



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-III (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

PR/G/165/2023/DD/282/2023/DC/1891/2024 (Clubbed with PR/G/166/2023)

In the matter of:

Shri Sanjay Sood,
ROC, Karnataka,
Ministry of Corporate Affairs
Kendriya Sadan,
2nd Floor, E Wing,
Koramangala,
Bengaluru – 560034

.....Complainant

Versus

CA. Muni Kumar Gubiligari (M. No. 234106)
No.18, Old no. 1612,
2nd Floor, East End,
Main Road, Jayanagar, 9th Block,
Bengaluru – 560069

.....Respondent

MEMBERS PRESENT:

CA. Charanjot Singh Nanda, Presiding Officer
Shri Jiwesh Nandan, Member (Govt. Nominee)
Dr. K Rajeswara Rao, Member (Govt. Nominee)
CA. Piyush S Chhajed, Member
CA. Abhay Chhajed, Member

Date of Hearing: 6th January 2026
Date of Order: 11th February, 2026

1. That vide findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 dated 12th November 2025, the Disciplinary Committee was, inter-alia, of the opinion that
CA. Muni Kumar Gubiligari (M. No. 234106) (hereinafter referred to as the



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"Respondent") was **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule and Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

2. The Committee noted that the charge against the Respondent relates to his assistance in incorporation of nine Companies. These Companies were alleged to be controlled by Chinese entities using Indian dummy directors and operate illegal loan apps offering unsecured micro-loans. With the said background, the charges wherein the Committee held the Respondent guilty are as under:
 - a. That the Respondent mentioned fake phone numbers with incorrect STD codes in incorporation forms as the same were not matching with the correspondence addresses of the subscribers/directors.
 - b. That the Respondent failed to verify the identity of directors or subscribers, misused documents of employees of Companies to obtain DIN and DSC for them and made them directors in several companies and facilitated fraudulent companies with huge bank transactions.
 - c. That the Respondent while witnessing MOA and AOA failed to adhere mandatory requirement that subscribers had signed MOA and AOA in his presence thereby resulting in contravention of Rule 13 of the Companies (Incorporation) Rules, 2014. The Respondent also admitted the same in his statement on oath.
 - d. That the Respondent while certifying INC-32 failed to verify registered office addresses, which were small shops or desk spaces reused for multiple bogus companies linked to Chinese entities, later found not maintained by these Companies during physical verification.
 - e. That the director of M/s Baitu Technology Private Limited had mentioned in his statement on oath that the subscription amount for the Company had been given to him by a Chinese national, which he had deposited into his account and given the cheque to the Respondent. This clearly showed that the Respondent was hand in hand acted along with the fraudsters by certifying and filing INC-20A without company's bank statement and only with remittance challan and the bank statement of the subscribers.
 - f. That the Respondent failed to verify the documents attached to the INC-22 with the original documents. Further rent agreement attached to the e-forms alleged to be either not signed by one or both the parties.
3. That pursuant to the said findings, an action under Section 21B(3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and a communication

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was addressed to him under Rule 19(1) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 thereby granting an opportunity of being heard in person/through video conferencing and to make representation before the Committee on 6th January 2026.

4. The Committee noted that on the date of hearing held on 6th January 2026, the Respondent was present through Video Conferencing Mode. The Committee noted that with respect to opportunity given for hearing under Rule 19(1) of CA Rules 2007, the Respondent had not submitted his written representation on findings of the Committee. However, he in his oral submissions requested the Committee to take lenient view in the matter as this assignment was conducted during his initial year of practice and he has not done anything intentionally.
5. Keeping in view the facts and circumstances of the case, along with the material on record, the Committee observed that the Respondent was negligent in performing his professional duties. The Committee viewed that the Respondent admitted that he filled fake/ wrong contact numbers solely to comply with the mandatory filed requirement in SPICe form which does not permit submission without a valid entry. It was viewed by Committee that these checks were incorporated in the e-form to draw attention of the professional to fill complete details correctly and that the Respondent, being an independent professional, was responsible to certify the correct details of the Company being incorporated rather than providing random numbers to circumvent the checks incorporated in e-forms. The Committee further observed that while filing Form SPICe INC-32, SPICe AOA and SPICe MOA, the Respondent had given the certification that he had verified originals / certified records for certification and no material information had been suppressed. However, he himself in his statement on oath had admitted that he had not verified the original documents of the Directors / Subscribers of MOA & AOA and relied upon the copy of documents produced before him through email/ Whatsapp. The Committee also noted that as per statement on oath of Directors, they were employees of the Company or job aspirants and their documents/ IDs were misused.
6. The Committee noted that the Respondent had witnessed the form SPICe MOA & AOA wherein subscribers were required to sign MOA and AOA in his presence as per Rule 13(1) of the Companies (Incorporation) Rules, 2014. However, this was not adhered to by the Respondent, thereby resulting in contravention of the said Rule. It was further viewed that the Respondent while certifying e-form SPICE+ of Companies had specifically declared that he had personally verified the registered office of all the Companies whereas he in his submissions stated that physically verification was not possible due to uncontrollable circumstances during Covid. The Committee noted that the Respondent was required to physically verify the registered office and he could not escape from his liability of physical verification of registered office premises on the plea of Covid restrictions that too when lockdown due to Covid came in force on 25/03/2020 and seven companies out of nine were incorporated before 24/03/2020.



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7. The Committee observed that it is mentioned in Form INC-20A that every subscriber to the MOA has paid the value for shares agreed to be taken by him and the same was certified by the Respondent by way of his certification in the Form. However, he failed to ascertain the accuracy of the contents of the said form along with its attachments so as to ensure that the subscription amount has actually been credited to the bank account of the Company. The Committee, in this regard, observed from the receipt enclosed by the Respondent that the same did not establish that the said payment went to bank account of Company. The Committee further noted that the Respondent failed to verify the documents attached to the INC-22 with the original documents as there were discrepancies in the rent / lease agreements attached to form such as rent agreement were not registered, notarised, not signed by lessee & witnesses and no specific number of room / shops given on rent was mentioned. Thus, the certification by the Respondent in INC-22 that he had verified the attachment with the original records maintained by the Company appears to be incorrect.
8. The Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 12th November 2025 which is to be read in conjunction with the instant Order being passed in the case.
9. Accordingly, it was viewed that the Respondent certified the wrong details of phone numbers, failed to verify the original records for certification, failed to check the compliance of Rule 13 of the Companies (Incorporation) Rules, 2014, failed to ensure that directors had given their consent to act as such and also failed to physically verify the address of the registered office. It was viewed that such gross negligence exercised by the Respondent provided a platform for the preparators to misuse the system. The Committee, accordingly, viewed that the Respondent as professional was required to be more cautious and vigilant while certifying the documents. This conduct of the Respondent constitutes Professional and Other Misconduct as per Item (7) of Part 1 of the Second Schedule and Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.
10. The Committee, hence, viewed that the ends of justice will be met if appropriate punishment commensurate with his professional misconduct is given to him.
11. Accordingly, the Committee, upon considering the nature of charge and the gravity of the matter ordered that the name of **CA. Muni Kumar Gubiligari (M. No. 234106) be removed from Register of Members for a period of 120 (One Hundred Twenty) days and a fine of Rs. 20,000/- (Rupees Twenty Thousand only) be imposed upon him, to be paid within 90 days of the receipt of the order and in case of failure in payment of fine as stipulated, the name of the Respondent be removed for a further period of 30 (thirty) days.** The said punishment of removal of name from the Register of Members (including removal for further period, in lieu of non-payment of fine)



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in this case shall run concurrently with the punishment given in case no. PR/G/148/2023/DD/204/2023/DC/1892/2024 and PR/G/188/2023/DD/283/2023/DC/1893/2024.

