



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/204/22-DD/168/2022/DC/1786/2023(Clubbed PR/G/205/2022 to

PR/G/219/2022

In the matter of:

**Sh. Mangal Ram Meena,
Dy. ROC, NCT of Delhi and Haryana
Ministry of Corporate Affairs
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi - 110019**

... Complainant

Versus

**CA. Sanket (M. No. 542782)
B-386, New Friends Colony,
Delhi-110025**

...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: 05th February 2026

DATE OF ORDER: 11th February 2026

1. That vide Findings dated 28th 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. Sanket (M.**



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No. 542782) (hereinafter referred to as the “Respondent”) is **GUILTY** of Professional and Other Misconduct falling within the meaning Clause (7) of Part I of Second Schedule and Clause (2) Part - IV of the First 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 05th February 2026.

3. The Committee noted that on the date of hearing on 05th February 2026, the Respondent was present in-person. During the hearing, the Respondent made verbal submissions on the Findings of the Committee. The Committee noted the verbal submission of the Respondent on the Findings of the Committee, which, inter alia, are as under:

- The Respondent admitted the error on his part.
- The Respondent submitted that no fraudulent act was committed by him.
- At the time of certification of Form 20A, a new law had come into force.
- It did not involve any Chinese connection.

4. The Committee considered the reasoning as contained in Findings holding the Respondent ‘Guilty’ of Professional and Other 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.

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal submission of the Respondent on the Findings, the Committee noted that the Respondent has certified incorporation documents of the companies.



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5.1 With regard to charge related to certification of Form 20A while certifying form INC-20A, at that time only copy of the cheques are available on record, and on the date of his certification of such Form INC - 20A, the amount was not actually credited/paid by the subscribers to Companies' bank account towards value of shares and thereby the Respondent has not only given wrong certification but also violated the requirement of Section 10A of Companies Act, 2013 which requires a confirmation in Form Form INC - 20A that the subscribers to the memorandum have paid the value of the shares agreed to be taken by them on the date of making of declaration by the subscribers. The Committee was thus of the opinion that the Respondent has failed to attach with Form INC - 20A, which was filed with ROC, the documentary evidence showing that subscription money has been received by the company before certification of Form INC – 20A. Thereby the Respondent has not exercised required due diligence in certifying Form INC – 20A.

5.2 With regard to charges related to address of the Respondent (auditor of the Company) i.e., Sanket & Co. Chartered Accountants was the same as that of Ms. Daya Devi, the Director of the Company and the earlier address of the Company at the time of incorporation The Committee noted that the Respondent has failed to maintain the fundamental requirement of independence while discharging his duties as the statutory auditor of the Company. The existence of a close familial relationship with Ms. Daya Devi, a director in the subject Company as well as another company audited by the Respondent, coupled with the use of a common address shared by the Respondent, the director, and the Company at various stages, clearly establishes a close association with the management from the inception of the Company. The Respondent's initial silence and failure to disclose or clarify this relationship further aggravates the misconduct. Such conduct compromises the objectivity and credibility expected of a statutory auditor and raises serious doubts regarding the integrity of the audit process. The Committee further noted that the Respondent, while acting as the statutory auditor of the Company, failed to maintain independence both in fact and in appearance, and was closely associated with the management of the Company from its inception, as evidenced by the use of a common address with a director of the Company and the earlier



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registered office of the Company. Hence, the Professional and Other Misconduct on the part of the Respondent stands clearly established, as spelt out in the Committee's Findings dated 28th January 2026, which are 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 and Other Misconduct.

7. Thus, the Committee ordered that the Respondent i.e. CA. Sanket (M. No. 542782), New Delhi be REPRIMANDED and also imposed a fine of Rs. 50,000/- (Rupees Fifty Thousand only) upon him which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

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

नीलम पुंडीर / Neelam Pundir

वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer

अनुशासनात्मक निदेशालय / Disciplinary Directorate

भारतीय सनदी लेखाकार संस्थान

The Institute of Chartered Accountants of India
आई 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 (2024-2025)]

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

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

File No.:- [PR/G/204/22-DD/168/2022/DC/1786/2023(Clubbed PR/G/205/2022 to PR/G/219/2022)]

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CA. Sanket (M. No. 542782)
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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 : 15th December 2025

PARTIES PRESENT:

