



# 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/268/2022/DD/174/2022; Clubbed Files –  
PR-G25/2022, PR-G-74/2022, PR-G-77/2022, PR-G-269/2022,  
PR-G-287/2022/DC/1772/2023]**

**In the matter of:**

**Shri. Nitin Phartyal,**

Dy. Registrar of Companies,

On behalf of the Registrar of Companies, NCT of Delhi & Haryana

Ministry of Corporate Affairs,

4<sup>th</sup> Floor, IFCI Tower,

61, Nehru Place,

New Delhi - 110019

.... Complainant

Versus

**CA. Nitin Garg (M. No. 502673)**

Coinmen Consultants LLP,

Second Floor, A-22, Green Park,

Main Aurobindo Marg, Near Green Park,

New Delhi – 110 016

....Respondent

**MEMBERS PRESENT:**

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

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

**DATE OF ORDER: 10<sup>th</sup> February 2026**

1. That vide Findings dated 28<sup>th</sup> January 2026 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that **CA. Nitin Garg (M. No. 502673)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional

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**भारतीय सनदी लेखाकार संस्थान**  
(संसदीय अधिनियम द्वारा स्थापित)  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
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Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 05<sup>th</sup> February 2026.

3. The Committee noted that on the date of hearing on 05<sup>th</sup> February 2026, the Respondent was present in person. During the hearing, the Respondent made verbal submissions and also referred to the written representation dated 03<sup>rd</sup> February 2026 on the Findings of the Committee. The Committee noted the verbal and written representation of the Respondent dated 03<sup>rd</sup> February 2026 on the Findings of the Committee, which, inter alia, are as under: -

- He had been held guilty limited only with respect to the physical verification of the premises at the time of shifting of the registered office and the authenticity of the documentary evidence relating thereto.
- He had, at all times, endeavored to discharge his professional responsibilities with due care, sincerity, and diligence, including in the matter relating to the shifting of the registered office.
- He had personally visited and verified the premises. This, according to him, is corroborated by the fact that he was a partner in two firms had their registered office at the same premises.

4. The Committee considered the reasoning as contained in Findings holding the Respondent Guilty of Professional Misconduct vis-à-vis verbal and written representations 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 and written representations of the Respondent on the Findings, it was noted that the Respondent certified Form 18 on 21<sup>st</sup> February 2014 of a Company declaring its

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registered office at S-2, Vikas Apartment, 34/1, East Punjabi Bagh, New Delhi, West Delhi-110026. However, upon conducting spot inspection, the Company was not found to be at the said address. Upon examination of the documents produced by the Respondent, the rent agreement was unsigned by the lessor and that the signatures of the lessor on the NOC and the rent agreement were inconsistent, thereby raising doubt on the authenticity of the said documents. The Respondent did not make specific submissions regarding physical verification of the new registered office, which was a mandatory requirement in terms of the declaration made by him in Form 18 under Section 146 of the Companies Act, 1956. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 28<sup>th</sup> January 2026 which is to be read in consonance with the instant Order being passed in the case.

6. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

7. Thus, the Committee ordered that the Respondent i.e. CA. Nitin Garg (M. No. 502673), be REPRIMANDED and also imposed a fine of Rs. 1,00,000/- (Rupees One Lakh Only) upon him, which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.

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Sd/-

(CA. PRASANNA KUMAR D)  
PRESIDING OFFICER

Sd/-

(MS DAKSHITA DAS IRAS (RETD.))  
GOVERNMENT NOMINEE

Sd/-

(ADV VIJAY JHALANI)  
GOVERNMENT NOMINEE

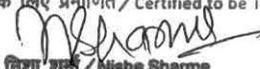
Sd/-

(CA. MANGESH P. KINARE)  
MEMBER

Sd/-

(CA. SATISH KUMAR GUPTA)  
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True

  
निशा शर्मा / Nisha Sharma

सहायक सचिव / Assistant Secretary

अनुशासनात्मक विभाग / 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 (2025-2026)]**