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

Sd/-
(SHRI JIWESH NANDAN)
GOVERNMENT NOMINEE

Sd/-
(DR. K. RAJESWARA RAO)
GOVERNMENT NOMINEE

Sd/-
(CA. PIYUSH S CHHAJED)
MEMBER

Sd/-
(CA. ABHAY CHHAJED)
MEMBER

DATE: 11th February, 2026

PLACE: NEW DELHI

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

Geetha
गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar
कार्यकारी अधिकारी / 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 – III (2025-26)]
[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

Ref. No.: PR/G/165/2023/DD/282/2023/DC/1891/2024 (Clubbed File PR/G/166/2023)

In the matter of:

**Shri Sanjay Sood,
ROC, Karnataka,
Ministry of Corporate Affairs
Kendriya Sadan,
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.....Complainant

Versus

**CA. Muni Kumar Gubiligari (M. No. 234106)
No.18, Old no. 1612,
2nd Floor, East End,
Main Road, Jayanagar, 9th Block,
Bengaluru – 560069**

.....Respondent

MEMBERS PRESENT:

**CA. Charanjot Singh Nanda, Presiding Officer
Shri Jiwesh Nandan, Member (Govt. Nominee)
CA. Piyush S Chhajed, Member
CA. Abhay Chhajed, Member**

Date of Final Hearing: 20th August 2025

PARTIES PRESENT:

**Respondent: CA. Muni Kumar Gubiligari. (M. No. 234106)
[appeared through Video Conferencing from his personal location]**

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1. **BACKGROUND OF THE CASE:**

- 1.1 In the extant case, the Complainant is ROC, Ministry of Corporate Affairs.
- 1.2 It is stated that the Respondent assisted in incorporation of companies namely,
- (i) M/s. Baitu Technology Private Limited,
 - (ii) M/s. Rino Technology Private Limited,
 - (iii) M/s. Qaco Technology Private Limited,
 - (iv) M/s. Qidai Technology Private Limited,
 - (v) M/s. Sooying Hitech Private Limited,
 - (vi) M/s. Bennu Cornoa Blast Technology Private Limited,
 - (vii) M/s. Cashew Technology Private Limited,
 - (viii) M/s. Madeshell Technology Private Limited and
 - (ix) M/s. Microcard India Technology Consulting Service Private Limited

It is alleged that these Companies were controlled by Chinese entities using Indian dummy directors, operated illegal loan apps offering unsecured micro-loans. As per the Complainant, these apps charged exorbitant interest, accessed user data, and used extortion and blackmail for recovery. Enforcement agencies have initiated action against these firms for financial and cyber-related crimes.

- 1.3 The Complainant Department noticed discrepancies in the e-forms certified by the Respondent with respect to above mentioned companies.

2. **CHARGES IN BRIEF:**

S.No.	Charge(s)	Prima Facie Opinion of the Director (Discipline)	Applicable Item of the Schedule to the Chartered Accountants Act 1949
1a.	The Respondent provided his firms' e-mail as the email id of the Company in incorporation documents of the Company.	Not Guilty	Item (7) of Part-I of the Second Schedule and Item (2) of Part IV of First Schedule
1b.	The Respondent provided fake phone numbers with incorrect STD codes in incorporation forms as the same were not matching with the correspondence addresses of the subscribers/directors.	Guilty	Item (7) of Part-I of the Second Schedule

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1c.	In the form certified by the Respondent, email id of the Companies in the MCA records and in the Company's letter head were different.	Not Guilty	Item (7) of Part-I of the Second Schedule and Item (2) of Part IV of First Schedule
2a.	The Respondent failed to verify the identity of directors or subscribers, misused documents of employees of Companies to obtain DIN and DSC for them and made them directors in several companies and facilitated fraudulent companies with huge bank transactions.	Guilty	Item (7) of Part-I of the Second Schedule and Item (2) of Part IV of First Schedule
2b.	The Respondent witnessed MOA and AOA. Subscribers were required to sign MOA and AOA in his presence. However, this was not adhered by the Respondent, thereby resulting in contravention of Rule 13 of the Companies (Incorporation) Rules, 2014. The Respondent also admitted the same in his statement on oath.	Guilty	Item (7) of Part-I of the Second Schedule
3.	The Respondent failed to verify registered office addresses certified by him in INC-32, which were small shops or desk spaces reused for multiple bogus companies linked to Chinese entities, later found not maintained by these Companies during physical verification.	Guilty	Item (7) of Part-I of the Second Schedule
4.	The Respondent was aware of the fact that these Companies were incorporated in India to do loan disbursement through App/ online to lure the poor citizens of India by offering loan and recovery after charging exorbitant interest and do all illegal/ uncivilized methods of recovery.	Not Guilty	Item (7) of Part-I of the Second Schedule and Item (2) of Part IV of First Schedule

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5.	The Respondent has certified the attachments to the incorporation forms of M/s Madeshell Technology Private Limited and M/s Microcard India Technology Consulting Service Private Limited which were in Chinese language. It is alleged that as to how he has certified that he has seen all original documents including the documents made in Chinese language.	Not Guilty	Item (7) of Part-I of the Second Schedule
6.	The director of M/s Baitu Technology Private Limited has mentioned in his statement on oath that the subscription amount for the Company has been given to him by a Chinese national, which he had deposited into his account and given the cheque to the Respondent. This clearly shows that the Respondent was hand in hand acted along with the fraudsters by certifying and filing INC -20A without company's bank statement and only with remittance challan and the bank statement of the subscribers.	Guilty	Item (7) of Part-I of the Second Schedule
7a.	Most of the INC-22 for intimation and shifting of registered office is filed belatedly with agreement entered way back almost at the end of the tenure certified by the Respondent.	Not Guilty	Item (7) of Part-I of the Second Schedule
7b.	The Respondent failed to verify the documents attached to the INC-22 with the original documents. Further rent agreement attached to the e-forms alleged to be either not signed by one or both the parties.	Guilty	Item (7) of Part-I of the Second Schedule

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3. **THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 12TH JUNE 2024 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF, ARE GIVEN BELOW: -**
- 3.1 With respect to first charge mentioned in S.no. 1b of Para 2 above, that the Respondent provided fake phone numbers with incorrect STD codes in incorporation forms as the same were not matching with the correspondence addresses of the subscribers/directors:
- 3.1.1 The Respondent entered fake phone numbers like 080-10000000/ 080-40000000 in incorporation forms to bypass system checks, despite the correspondence addresses of all the companies is either of Mysore or Bangalore. These numbers appeared to be imaginary and were used to meet the requirement of entering the landline number in the mandatory field.
- 3.1.2 It is noted that in a similar allegation in another case filed by the Complainant Department against the same Respondent- CA. Muni Kumar Gubiligari (M. No. 234106) (Ref. No. PR/G/90/2022/DD/92/2022-DC/1671/2022 clubbed case PR/G/171/22- DD/108/2022), the Disciplinary Committee found Respondent guilty of professional misconduct for certifying false details and failing to verify directors' consent and office addresses.
- 3.1.3 Therefore, in view of the fact that the Respondent has already been held guilty by the Disciplinary Committee on a similar charge in another case and in absence of any submissions from the Respondent denying the allegation, the Respondent is held prima facie **Guilty** of the Professional falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountant Act, 1949 on this count.
- 3.2 With respect to second charge mentioned in S.no 2a of Para 2 above, that the Respondent failed to verify the identity of directors or subscribers, misused documents of employees of Companies to obtain DIN and DSC for them and made them directors in several companies and facilitated fraudulent companies with huge bank transactions:
- 3.2.1 It is noted that the Respondent in his statement on oath recorded under Section 207(3) of the Companies Act, 2013, admitted that he did not verify the original documents (PAN, Aadhaar, Voter ID) of the directors and subscribers for most of the companies. Instead, he relied on documents sent to him via email or WhatsApp. He further admitted that he verified original DIR-2 declaration forms for two companies only viz. M/s Bennu Cornea Blast Technology Private Limited and M/s Cashew Technology