Complainant	: Shri Vijayasimha Reddy (Through VC)
Respondent	: CA. Sanket (Through VC)
Counsel for the Respondent	: Adv. Shivam Gautam (Through VC)

1. Background of the Case:

- 1.1. As per the Complainant Department, the Central Government was in receipt of the information that certain foreign directors or individuals/Shareholders/entities in the Company had engaged dummy persons as subscriber's to MOA & Directors and registered the

Company using forged documents/falsified addresses/signatures of Directors. Further, as stated Director Identification Number (DIN) were also obtained by furnishing false/forged documents to the Complainant department and the Companies/foreign individuals or entities directly or indirectly connected with these companies were found to be engaged in illegal/suspicious activities, Money Laundering, tax evasion and non – compliance of various provisions of laws. It has also been stated that certain professionals had connived with these companies /their directors/subscriber to MOA and individuals who were acting behind the Company and had knowingly incorporated the Company and also assisting in running of these companies for illegal/suspicious activities 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.

- 1.2. It is also stated that amongst the alleged 16 Companies, the Respondent had been indulged in the incorporation of 12 Companies viz 1) Westland Hospitality Pvt. Ltd., 2) M/s Boathouse Trading Pvt. Ltd., 3) Flashbolt Trading Pvt. Ltd., 4) Magic House Café Pvt. Ltd., 5) Coolmind Restaurant Pvt. Ltd., 6) Magicball Restaurant Pvt. Ltd., 7) Coolmind Hospitality Pvt. Ltd., 8) Snow View Café Pvt. Ltd., 9) Honeycomb Restaurant Pvt. Ltd., 10) Wholemagic Trading Pvt. Ltd., 11) PME Entertainment Pvt. Ltd., 12) Hill Light Hospitality Pvt. Ltd. and acted as statutory auditor in respect of remaining four Companies viz. 13) Young Mind Ventures Pvt. Ltd., 14) A B Restaurant Ventures Pvt. Ltd., 15) Jute Box Restaurant Pvt. Ltd., 16) Big Boys Café Pvt. Ltd. (hereinafter individually referred to as the “**subject Company – 1, 2,3...,16**” and collectively as “**subject companies**”)

2. Charges in brief:

In respect of subject companies 1 to 12 where the Respondent certified incorporation documents

- 2.1. That, the registered office address of above Subject Companies were verified and not found at given address, even no board/name plate was found at the address, hence, it is evident that the Subject Companies had not been maintaining their registered office and also not maintaining books of accounts as per requirement of laws and appear to be shell companies solely incorporated with mala-fide intention.
- 2.2. That, the premises of registered office was owned by CA. Mohit Kumar as NOC was given by him. It appears that the statutory auditor of the Subject Companies and owner of the premises was the same person i.e., CA. Mohit Kumar. In this regard, the Subject Companies

had attached electricity bill of the premises along with NOC of CA. Mohit Kumar, instead of Lease Agreement. Further, in respect of Subject Company- 8 i.e., Snow View Café Pvt. Ltd., the registered address had been changed to 36, Community Centre, East of Kailash, Delhi- 110065 and lease agreement had been attached but copy of electricity bill and NOC from the owner of the premises was not attached and the form in respect of change of its registered office was signed by CA. Mohit Kumar, auditor of the Company. As stated, CA. Mohit Kumar, auditor of the Subject Companies in connivance with the Respondent, Directors/subscribers had incorporated the Subject Companies with the malafide intention to carry out the business of the Subject Companies in fraudulent manner.

- 2.3. That, CA. Mohit Kumar, statutory auditor of the Subject Companies had willfully given his e-mail ID in incorporation documents instead of Companies/directors' respective e-mail ids.
- 2.4. That on scrutiny of the records of the Company on MCA portal, it is found that the Subject Companies 1. Westland Hospitality Pvt. Ltd., 2. M/s Boathouse Trading Pvt. Ltd., 4. Magic House Café Pvt. Ltd., 5. Coolmind Restaurant Pvt. Ltd., 6. Magicball Restaurant Pvt. Ltd., 7. Coolmind Hospitality Pvt. Ltd., 10. Wholemagic Trading Pvt. Ltd., 11. PME Entertainment Pvt. Ltd., had filed Form INC-20A regarding declaration for commencement of business and had attached copies of two cheques of Rs. 50,000 each duly signed by Shri Gaurav Sharma and Himanshu Kumar as subscribers' proof of payment for value of shares which, however, do not prove that the said amount was credited in the account of the Subject Companies. Hence, it is alleged that the Companies had given false statement / certificate.
- 2.5. That the statutory auditor of Companies namely Westland Hospital Pvt. Ltd., Boathouse Trading Pvt. Ltd., Coolmind Hospitality Pvt. Ltd., Whole Magic Trading Pvt. Ltd. was having a joint bank account with one of the directors of such companies i.e., with Mr. Gaurav Sharma as in the cheque submitted along with respective forms- INC-20A towards value of shares by the subscribers, CA Mohit Kumar, the statutory auditor of the Company was one of the signatories along with Mr. Gaurav Sharma, the director/subscriber of the Company.

