schedule
Para 2.18 as above	Para 7.17 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.19 as above	Para 7.18 as above	<b>NOT GUILTY</b> as per Clause (2) of Part IV of First Schedule
Para 2.20 as above	Para 7.19 as above	<b>GUILTY</b> as per Clause (7) of Part I and Clause (1) of Part II of Second Schedule
Para 2.21 as above	Para 7.20 to 7.20.2 as above	<b>GUILTY</b> as per Clause (7) of Part I of Second Schedule

- 9 In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part-I and Clause (1) of Part II of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-  
(CA. PRASANNA KUMAR D)  
PRESIDING OFFICER

Sd/-  
(ADV. VIJAY JALANI)  
GOVERNMENT NOMINEE

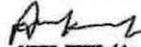
Sd/-  
(CA. MANGESH P KINARE)  
MEMBER

Sd/-  
(CA. SATISH KUMAR GUPTA)  
MEMBER

DATE: 30<sup>th</sup> January 2026

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy



अरुण कुमार / Arun Kumar

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India  
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