Private Limited. As regards other seven companies, he accepted soft copies. It is also observed by Director (Discipline) from statement of Respondent that the directors / subscribers have not signed the documents before the Respondent.

- 3.2.2 It is further noted from the statement on oath of directors of the subject companies that many of them were either unaware of their appointment as directors or they were job aspirants whose KYC documents were misused in the hope of securing employment. In case of M/s. Baitu Technolgy Pvt. Ltd., the Director (Discipline) observed that the Respondent was aware of the intent behind the appointment of these directors and the same was established from the statement of the director (Mr. Jameersab Bilagi). Further, the Respondent certified SPICe INC-32 incorporation forms claiming he verified the original documents which is a false representation.
- 3.2.3. Thus, it may be stated that the Respondent was not only negligent while certifying the incorporation form but also acted malafidely which is unbecoming of a chartered accountant. Accordingly, the Respondent is held prima facie **Guilty** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
- 3.3 With respect to third charge mentioned in S.no. 2b of Para 2 above, the Respondent witnessed MOA and AOA. Subscribers were required to sign MOA and AOA in his presence. However, this was not adhered by the Respondent, thereby resulting in contravention of Rule 13 of the Companies (Incorporation) Rules, 2014. The Respondent also admitted the same in his statement on oath:
- 3.3.1 It is noted that the Respondent failed to comply with Rule 13 of the Companies (Incorporation) Rules, 2014, which requires that subscribers to the Memorandum of Association (MOA) and Articles of Association (AOA) sign in the presence of a witness, who also verifies their identity. The Respondent in his statement on oath has himself admitted that he did not personally witness the signatures but instead used DSC for certification.
- 3.3.2 The said conduct further establishes that the Respondent never met with the subscribers/ directors of the companies and thus, it is viewed that the Respondent failed to discharge his duties diligently and failed to ensure the compliance of Rule 13 of Companies (Incorporation) Rules, 2014 while witnessing to the subscribers to MOA / AOA. Accordingly, the Respondent is held **Guilty** of professional misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

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- 3.4 With respect to fourth charge mentioned in S.no. 3 of Para 2 above, that the Respondent while certifying INC-32 failed to verify registered office addresses, which were small shops or desk spaces reused for multiple bogus companies linked to Chinese entities, later found not maintained by these Companies during physical verification:
- 3.4.1 It has been observed that the Respondent certified incorporation forms for nine companies without physically verifying their registered office addresses, despite declaring in Form INC-32 that he had physical verified the address.
- 3.4.2 It is noted that the offices of 5 Companies were situated in the same building and at the same floor i.e, 1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore - 571301 and remaining 4 Companies were situated at the same location i.e., at #39, NGEF Lane, 2nd Floor, Indiranagar Bangalore – 560038.
- 3.4.3 It is also noted that the Respondent in his statement on oath has admitted that he had not visited any of the premises or verified original documents like rent agreements or utility bills. He relied on soft copies and failed to confirm the authenticity of the addresses or documents. Despite reminders, the Respondent even failed to provide any documentary evidence/ information regarding the physical verification of the address of the Companies when it was specifically sought from the Respondent at Rule 8(5) stage.
- 3.4.4 Hence, considering the above facts and in absence of any documentary evidence in support of the respondent, it is apparent that the Respondent neither visited any of the registered office/ correspondence address of the Companies while certifying the incorporation forms nor checked any of the documents attached with the e-forms with their originals which was one of the mandatory pre-requisites for certification of the incorporation form INC-32.
- 3.4.5 Thus, it is quite clear that the certification / declaration given by the Respondent in incorporation form was false and incorrect and given without following due procedure and provisions of relevant law. Accordingly, the Respondent is held prima facie **Guilty** of professional misconduct falling within the meaning of Item (7) of part I of the Second Schedule of the Chartered Accountants Act, 1949.
- 3.5 With respect to fifth charge mentioned in S.no. 6 of Para 2 above, that the director of M/s Baitu Technology Private Limited has mentioned in his statement on oath that the subscription amount for the Company has been given to him by a Chinese national,

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which he had deposited into his account and given the cheque to the Respondent. This clearly shows that the Respondent was hand in hand acted along with the fraudsters by certifying and filing INC-20A without company's bank statement and only with remittance challan and the bank statement of the subscribers:

- 3.5.1 It is noted that the Complainant Department has recorded statement of Mr. Jameersab Bilagi one of the Directors of M/s Baitu Technology Private Limited in his statement on oath has accepted that he knew the Respondent and handed over the cheque of Rs. 99,000/- as capital contribution to the Respondent, which is provided by a Chinese national, which he deposited into his personal bank account.
- 3.5.2 The Respondent certified INC-20A, declaring that he had verified the particulars, including attachments, from original records and found them true and complete. However, the evidence brought on record by him before Director (Discipline) showed that instead of verifying the Company's bank account to confirm the actual receipt of subscription money, the Respondent merely relied on a remittance challan and the bank statement of the subscriber, which did not establish the transaction into the Company's bank account. No proof of the amount being credited to the Company's account was submitted, and the Respondent failed to provide any explanation.
- 3.5.3 Thus, it appears that the certification made by the Respondent in INC 20A was incorrect as he failed to ensure that the subscription amounts have duly been credited to the bank account of the Company. Thus, the Respondent failed to perform his duties diligently. Accordingly, the Respondent is held prima facie **Guilty** of Professional Misconduct falling within the meaning of item (7) of Part I of the Second schedule to the Chartered Accountants Act 1949.
- 3.6 With respect to sixth charge mentioned in S.no. 7b of Para 2 above, that the Respondent failed to verify the documents attached to the INC-22 with the original documents. Further rent agreement attached to the e-forms alleged to be either not signed by one or both the parties:
- 3.6.1 It is noted that the Respondent, failed to verify the original rent/lease agreements while certifying INC-22 forms during the incorporation of several companies. In his statement under oath dated 21.10.2022 and 29.03.2023, the Respondent admitted that he relied on soft copies of rent agreements, utility bills, and other documents without physically visiting or verifying the original records or premises. It was observed by Director (Discipline) that the Respondent failed to obtain proof of ownership or genuineness of the correspondence and registered office addresses.