In respect of M/s Young Mind Ventures Pvt. Ltd.

- 2.6. The address of the Respondent being statutory auditor of the Company i.e., Sanket & Co. Chartered Accountants was the same as that of Ms. Daya Devi, the Director of the Company and also the earlier address of the Company at the time of incorporation i.e., K-27, First Floor, Lajpat Nagar-2, New Delhi-110024. Hence, it appears that CA. Mohit Kumar in collusion with the Respondent and directors of the Company had incorporated the

Company with the malafide intention to carry out the business of the Company in fraudulent manner.

In respect of M/s Jute Box Restaurant Pvt. Ltd.

2.7. The address of the Respondent (auditor of the Company) i.e., Sanket & Co. Chartered Accountants was the same as that of Ms. Daya Devi, the Director of the Company and the earlier address of the Company at the time of incorporation i.e., K-27, First Floor, Lajpat Nagar-2, New Delhi-110024. Hence, it appeared that CA. Mohit Kumar in collusion with the Respondent and directors of the Company had incorporated the Company with the malafide intention to carry out the business of the Company in a fraudulent manner.

3. The relevant issues discussed in the Prima Facie Opinion dated 8th December 2022 formulated by the Director (Discipline) in the matter in brief, are given below:

3.1. On perusal of the facts on record, it was observed that the charges mentioned at Para 2.1, 2.2 & 2.3 above, that the registered office address of the said Subject Companies were verified and not found at given address, even no board/nameplate was found at the address, that the books of accounts of the Companies were not maintained and that the premise whose address given as registered office address was owned by CA. Mohit Kumar, the Statutory Auditor of the Subject Companies and using his email id as company's e-mail id in incorporation forms certified by the Respondent, it is noted that in incorporation forms of all such 12 Subject Companies certified 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 for all the 12 companies. It is further noted that such address belongs to CA. Mohit Kumar who is found to be statutory auditor of all such subject companies and CA. Mohit Kumar is also noted to be the brother of the Respondent as confirmed by the Respondent himself vide his letter dated 23-08-2022 in response to this office letter dated 03-08-2022. It is viewed that though the Respondent has brought on record documents viz. copy of Utility Bill (Electricity bill) and copy of No Objection Certificate to establish that he had verified the documents as required in terms of the requirement of the Companies (Incorporation) Rules, 2014 however, keeping in view the fact that many companies were being operated from a common place where even no space was there to fix the sign boards for all companies, It is not clear as to how from a common place, 12 companies were functioning for the business purposes of the Companies (including activity of maintenance of books of accounts) as declared by the Respondent in Spice forms and it appears that such

common address was used only to get all the companies registered with the Complainant department.

3.1.1 Further, in all such incorporation forms, the e-mail ID of CA. Mohit Kumar is given as Company's email id except in the incorporation form of M/s AB Restaurant Ventures Pvt. Ltd wherein the email id of Respondent is provided. Hence, it appears that the Respondent and his brother CA Mohit Kumar, the statutory auditor of the Company facilitated to incorporate the companies at his address (CA Mohit Kumar) and the Respondent was completely aware of the whole scenario that such address was not going to be used for the actual business purpose of respective companies but was being given only for temporary purposes not known at this stage and the Respondent thereby has given wrong declaration in all such incorporation forms.

3.1.2 Besides the fact that while incorporating the companies, the Respondent was completely aware that the email id of his brother CA Mohit Kumar was being given in the incorporation applications of all the subject Companies and in one company his own email id was also given, further indicates 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 is 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.

3.2. With respect to charge mentioned in para 2.4 above, it is noted that in respect of 3 companies namely M/s Magicball Restaurant Private Limited, M/s Snow View Cafe Pvt. Ltd. and M/s PME Entertainment Pvt. Ltd. and in other cases too in respect of which no evidence is put forth by the Respondent, on the date of his certification of form -20A, the amount was not actually credited/paid by the subscribers to Companies' bank account towards value of shares and thereby the Respondent 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 have paid the value of the shares agreed to be taken by them 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 charge mentioned in Para 2.5 above, it was noted that the Respondent had remained completely silent in his Written Statement, and it was not clear at that stage what the relationship of CA Mohit Kumar was with the director Mr. Gaurav Sharma and why he had invested money in these companies. It was further noted that the Respondent, in all such respective INC-20A forms, had certified the declaration that every subscriber to the MOA had paid the value for shares agreed to be taken by them; however, in the extant case, since such subscription money had been paid from the joint account of the subscriber Mr. Gaurav Sharma and the statutory auditor CA Mohit Kumar, the certification of the Respondent as mentioned above in the respective INC-20A forms appeared to be incorrect. Accordingly, the Respondent was held *prima facie* **guilty** of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
- 3.4. With respect to the allegation mentioned at Para 2.6 above, it was noted that the address of the Respondent as mentioned by the Complainant in his compliant was not found as his address as per ICAI database as on date however, such address was noted to be his address during his tenure as student of ICAI. Further, such address was also mentioned in ADT-1 and on the letter head of his consent letter given to the Company. Further, the address of Ms. Daya Devi, the Director of the company as per her declaration dated 20-04-2016 as proposed director at the time of incorporation of the subject company and in her DIR-2 is noted to be '300, Luhari Vala Mauhalla, Vard Nan 13., Bhadra (Rajasthan)'. However, while examining the account of another company Jute Box Restaurants Pvt. Ltd. on MCA portal, it was noted that Ms. Daya Devi is one of the directors in such company too and in her declaration dated 08-11-2016 in DIR-2 in respect of that company, her address is noted to have been the same as that of the Respondent as alleged i.e. K-27, FIRST FLOOR, NEAR VIJAY SALES, LAJPAT NAGAR- 2, DELHI. Further, in support of this address a bank statement is also noted to be submitted which also bears the same address as Ms. Daya Devi. In this regard the Respondent in his written statement had been remained silent and failed to clarify his relationship with Ms. Daya Devi. The Respondent has failed to clarify as to why Ms. Day Devi had given different addresses in different companies or why his address was given by her in incorporation of the company Jute Box Restaurant Pvt. Ltd. and how he was related to Ms. Daya Devi especially when it was on record that he (Respondent) had been the statutory auditor of both the Companies namely **Young Mind Ventures Pvt. Ltd** and **Jute Box Restaurant Pvt. Ltd** which raised doubt on the intention of the Respondent behind the functioning of these companies. Accordingly, the Respondent was held *prima facie* **Guilty** of Other misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

- 3.5. With respect to the allegation mentioned at Para 2.7 above, it was noted that the similar allegation of having same address by Ms. Daya Devi, the Director of the Company and the Respondent, the statutory auditor of the Company, had already been dealt in para 3.4 above. Hence, the opinion was reiterated here also and accordingly the Respondent was held prima facie **Guilty** of Other misconduct falling within the meaning of Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
- 3.6. The Director (Discipline) in his Prima Facie Opinion dated 8th December, 2022 opined that the Respondent was prima facie **Guilty** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I 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:

x x x x x x x

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

Clause (2) of Part IV of the First Schedule:

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

x x x x x x x

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

- 3.7. The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 9th 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 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.

4. **Date(s) of Written submissions/Pleadings by parties:**

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

S. No.	Particulars	Dated
1.	Date of Complaint in Form 'I' filed by the Complainant	15 th March 2022
2.	Date of Written Statement filed by the Respondent	14 th June 2022
3.	Date of Rejoinder filed by the Complainant	22 nd July 2022
4.	Date of Prima Facie Opinion Formed by Director (discipline)	08 th December 2022
5.	Written Submissions filed by the Respondent after PFO	15 th October 2024
6.	Written Submissions filed by the Complainant after PFO	-----

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

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

- (i) That there is no involvement of any Chinese directors or individuals in any of the alleged companies.
- (ii) That the matter has already been enquired into by the EOW on the complaint filed by the Complainant; however, no irregularities, fraud, scam transactions, etc. were found by the EOW, and the Respondent was found not guilty.
- (iii) That, as per the provisions of the Companies Act, 2013, it is the duty of the Company and its directors to maintain the registered office of the Company.
- (iv) That at the time of incorporation, the Respondent ensured that the Company had a registered office, and after incorporation, the Respondent cannot be held liable for non-maintenance of the registered office of the Company.
- (v) That the Respondent filed most of the INC-20A forms during the years 2019-20 and 2020-21, wherein the Respondent annexed copies of cheques as proof of payment.