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3.6.2 Further specific discrepancies were noted in the rent agreements of companies such as M/s Baitu Technology Pvt. Ltd., M/s Qidai Technology Pvt. Ltd., M/s Sooying Hitech Pvt. Ltd., M/s Bennu Cornoa Blast Technology Pvt. Ltd., and M/s Cashew Technology Pvt. Ltd. These included absence of property address details, lack of notarization, unsigned agreements by lessee and witnesses, unregistered agreements, and missing shop or room numbers. In some cases, only the lessor had signed, and in others, the agreements appeared incomplete or ambiguous.

3.6.3 Such deficiencies shows that the Respondent did not exercise due diligence in verifying documents before certifying them. By falsely certifying compliance with provisions requiring verification of original documents, the Respondent undermined the integrity of the certification process. His conduct reflects professional negligence and malafide intent, breaching the ethical standards expected from a Chartered Accountant. Therefore, he is held prima facie guilty of professional misconduct under Item (7) of Part I of the Second Schedule of the Chartered Accountants Act, 1949.

3.7 Accordingly, the Director (Discipline) in his Prima Facie Opinion held the Respondent GUILTY of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949. The said Item(s) of the Schedule to the Act, state as under:

Item (7) of Part I of Second Schedule states as under:

"Part I of Second Schedule: Professional misconduct in relation to chartered accountants in practice

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"

Item (2) of Part IV of First Schedule states as under:

"Part IV of First Schedule: Other misconduct in relation to members of the Institute generally

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"

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3.8 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at its meeting held on 18th July 2024. The Committee on consideration of the same, concurred with the reasons given against the charge(s) 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 Item (2) of Part IV of the First Schedule and Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. **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	30 th March 2023
2.	Date of Written Statement filed by the Respondent	Not submitted
3.	Date of Rejoinder filed by the Complainant	Not applicable
4.	Date of Prima Facie Opinion Formed by Director (Discipline)	12 th June 2024
5.	Written Submissions by the Respondent after Prima Facie Opinion	28 th July 2025
6.	Written Submissions filed by the Complainant after Prima Facie Opinion	Not Submitted

5. **WRITTEN SUBMISSIONS FILED BY THE RESPONDENT:**

5.1 The Respondent vide letter dated 28th July 2025, inter-alia, submitted as under:-

- a) The landline numbers were entered as '0' solely to comply with the mandatory filed requirement in SPICe form which does not permit submission without a valid entry.
- b) That directors contact details have been accurately provided at the appropriate place in the incorporation forms.
- c) That he categorically deny any knowledge of the facts as alleged by the directors- that they were working as employees and were appointed as directors merely to secure employment.

- d) That merely assisting in the incorporation of a Company does not impute knowledge or complicity in any future wrongful acts committed by the directors or other parties, especially when such acts were carried out without his involvement or knowledge.
- e) That all incorporation forms were duly and validly digitally signed by the subscribers, in line with the legally accepted and widely followed process under MCA norms.
- f) Furthermore, directors themselves apply for their DSC. DINs were issued to their respective email ids and certificate of incorporation was sent to the same.
- g) That the entire incorporation process was executed strictly in compliance with the applicable legal provisions and professional standards.
- h) That for all the companies concerned, he had duly obtained and verified necessary documents to ensure the correctness of the address provided at the time of incorporation.
- i) That due to uncontrollable circumstance during covid, a physical site visit was not practically possible. However, at no stage there was any malafide intent or attempt to misrepresent facts.
- j) That he has not collected any cheque from Mr. Jameer Sab Bilagi, as alleged.
- k) That he ensured that the subscribed capital was duly deposited into company's bank accounts.

6. **BRIEF FACTS OF THE PROCEEDINGS:**

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

S. No.	Particulars	Date of meeting(s)	Status
1.	1 st Hearing	28.10.2024	Part Heard & Adjourned
2.	2 nd Hearing	18.12.2024	Adjourned at the request of the Respondent
3.	3 rd Hearing	30.07.2025	Part Heard & Adjourned
4.	4 th Hearing	20.08.2025	Hearing concluded and decision taken

6.2 During the hearing held on 28th October 2024, the Committee noted that both the Authorized Representative of the Complainant Department and the Respondent were present through Video Conferencing. Being the first hearing, the Authorized

Representative of the Complainant Department and the Respondent were put on oath. Thereafter, both the parties made a declaration that there was nobody else in the room from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form. Thereafter, the Committee asked the Respondent whether he was aware of the charge(s) leveled against him to which he replied in affirmative. On being asked as to whether he pleaded guilty on the charges leveled, he pleaded Not Guilty and opted to defend the case. Thereafter, the Committee decided to adjourn the hearing to a future date.

- 6.3 During the hearing held on 18th December 2024, the Committee noted that both, the Authorized Representative for the Complainant Department and the Respondent were present through Video Conferencing. The Committee further noted that the Respondent requested some time to submit his written submissions in the matter. The Committee on consideration of his request, in view of principles of natural justice allowed 15 days' time to him to submit his submissions in the matter. The Committee further directed the Respondent to send a copy of the further submissions to the Complainant department, so that they may file the Rejoinder before the Committee, if they so desire. Accordingly, the matter was adjourned to a future date on the request of the Respondent.
- 6.4 During the hearing held on 30th July 2025, the Committee noted that the Authorized Representative of Complainant Department as well as the Respondent were present before it through Video Conferencing. The Committee, at the outset, apprised both the parties that the current Bench had been reconstituted since the matter was last heard and therefore, asked them as to whether they would like the hearing to be de-novo or that matter could be heard from the stage where it was left. Both the parties on the same opted to heard from the stage it was left. Thereafter, the Respondent was asked to make his submissions. On the same, the Respondent submitted that he had submitted his submission on 29th July 2025. The Committee looking into the fact that Respondent's submissions were received a day before the meeting i.e. on 29th July 2025, it decided to provide time to the Complainant to submit his rejoinder in the matter, if any. Accordingly, the matter was part heard and adjourned.
- 6.5 During the hearing held on 20th August 2025, the Committee noted that the Respondent was present before it through Video Conferencing. The Committee further noted that the authorized representative of Complainant department was though present through video conferencing for the hearing, but when the case was called for hearing, he was not available. It was informed by the authorized representative of the Complainant department that due to some work exigency, he has to leave and he

informed that documents relating to case are already submitted on record and the Committee may take decision based on the same. Thereafter, the Committee asked the Respondent to make submissions in the matter. On the same, the Respondent submitted that he has already submitted his written submissions and he has nothing further to say. The Respondent further submitted that the Committee may take its decision based on his written submissions. Based on the documents available on record and after considering the oral and written submissions made before it by the Respondent, the Committee concluded hearing in the matter and took its decision.

7. **Findings of the Committee:**

- 7.1 At the outset, the Committee noted that 11 charges had been levied by the Complainant against the Respondent. However, after due procedure by the Director (Discipline) in the matter, the Respondent was held prima facie guilty only in respect of 6 charges mentioned in S no. 1b, 2a, 2b, 3, 6 and 7b of Para 2 above and accordingly the extant proceedings were limited to the said charges only.

On consideration of the documents on record and the oral and written submissions of the parties to the case vis-à-vis facts of the case, the Committee arrived at the following charge wise view on the conduct of the Respondent.

- 7.1.1 **First charge as mentioned in S.no. 1b of Para 2 above, that the Respondent provided fake phone numbers with incorrect STD codes in incorporation forms as the same were not matching with the correspondence addresses of the subscribers/directors:**

- 7.1.2 With regard to first charge, the Committee noted that the Respondent in his written submissions at hearing stage stated that the landline numbers were entered as '0' solely to comply with the mandatory filed requirement in SPICe form which did not permit submission of e-form without a valid entry. Further the directors contact details was accurately provided at the appropriate place in the incorporation forms.