- (vi) That at the relevant time, it was a new law and there was considerable confusion among professionals regarding the filing of INC-20A, and the Respondent was under the impression that a cheque could also be considered as proof of payment.
- (vii) That the Respondent acted in a bona fide manner, and there were no fraudulent or 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 th August 2023	Part heard and adjourned.
2.	28 th May 2024	Deferred due to paucity of time.
3.	03 rd June 2024	Adjourned at the request of the Respondent.
4.	20 th June 2024	Adjourned at the request of the Respondent.
5.	29 th July 2024	Deferred due to paucity of time.
6.	29 th August 2024	Adjourned at the request of the Respondent.
7.	18 th September 2024	Adjourned at the request of the Respondent.
8.	03 rd November 2025	Adjourned at the request of the Respondent.
9.	19 th November 2025	Part heard and adjourned.
10.	02 nd December 2025	Adjourned at the request of the Respondent.
11.	15 th December 2025	Hearing Concluded and Decision Taken

- 6.2. On the day of first hearing held on 18th 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 against him and whether he pleads guilty. The charges as contained in prima facie opinion were also read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him.

In view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date.

- 6.3. On the day of hearing held on 28th May 2024, Consideration of subject case was deferred by the Committee due to paucity of time.
- 6.4. On the day of hearing held on 03rd June 2024 and 20th June 2024, the Committee noted that Respondent has sought adjournment. Acceding to the request of Respondent, Committee adjourned the case to a future date.
- 6.5. On the day of hearing held on 29th July 2024, Consideration of subject case was deferred by the Committee due to paucity of time.
- 6.6. On the day of hearing held on 29th August 2024, 18th September 2024 and 03rd November 2025, the Committee noted that Respondent has sought adjournment. Acceding to the request of Respondent, Committee adjourned the case to a future date.
- 6.7. On the day of hearing held on 19th 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 Counsel referred to the written submissions already filed and addressed each allegation. It was submitted that the allegations regarding Chinese involvement in the concerned companies were incorrect, as there was no Chinese shareholder, director, business transaction, or control in any of the companies. It was further submitted that the Respondent had acted only as a consultant for incorporation or as a statutory auditor in certain companies and had no role in the management or operations thereafter.

On the allegation relating to non-maintenance of registered office, the Counsel submitted that once a company is incorporated, maintenance of the registered office is the statutory responsibility of the company and its directors, and not of the professional who assisted in

incorporation. The Respondent clarified that the premises belonged to one of the promoters and that the Respondent's professional office was located at a different address.

With respect to the allegation concerning Form INC-20A, the Counsel submitted that cheques towards share application money were annexed with the form and that the non-credit or non-encashment of such cheques in certain cases occurred without any malafide intention. It was conceded that there may have been negligence due to the form being newly introduced at the relevant time, but it was argued that negligence without malafide intent does not constitute professional misconduct. On the allegation relating to certain companies where the Respondent acted as statutory auditor and where a close relative of the Respondent was a director, the Counsel acknowledged possible conflict but denied any fraudulent transactions.

After hearing the submissions, the Committee stated that an opportunity would be provided to the Complainant to present submissions. With this the matter was part heard and adjourned.

- 6.8. On the day of hearing held on 02nd December 2025, the Committee noted that Respondent has sought adjournment. Acceding to the request of Respondent, Committee adjourned the case to a future date.
- 6.9. On the day of final hearing held on 15th December 2025, the Committee noted that Respondent along with Counsel and authorized representative of 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.

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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 noted that as per above provisions, certifying professional is not under 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 documents viz. copy of Utility Bill (Electricity bill) and copy of No Objection Certificate which established that he had verified the documents 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.

- 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 his brother CA Mohit Kumar was being given in the incorporation applications of all the subject Companies and in one company his own email id was also given. 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 subject 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. As regards the charge against the Respondent as given in Para 2.4 above, the Committee noted that while certifying the Form INC - 20A, 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 had submitted only copy of cheques and copies of bank statements of only 3 Companies out of 8 companies.
- 7.2.1. The Committee from the perusal of bank statement in respect of M/s Magicball Restaurant Private Limited, noted that though the amount of Rs.50,000/- each was credited in the account of the company by Mr. Gaurav Kumar and Mr. Himanshu Kumar, the directors of the company at the time of incorporation, however, such amount is noted to had been transferred on 02-07-2020 while Form-20A was certified on 25-12-2019 and the cheques were also of the dated 25-12-2019. Further the validity of such cheques are noted to be for 3 months only while the amount is found to have been credited well after the expiry of 6 months. Further, it is noted that in case of Mr. Himanshu Kumar the amount is transferred in company's account through NEFT and not by cheque. This clearly indicates that the said cheques were never presented to the bank and copy of these cheques were merely submitted alongwith Form INC - 20A to fulfil the formality and despite knowing such fact, the Respondent goes on to verify Form INC - 20A in respect of the Company.

7.2.2. The Committee, in respect of bank statement of M/s Snow View café Pvt. Ltd. noted that though the amount of Rs.50,000/- each was credited in the account of the company by Mr. Gaurav Kumar and Mr. Himanshu Kumar, the directors of the company at the time of incorporation, however, such amount of noted to had been transferred on 02-03-2020 and 04-03-2020 while Form INC - 20A was certified on 11-01-2020 and the cheques were of the dated 01-01-2019. Likewise, in case of M/s PME Entertainment Pvt. Ltd. Form INC - 20A was certified on 11-01-2020 and the cheques of subscribers/directors are also noted to be of the same date while the amount is noted to have been credited on 07-02-2022 and further, in case of Mr. Harish Kumar, one of the Director, the amount is credited through NEFT and not through cheque. Hence, it is clear that as all the above mentioned three cases Form INC - 20A have wrongly been certified by the Respondent by stating that every subscriber had paid the value for shares,

7.2.3. The Committee noted that in other companies too, in respect of which no evidence is put forth by the Respondent and only copy of the cheques are available on record, it is viewed that on the date of his certification of such Form INC - 20A, the amount was not actually credited/paid by the subscribers to Companies' bank account towards value of shares and thereby the Respondent has not only given wrong certification but also violated the requirement of Section 10A of Companies Act, 2013 which requires a confirmation in Form Form INC - 20A that the subscribers to the memorandum have paid the value of the shares agreed to be taken by them on the date of making of declaration by the subscribers. The Committee was thus of the opinion that the Respondent has failed to attach with Form INC - 20A, which was filed with ROC, the documentary evidence showing that subscription money has been received by the company before certification of Form INC - 20A. Thereby it is apparent that the Respondent has not exercised required due diligence in certifying Form INC - 20A. 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.

7.3. As regards the charge against the Respondent as given in Para 2.5 above, the Committee noted that it is an undisputed position of law 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, CA. Mohit Kumar 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 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 professional misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7.4. As regards the charge against the Respondent as given in Para 2.6 above, the Committee noted that the address of the Respondent (Auditor of the Company) i.e., Sanket & Co. Chartered Accountants was same as those of the Director Ms. Daya Devi and the earlier address of the Company at the time of incorporation. It is noted that the address of the Respondent i.e. 'K-27, First Floor, Lajpat Nagar-2, New Delhi – 110024' is not found as his address as per ICAI database as on date however, such address is noted to be his address during his tenure as student of ICAI. Further, such address is also noted to be the same as mentioned in ADT-1 submitted by the subject company on MCA portal for his appointment as statutory auditor of the Company and also mentioned on the letter head of his consent letter given to the Company. Further, it is noted that the address of Ms. Daya Devi as per her declaration dated 20-04-2016 as proposed director at the time of incorporation of the subject company and in her DIR-2 (Consent to act as Director) is noted to be '300, Luhari Vala Mauhalla, Vard Nan 13., Bhadra (Rajasthan)'. However, while examining the account of another company, Jute Box Restaurants Pvt. Ltd. on MCA portal, it is noted that Ms. Daya Devi is one of the directors in such company too and in her declaration dated 08-11-2016 in DIR-2 in respect of that company, her address is noted to have been the same as that of the Respondent. Further, in support of this address a bank statement is also noted to be submitted which also bears the same address of Ms. Daya Devi.