- 7.1.3 The Committee, on perusal of alleged SPICe Form(s), noted the following information:

S No.	Name of Company	Address of Company as per Spice form	Mobile or Landline No. as per form
1	M/s Baitu Technology Private Limited.	9,1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road,	080-1000000

By

		Nanjangud, Mysore -571301	
2	M/s Rino Technology Private Limited	#39, NGEF Lane, 2nd Floor, Suite No. 754, Indiranagar Bangalore – 560038	080-4000000
3	M/s Qaco Technology Private Limited	#39, NGEF Lane, 2nd Floor, Suite No. 763, Indiranagar Bangalore – 560038	080-4000000
4	M/s Qidai Technology Private Limited	#39, NGEF Lane, Suite No. 694, 2nd Floor, Indiranagar Bangalore – 560038	080-1000000
5	M/s Sooying Hitech Private Limited	#39, NGEF Lane, Suite No. 589, 2nd Floor, Indiranagar Bangalore – 560038	080-1000000
6	M/s Bennu Cornea Blast Technology Private Limited	14,1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore -571301	080-1000000
7	M/s Cashew Technology Private Limited	13,1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore -571301	080-1000000
8	M/s Madeshell Technology Private Limited	15,1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore -571301	080-1000000
9	M/s Microcard India Technology Consulting Service Private Limited	12,1st Floor, Opp Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore -571301	080-1000000

From the above table, it was evident that the correspondence address of all the Companies is either of Bangalore or Mysore and the contact no. given is either 080-10000000 or 080-40000000 which does not appear to be valid telephone numbers and appears to be imaginary numbers which has been used to meet the requirement of entering the landline number in the mandatory field. The Committee observed that the Respondent, being an independent professional, was responsible to certify the correct contact details of the Companies being incorporated rather than providing random numbers to circumvent the checks incorporated in e-forms.

7.1.4 It is noted that in response to a similar allegation in another case filed by the Complainant Department against the same Respondent- CA. Muni Kumar Gubiligari (M. No. 234106) (Ref. No. PR/G/90/2022/DD/92/2022-DC/1671/2022 clubbed case PR/G/171/22- DD/108/2022), the Disciplinary Committee in its finding dated 22.12.2023 viewed as under,

“Considering the submissions of the parties and the documents brought on record, the Committee viewed that the Respondent blatantly admitted that he filled fake/ wrong contact numbers in order to circumvent the “Prescrutiny” checks inculcated in the e-form. It was viewed that the said checks were incorporated in the e-form to draw attention of the professional to fill complete details correctly and that the Respondent, being an independent professional, was responsible to certify the correct details of the

Company being incorporated rather than providing random numbers to circumvent the checks incorporated in e-forms. In view of the fact that the Respondent neither ensured that directors had given their consent to act as such, nor physically verified the address of the registered office. Moreover, also certified the wrong details of phone numbers, it was viewed that such gross negligence exercised by the Respondent provided a platform for the preparators to misuse the system. Accordingly, the Committee viewed that the Respondent was GUILTY of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949."

7.1.5 The Committee further observed that the clarification of the Respondent that '0' was added to comply with the mandatory field requirement in the SPICe form clearly shows negligence in filing correct contact details of the companies on his part for filing e-form for incorporation of companies. It is further noted that he failed to take remedial steps to correct such inconsistencies. The Committee further noted that similar conduct was observed in the filing of forms in other case(s) reported by the Complainant Department thereby establishing a pattern of repeated and deliberate misconduct on the part of the Respondent. Such acts, reflecting gross negligence and lack of bona fides. The Committee viewed that the professional was expected to submit correct contact details with regulator and such conduct warrants stern disciplinary action. Accordingly, the Respondent is held **Guilty** of the Professional falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountant Act, 1949 with respect to this charge.

7.2 **Second charge as mentioned in S.no 2a of Para 2 above, that the Respondent failed to verify the identity of directors or subscribers, misused documents of employees of Companies to obtain DIN and DSC for them and made them directors in several companies and facilitated fraudulent companies with huge bank transactions:**

7.2.1 With respect to second charge, the Respondent submitted that he had no knowledge of the facts that the appointed directors were working as employees and appointed as directors merely to secure employment. He further submitted that all incorporation forms were duly and validly digitally signed by the subscribers, in line with the legally accepted and widely followed process under MCA norms. Furthermore, the directors themselves apply for their DSC. DINs were issued to their respective email ids and certificate of incorporation was sent to the same and the entire incorporation process was executed strictly in compliance with the applicable legal provisions and professional standards.

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7.2.2 The Committee on perusal of the statement on oath of the Respondent recorded by the Complainant Department noted that the Respondent has admitted that he has not verified the original documents of the Directors / Subscribers of MOA & AOA and relied upon the copy of documents produced before him: -

"Question No.5: Have you seen the documents physically or verified with the originals received through Whatsapp/ email; etc.

A5 - For Bennu & Cashew – I have not seen original PAN, ADHAAR, VOTER ID of the directors. I have seen the original board resolutions of holding company apostilled, Holding Company documents originally apostilled, DIR-2, Declaration along with DSC of two directors were sent to us by DUNZO. We have verified and proceeded with the incorporation of the Company.

For other 5 Companies, we have received all the documents either through whatsapp or email. We have not verified the original.

.....
Question 11: Have you helped in obtaining DIN and DSC for the directors/subscribers of these companies. Please Explain.

A11- For Rino and Qaco - We have helped in applying for DSC of the directors.

We collect the DSC application and forward it to Interact IT solutions for processing the DSC. They directly co-ordinate with the directors and verify the Document, Video verification and approved by the concerned Ministry, they handover the DSC to our firm.

In the DSC process the director has to provide mail OTP, Mobile OTP and video verification and in the video verification he has to mention his name, I am applying for this class of DSC for this purpose only then it is approved by the certifying authority.

For all other companies, we have not applied for DSC, they have either affixed the DSC or sent it to our office for incorporation. After Incorporation, we have sent the DSC back to them as they have not continued with our firm after incorporation saying they have other consultants to take care of their work.

.....
Question.13: Have you personally seen or spoken to the directors/subscribers of these companies. Have you verified the original documents of the directors and subscribers? How did you certify the details furnished in the SPICE e-form and attachments found to be true and correct and complete, without verifying the original documents like PAN, ADHAAR, VOTER ID, address of the company?

A13- We have seen and spoken to the following people:

Jameer Sab Bilagi – Baltu (sic, Baitu)

Thilakavathi Pinto – Qidal (sic, Qidai)

W

They have shared all the documents required for incorporation.

For other companies, we have not seen or spoken to directors/subscribers of these companies. We have not verified original PAN, ADHAAR, VOTER ID of the directors/subscribers. Whatever documents required in spice form were received and DSC also the directors obtained only after consenting, so we thought these incorporation are happening with their concurrence and we had any doubt about these companies or directors, so we incorporated these companies.

Question 14: Have you seen the original Declaration/DIR-2 of the Directors and Subscribers of this companies?

A14- We have verified the original DIR-2 signed by the directors in 2 companies, Bennu and Cashew, Remaining companies through soft copies.

Question 15: In the MOA/AOA, you have certified that the subscribers have signed before you. Offer your comments.

A15- No. Using DSC it is certified."

From the above, it is observed that the Respondent has not verified the original documents of the Directors / Subscribers of MOA & AOA and relied upon the copy of documents produced before him. Further, the directors / subscribers have not signed the documents before the Respondent.

Moreover, on perusal of the statement of the directors of the subject companies, it is noted as under:

S. No.	Name of Company	Statement on oath of Directors (Name of the Directors)	Whether accepted as employee/ worker of the Company/ Other alleged Co.	Whether accepted as submitted documents for job application	Whether they knew about being directors in the Company.
1.	M/s Baitu Technology Private Limited.	Mr. Karigowda	No	Yes	No
		Mr. Jameersab Bilagi	Yes	No	Yes
		Mr. Bommanakere Doddaiah Dhinesha (appointed after incorporation and DIR-12 not certified by the Respondent)	No	Yes	No
2.	M/s Rino Technology Private	Mr. Vinod T U	Yes (Driver in M/s Baitu)	No	No

	Limited	Mr. MD Farhan Alam	Yes (Employee in M/s Baitu)	No	No
3.	M/s Qaco Technology Private Limited	Ms. Reshma R	No	Yes	No
		Ms. Praveena K.N.	No (Sister of Vinod T.U.)	Yes	No
4.	M/s Qidai Technology Private Limited	Ms. Thilakavathi Pinto (Former Director)	No	Yes	No
		Mr. S P John Pinto (Husband of Thilakavati Pinto)	No	Yes	No
5.	M/s Sooying Hitech Private Limited	Mr. Birendra Bijoy Das	Yes (Husband of Chandrika Singh)	No	Yes (Joined as being offered monthly remuneration)
		Ms. Chandrika Singh	Yes	No	Yes (Joined as being offered monthly remuneration)
		Mr. Mahadevaswamy Chikkakowlande	No	Yes	No
		Mr. Senath Mangadan Candy (Former Director)	No	Yes	No
6.	M/s Benu Cornoa Blast Technology Private Limited	Girish Holl, Director	No	Yes	No
7.	M/s Cashew Technology Private Limited	Mr. Sanjaya Kumar Baral	No	No	Yes (got convinced to join as director)
		Mr. Pavan Prasad Rao	No	No	Yes (Joined as being offered monthly remuneration)

7.2.3 The Committee further noted that as per the statements of the directors of the subject companies, they were either the employees of the said company who agreed to become the directors of the Company for a monthly remuneration or they were job aspirants who submitted their documents / IDs with a hope to get an offer letter from the Company but their documents were misused and they were made directors in the subject Companies.

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7.2.4 On perusal of the requirement of certification of Incorporation Form "SPICe INC 32", the Committee observed that while certifying the said form, the Respondent declared as under:-

"I Muni Kumar Gubiligari, member of Institute of Chartered Accountants of India having Office at No. 18, 2nd Floor, East End Main Road, Jayanagar, 9th Block, Bangalore - 560069 who is engaged in the formation of the Company declare that I have been duly engaged for the purpose of certification of this form. It is hereby also certified that I have gone through the provisions of Companies Act, 2013 and rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment (s) from the original/ certified records maintained by the applicant which is the subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed....."

On perusal of the above certification done by the Respondent, it is observed that he certified that he had verified originals / certified records for certification and no material information has been suppressed. But from the statement of the Respondent recorded by the Complainant department, the Respondent does not appear to have verified the originals / certified copy of the documents related to identity of directors. In addition to the above, in case of M/s. Baitu Technolgoy Pvt. Ltd., the Respondent appears to be aware of the intent behind the appointment of these directors as established from the following statement of the director (Mr. Jameersab Bilagi) but he suppressed the said information while certifying the incorporation forms:-

.. "In the new office Mr Steven has called Mr Piyush and Muni Chartered Accountants and introduced me to them. During the discussion Mr Steven told me that I have to be director of 3 companies for period of 3 to 6 months and if not I have to leave the Job. After few months Chinese are going to be replaced in our place as directors. These Chartered Accountants have visited 2 to 3 times to the office. I have shared my Adhaar Card and Pan card to Mr Muni Kumar CA.."

7.2.5 It is noted that the Respondent does not appear to have verified the originals / certified copy of the documents related to identity of directors but has relied on the documents received by email/ Whatsapp. Thus, the Respondent was not only negligent while certifying the incorporation form but also acted malafidely which is unbecoming of a chartered accountant. Accordingly, the Respondent is held **Guilty** of Professional and Other Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

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7.3 Third charge as mentioned in S.no. 2b of Para 2 above, the Respondent witnessed MOA and AOA. Subscribers were required to sign MOA and AOA in his presence. However, this was not adhered by the Respondent, thereby resulting in contravention of Rule 13 of the Companies (Incorporation) Rules, 2014. The Respondent also admitted the same in his statement on oath:

7.3.1 With respect to third charge the Respondent submitted that the entire incorporation process was executed strictly in compliance with the applicable legal provisions and professional standards.

7.3.2 The Committee in this regard noted that Rule 13 of Companies (Incorporation) Rules, 2014 states as under:

"Rule 13 Signing of Memorandum and Articles.

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

*(1) The memorandum and articles of association of the company shall be signed by each subscriber to the memorandum, who shall add his name, address, description and occupation, if any, in the presence of at least one witness who shall attest the signature and shall likewise sign and add his name, address, description and occupation, if any and the witness shall state that "I witness to subscriber/subscriber(s), who has/have subscribed and **signed in my presence** (date and place to be given); further I have verified his or their Identity Details (ID) for their identification and satisfied myself of his/her/their identification particulars as filled in"*

From the above, it is clear that subscribers to the MOA / AOA are required to sign on MOA / AOA in presence of the witness.

7.3.3 The Committee noted that the Respondent in his statement on oath has admitted as under:

"Question No.15 – In the MOA / AOA, you have certified that the subscribers have signed before you. Have they signed before you? Offer your comments.

A15 - No. Using DSC it is certified."

7.3.4 It is evident that the Respondent has certified that the subscribers to MOA/AOA have signed before him. However, in his statement on oath, he himself admitted that the subscribers had not signed before him. Rule 13(1) of the Companies (Incorporation) Rules, 2014 provides that subscribers should sign in presence of witness, the Committee however noted that in the instant matter, the Respondent had witnessed the Form SPICe MOA & AOA of the Company in violation of the

requirements of said Rule. The said conduct further establishes that the Respondent never met with the subscribers/ directors of the companies and thus, it is viewed that the Respondent failed to discharge his duties diligently and failed to ensure the compliance of Rule 13 of Companies (Incorporation) Rules, 2014 while witnessing to the subscribers to MOA / AOA. Accordingly, the Respondent is held **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

7.4 Fourth charge as mentioned in S.no. 3 of Para 2 above, that the Respondent while certifying INC-32 failed to verify registered office addresses, which were small shops or desk spaces reused for multiple bogus companies linked to Chinese entities, later found not maintained by these Companies during physical verification:

7.4.1 With respect to fourth charge, the Respondent submitted that for all the companies concerned, he had duly obtained and verified necessary documents to ensure the correctness of the address provided at the time of incorporation. He further submitted that due to uncontrollable circumstance during covid, a physical site visit was not practically possible. However, at no stage, there was any malafide intent or attempt to misrepresent facts.