7.4.1 The Committee noted that the Respondent in his written statement has remained silent and failed to clarify his relation with Ms. Daya Devi, the Director of M/s Young Mind Ventures Pvt. Ltd. and M.s Jute Box Restaurant Pvt. Ltd. in respect of which he had acted as statutory auditor of both the Companies. However, in hearing held on 19th November, 2025, the Respondent admitted that Ms. Daya Devi, is his mother. Therefore, it is viewed that the Respondent was related to Ms. Daya Devi especially when it is on record that he (Respondent) had been the statutory auditor of both the Companies which raises doubt on the intention of the Respondent behind the functioning of these companies.

7.4.2 The Committee noted the following provisions from the Guidance Note on Independence of Auditors –

“1.2 It is not possible to define “independence” precisely. Rules of professional conduct dealing with independence are framed primarily with a certain objective. The rules themselves cannot create or ensure the existence of independence. Independence is a condition of mind as well as personal character and should not be confused with the superficial and visible standards of independence which are sometimes imposed by law. These legal standards may be relaxed or strengthened but the quality of independence remains unaltered.

1.3 There are two interlinked perspectives of independence of auditors, one, independence of mind; and two, independence in appearance. The Code of Ethics for Professional Accountants, issued by International Federation of Accountants (IFAC) defines the term ‘Independence’ as follows:

“Independence is: (a) Independence of mind – the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism; and

(b) Independence in appearance – the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm’s, or a member of the assurance team’s, integrity, objectivity or professional skepticism had been compromised.”

1.4 Independence of the auditor has not only to exist in fact, but also appear to so exist to all reasonable persons. The relationship between the auditor and his client should be such that firstly, he is himself satisfied about his independence and secondly, no unbiased person would be forced to the conclusion that, on an objective assessment of the circumstances, there is likely to be an abridgement of the auditors’ independence.

1.5 In all phases of a Chartered Accountant’s work, he is expected to be independent, but in particular in his work as auditor, independence has a special meaning and significance...”

- 7.4.3 The Committee observed that the Respondent has failed to maintain the fundamental requirement of independence while discharging his duties as the statutory auditor of the Company. The existence of a close familial relationship with Ms. Daya Devi, a director in the subject Company as well as another company audited by the Respondent, coupled with the use of a common address shared by the Respondent, the director, and the Company at various stages, clearly establishes a close association with the management from the inception of the Company. The Respondent's initial silence and failure to disclose or clarify this relationship further aggravates the misconduct. Such conduct compromises the objectivity and credibility expected of a statutory auditor and raises serious doubts regarding the integrity of the audit process.
- 7.4.4 The Committee noted that the Respondent, while acting as the statutory auditor of the Company, failed to maintain independence both in fact and in appearance, and was closely associated with the management of the Company from its inception, as evidenced by the use of a common address with a director of the Company and the earlier registered office of the Company. Accordingly, the Respondent is **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. As regards the charge against the Respondent as given in Para 2.7 above, the Committee noted that the similar allegation of having same address by Ms. Daya Devi, the Director of the Company and the Respondent, the statutory auditor of the Company, has already been dealt in paras 7.4 and 7.4.4 above. Hence, the opinion is reiterated here also and accordingly the Respondent is held **Guilty** of Other misconduct falling within the meaning of Clause (2) of Part IV of First 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:

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1, 2.2 & 2.3 as above	Para 7.1 to 7.1.6 as above	NOT GUILTY as per Clause (2) of Part IV of First Schedule and Clause (7) of Part I of Second Schedule

Para 2.4 as above	Para 7.2 to 7.2.3 as above	GUILTY as per Clause (7) of Part I of Second Schedule
Para 2.5 as above	Para 7.3 as above	NOT GUILTY as per Clause (7) of Part I of Second Schedule
Para 2.6 as above	Para 7.4 to 7.4.4 as above	GUILTY as per Clause (2) of Part IV of First Schedule
Para 2.7 as above	Para 7.5 as above	GUILTY as per Clause (2) of Part IV of First 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 and Other Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule and Clause (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(ADV. VIJAY JHALANI)
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

DATE: 28th January 2026

PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

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