7.4.2 The Committee on perusal of the incorporation form(s) of the Companies noted that the address of the Companies was mentioned as under:

S. No.	Name of Company	Address of Company as per Spice form certified by the Respondent	Date of Incorporation
1.	M/s Baitu Technology Private Limited.	9,1 st Floor, Opp Honeydew Bar & Restaurant, 19 th Cross, RP Road, Nanjangud, Mysore - 571301	05.12.2019
2.	M/s Rino Technology Private Limited	#39, NGEF Lane, 2 nd Floor, Suite No. 754, Indiranagar Bangalore – 560038	29.05.2020
3.	M/s Qaco Technology Private Limited	#39, NGEF Lane, 2 nd Floor, Suite No. 763, Indiranagar Bangalore – 560038	11.06.2020
4.	M/s Qidai Technology Private Limited	#39, NGEF Lane, 2 nd Floor, Suite No. 694, Indiranagar Bangalore – 560038	28.02.2020
5.	M/s Sooying Hitech Private Limited	#39, NGEF Lane, 2 nd Floor, Suite No. 589, Indiranagar Bangalore – 560038	17.09.2019
6.	M/s Bennu Cornoa Blast Technology Private	14,1 st Floor, Opp Honeydew Bar & Restaurant, 19 th Cross, RP Road, Nanjangud, Mysore -	24.01.2020

	Limited	571301	
7.	M/s Cashew Technology Private Limited	13, 1 st Floor, Opp Honeydew Bar & Restaurant, 19 th Cross, RP Road, Nanjangud, Mysore - 571301	20.12.2019
8.	M/s Madeshell Technology Private Limited	15, 1 st Floor, Opp Honeydew Bar & Restaurant, 19 th Cross, RP Road, Nanjangud, Mysore - 571301	17.01.2020
9.	M/s Microcard India Technology Consulting Service Private Limited	12, 1 st Floor, Opp Honeydew Bar & Restaurant, 19 th Cross, RP Road, Nanjangud, Mysore - 571301	12.12.2019

From the above, it is observed that out of 9 companies, the offices of 5 Companies were situated in the same building and at the same floor i.e, 1st Floor, Opp. Honeydew Bar & Restaurant, 19th Cross, RP Road, Nanjangud, Mysore -571301 and remaining 4 Companies were situated at the same location i.e., at #39, NGEF Lane, 2nd Floor, Indiranagar Bangalore – 560038.

7.4.3 The Committee further noted that the Respondent in his statement on oath given to the Complainant Department in case of first 7 companies has admitted as under:

"Question No.17: - Have you visited the premises of the Correspondence/registered office address as certified by you in the incorporation documents of each of these companies?

Whether the address is available.

Bennu, Baltu & Cashew - It was registered in Mysore, so we have not visited.

Other 4 companies, it is co-working space in Indira Nagar later became the registered office of the companies. We have not visited the registered office."

Similarly, in case of other two companies (M/s. Madeshell Technology Private Limited and M/s. Microcard India Technology Consulting Service Private Limited), the Respondent admitted as under:-

In case of M/s. Madeshell Technology Private Limited:-

"Q-12: - Have you visited the premises of the correspondence office and proposed registered office as certified by you in the incorporation documents. Whether the address is available and also proper documents like rent/ lease agreement in original were placed before you to certify the content in the e-forms? Do you have any proof of visiting the premises? If so, furnish the same. Why INC-22 form has not been filed by the above Company.

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A-12: - I have not visited the premises of correspondence address at the time of incorporation. I have not seen any proof of ownership relating to correspondence address. Further at the time of incorporation they had given the correspondence address for me to proceed, however, I have informed them that the PAN and TAN physical copy will be sent to this address after successful incorporation”

M/s. Microcard India Technology Consulting Service Private Limited

“Q-12: - Have you visited the premises of the correspondence office and registered office as certified by you in the incorporation documents and INC - 22. Whether the address is available and also proper documents like rent/ lease agreement in original were placed before you to certify the content in the e-forms? Do you have any proof of visiting the premises? If so, furnish the same. Why INC-22 form has not been filed by the above Company.

A-12 I have not visited the premises of correspondence address at the time of incorporation. However, I have seen the electricity bill, notarized copy of rental assessment before certifying INC-22.

Further at the time of incorporation they have given me the communication address for me to proceed; however, I have informed them that the PAN and TAN physical copy will be sent to this address after successful incorporation.”

7.4.4 The Committee noted that the Respondent while certifying Incorporation Form INC-32 (SPICE Form) declared as under:-

“

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 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) (emphasis added)

.....”

7.4.5 Further, the Committee noted that Section 12 of Companies Act 2013 states as under:

“Section 12 of Companies Act, 2013 – Registered office of Company

(1) A Company shall, within thirty days of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.

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- (2) ...
(3) ...
(4) *Notice of every change of the situation of the registered office, verified in the manner prescribed, after the date of incorporation of the company, shall be given to the Registrar within thirty days of the change, who shall record the same.*
(5) ...
(6) ...
(7) ...
(8) ...
(9) *If the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may cause a physical verification of the registered office of the company in such manner as may be prescribed and if any default is found to be made in complying with the requirements of sub-section (1), he may without prejudice to the provisions of sub-section (8), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII."*

In light of the above, it was viewed that a registered office was envisaged as an office capable of receiving and acknowledging all communications and notices as may be addressed to it at all times. Similar principle applies to the registered office if changed thereafter. Further, it was noted that sub-clause (9) of Sec 12 of the Companies Act, 2013 empowers the Registrar to cause 'physical verification' of the registered office. It was viewed that such power stems from the fact that the Companies Act, 2013 presumes that there should be a physical registered office of the Company irrespective of the mode through which the business of the Company was being conducted.

7.4.6 The Committee thus noted that the the Respondent neither visited any of the registered office/ correspondence address of the Companies while certifying the incorporation forms nor checked any of the documents attached with the e-forms with their originals which was one of the mandatory pre-requisites for certification of the incorporation form INC-32. It was viewed that the Respondent could not escape his liability of physical verification of registered office premises on the plea that he had duly obtained and verified necessary documents to ensure the correctness of the address provided at the time of incorporation. It is quite clear that the certification / declaration given by the Respondent in incorporation form was false and incorrect and given without following due procedure and provisions of relevant law. It is also noted that the Respondent in his submissions stated that he had not physically verified the registered office of the Company, due to uncontrollable circumstances during covid. However, while certifying e-form had specifically declared that he had personally verified the registered office of the Company. The Committee noted that lockdown due to Covid came in force on 25/03/2020. However, in present case, seven companies out of nine were incorporated before

24/03/2020. Hence, the plea of Respondent taking shelter of Covid restrictions cannot be accepted. The Committee noted that the physical verification of the office was the mandatory requirement, and the Respondent was required to comply with the same. However, the Respondent failed in his duties and did not exercise due diligence of his duties and accordingly, the Respondent is held **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

7.5 Fifth charge as mentioned in S.no. 6 of Para 2 above, that the director of M/s Baitu Technology Private Limited has mentioned in his statement on oath that the subscription amount for the Company has been given to him by a Chinese national, which he had deposited into his account and given the cheque to the Respondent. This clearly shows that the Respondent was hand in hand acted along with the fraudsters by certifying and filing INC-20A without company's bank statement and only with remittance challan and the bank statement of the subscribers:

7.5.1 With respect to fifth charge the Respondent submitted that he has not collected any cheque from Mr. Jameer Sab Bilagi (one of the director of M/s Baitu Technology Private Limited), as alleged. He further submitted that he ensured that the subscribed capital was duly deposited into company's bank accounts.

7.5.2 The Committee noted that Mr. Jameer Sab Bilagi in his statement on oath has stated as under:

"Q-14 In how many companies you have subscribed shares. Whether you have paid subscription or share application money. If yes, how much amount paid to each companies and what is the mode of payment? Give details. Furnish the bank details to which account the amount is remitted.

A-14 Mr. Dave Chinese national gave me Rs.99,000/-cash toward contribution as director. I deposited in my account (SBI Bank Account-Personal) and gave a cheque of Rs 99,000/ to Mr. Muni."

7.5.3 The Committee noted that the Respondent has certified the form INC 20A (a form to declare Commencement of Business) and while certifying the form, he declared as under:

"I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of Companies Act, 2013 and Rules thereunder relevant to this form and I have verified the above particulars (including attachment) from the original records maintained by the Company/ applicant

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which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed."

- 7.5.4 The Committee further noted that as per the Form INC 20A, the subscriber's proof of payment is the mandatory attachment to the said form. On perusal of the attachment to the said form, it is observed that the attachment with name "*Share capital Injection*" as per e-form shows credit of payment of Rs.99,000/-. Further in respect of the second director of the aforesaid Company, it is observed that only deposit receipt was attached with the INC-20A. However, the same does not establish that the said payment went into the bank accounts of the Company. The Committee noted that the Respondent in this regard had submitted screenshot of Bank Transfer statement of SBI Bank to establish that amount of Rs.99,000/- was transferred to IDFC First Bank Ltd. as under::

9/7/2020 State Bank of India



Copy - Bank Transfer

INS Reference Number	IRN1928660	07-Sep-2020 (05:56 PM IST)			
Debit Transaction Status	Processed				
Credit Account Details					
SBI Account No	Account Type	SBI Branch	Amount	Commission Amount	Transaction Type
00000033442471326	Savings Account	KENGERI	INR99,000.00	INR0.00	NEFT
Debit Account Details					
Account No.	Bank	Branch	Transfer type	Amount	Purpose
10050709201	IDFC First Bank Ltd	MYSURU BRANCH	NEFT	99,000.00	Directorship amtransfer

Print Close

In this regard, is the Committee observed that the said screenshot was submitted by the Respondent at the Prima-facie stage and no new evidence is brought on record to establish that the said payment went into the bank account of the Company as merely account number was mentioned in the said bank transfer detail. The Committee hence noted that the Respondent did not brought on record any evidence to link the said detail with the Company.

- 7.5.5 The Committee further observed that in Form INC-20A, it was mentioned that every subscriber to the MOA has paid the value for shares agreed to be taken by him and the same was certified by the Respondent by way of aforesaid certification. Hence, before making such certification, he was required to ascertain the accuracy of the contents of the said form alongwith its attachments so as to ensure that the subscription amount has actually been received by the Company. Thus, it appears that the certification made by the Respondent in Form INC 20A was incorrect as he failed to ensure that the subscription amounts was duly been credited to the bank

account of the Company. Further, the receipt enclosed by the Respondent does not establish that the said payment went to bank account of the Company. Thus, the Respondent failed to perform his duties diligently. Accordingly, the Respondent is held **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second schedule to the Chartered Accountants Act 1949 with respect to this charge.

7.6 Sixth charge as mentioned in S.no. 7b of Para 2 above, that the Respondent failed to verify the documents attached to the INC-22 with the original documents. Further rent agreement attached to the e-forms alleged to be either not signed by one or both the parties:

7.6.1 With respect to sixth charge the Respondent submitted that for all the companies concerned, he had duly obtained and verified the necessary address proof documents, including Rental Agreements, No Objection Certificates (NOCs), and Utility Bills, to ensure the correctness of the address provided at the time of incorporation.

7.6.2 The Committee noted that the Respondent in his statement on oath given before the Complainant department has admitted that he had not verify the original rent / lease agreement and relied upon the copy of the same:-

"Question 18: - State whether proper documents like rent/lease agreements in original were placed before you to certify the content in Spice? Submit the proof of visiting the premises. If so, furnish the same.

A18- Rental agreement, NOC and Utility bills were provided by soft copy, we have not verified the original documents.

Question No.19: - Rental agreement with Spacelance Office Solutions Private Limited, is only one Desk Space, for 4 hours in each month on prior booked time. How the Desk space as per agreement is proper and in compliance with the provisions of the Act. Have you verified the original and enquired the owner of the premises. Please offer your comments.

*A19- They said they wanted to incorporate the company first and when they start operations, they will shift the registered office to the new address. But we have stopped working for them due the reasons mentioned. **Thereafter we do not know what happened. We have not verified the original. We have not verified with the owner of the premises about the genuineness of the agreement.**"*

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- 7.6.3 The Committee further noted that there were certain noticeable discrepancies in the rent / lease agreements such as rent agreement were not registered, notarised, not signed by lessee & witnesses and no specific number of room / shops given on rent was mentioned. Keeping in view the aforesaid incompleteness of the rent / lease agreements, it is incomprehensive as to how the Respondent being certifying professional certified the related forms on the Companies.
- 7.6.4 It is evident that the Respondent not only failed to verify the original rent / lease agreement, he also failed to exercise due diligence while verifying the attachments to INC-22. Thus, the certification by the Respondent in INC-22 that he had verified the attachment with the original records maintained by the Company appears to be incorrect. Therefore, the Respondent did not exercise due diligence while certifying the INC-22. Accordingly, the Respondent is held **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 with respect to this charge.

Conclusion

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

CHARGES (AS PER PFO)	FINDINGS	DECISION OF THE COMMITTEE
S.no.1b of Para 2 as above	Para 7.1.2 to Para 7.1.5 as above	Guilty - Item (7) of Part-I of the Second Schedule
S.no 2a of Para 2 as above	Para 7.2.1 to Para 7.2.5 as above	Guilty - Item (7) of Part-I of the Second Schedule and Item (2) of Part IV of First Schedule
S.no 2b of Para 2 as above	Para 7.3.1 to Para 7.3.4 as above	Guilty - Item (7) of Part-I of the Second Schedule
S.no 3 of Para 2 as above	Para 7.4.1 to Para 7.4.6 as above	Guilty - Item (7) of Part-I of the Second Schedule
S.no 6 of Para 2 as above	Para 7.5.1 to Para 7.5.5 as above	Guilty - Item (7) of Part-I of the Second Schedule
S.no 7b of Para 2 as above	Para 7.6.1 to Para 7.6.4 as above	Guilty - Item (7) of Part-I of the Second Schedule

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

Sd/-
[CA. CHARANJOT SINGH NANDA]
PRESIDING OFFICER

Sd/-
[SHRI JIWESH NANDAN]
MEMBER (GOVT. NOMINEE)

Sd/-
[CA. PIYUSH S CHHAJED]
MEMBER

Sd/-
[CA. ABHAY CHHAJED]
MEMBER

DATE: 12.11.2025
PLACE: New Delhi

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy


गीता अनिरुद्ध कुमार / Geetha Anirudha Kumar
कार्यकारी अधिकारी / Executive Officer
अनुशासनालय निर्देशालय / Disciplinary Directorate
भारतीय चरमटी लेखाकार संस्थान
The Institute of Chartered Accountants of India
आई.सी.ए.आई. भवन, सी-1, सेक्टर-1, नोएडा-201301 (उ.प्र.)
CAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)