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

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

**File No.: - PR/G/268/2022/DD/174/2022; Clubbed Files – PR-G25/2022, PR-G-74/2022, PR-G-77/2022, PR-G-269/2022, PR-G-287/2022/DC/1772/2023**

**In the matter of:**

**Shri. Nitin Phartyal,**

Dy. Registrar of Companies,

On behalf of the Registrar of Companies, NCT of Delhi & Haryana

Ministry of Corporate Affairs,

4<sup>th</sup> Floor, IFCI Tower,

61, Nehru Place,

**New Delhi - 110019**

**.....Complainant**

**Versus**

**CA. Nitin Garg (M. No. 502673)**

Coinmen Consultants LLP,

Second Floor, A-22, Green Park,

Main Aurobindo Marg, Near Green Park,

**New Delhi – 110 016**

**.....Respondent**

**MEMBERS PRESENT :**

**CA. Prasanna Kumar D, Presiding Officer (Through VC)**

**Adv. Vijay Jhalani, Government Nominee (In person)**

**CA. Mangesh P Kinare, Member (Through VC)**

**DATE OF FINAL HEARING : 02<sup>nd</sup> December 2025**

**PARTIES PRESENT:**

**Respondent : CA. Nitin Garg (Through VC)**

**Counsel for Respondent : Adv. Sachit Jolly (Through VC)**

**AR of Complainant : Shri Vijayasimha Reddy (Through VC)**

1. **Background of the Case:**

- 1.1. The Complainant stated that it came to their knowledge that certain Foreign Nationals/Individuals/Entities with the help and support of professionals were involved in the formation of Companies wherein dummy persons were engaged as Directors/Subscribers to the Memorandum of Association (MOA) and the said entities were involved in illegal/suspicious activities, Money laundering, tax evasion and non-compliance various provisions of laws and prima facie disregarded the interest of nation. It is also observed that certain professionals have connived with these companies / their directors / subscribers to MOA and Foreign Individuals who are acting behind these companies and knowingly incorporated these companies and are also assisting in running of these companies for illegal / suspicious activities in violation of various laws and further certified various reports / e-forms were filed on MCA portal with false information to hide the real identity of Foreign person behind the companies particularly at the time of incorporation by certifying professional and by Auditor knowingly filing financial statements without attaching the annexure of Borrowing / Loan & Advances/Investments/Inventories and Notes to Accounts for hiding material information.

2. **Charges in brief::**

- 2.1. Charge in case of Grand Prospect International Communication Private Limited (hereinafter referred to as the "Company" / "GPICPL"):-

The Respondent was responsible for witnessing the subscribers sheet and failed to verify identity of subscribers/directors.

- 2.2. Charge in case of M/s. Inspur Technologies (India) Private Limited (hereinafter referred to as the "Company" / "Inspur")

That the MOA along with subscribers' sheet have been signed and notarized in Hongkong but the certifying professional (the Respondent) has witnessed it at Delhi. Hence, the statement given by the Respondent was false. Further, it is observed from e-form INC-8 that the stamp paper dated 05.03.2015 was executed / signed on 04.03.2015. It raises a serious doubt on the authenticity of the documents as how it can be executed before the purchase of stamp paper.



2.3. Charge in case of M/s. Draphant Consultants Private Limited (hereinafter referred to as the "Company" / "Draphant")

The Company filed Form '18' vide SRN No. B96711833, wherein the Draphant has mentioned its registered address at S-2, Vikas Apartment 34/1, East Punjabi Bagh, New Delhi, West Delhi-110026. However, upon conducting the spot inspection of the office it was found that the Company does not exist at present address. Hence, it can be concluded that Draphant is a shell company and does not exist at its present address and showing its presence only on documents. The Respondent has connived with directors in formation/certification of company/forms without verifying the facts.

2.4. Charge in case of M/s. Vivo Mobile India Private Limited (hereinafter referred to as the "Company" / "Vivo")

Form INC-7/ documents of the incorporation of the Company filed which has been certified by the Respondent stating that all the requirements have been complied, Form INC-10, for verifying the signature of subscribers, was notarized in Delhi but the subscribers were foreign nationals and no document was furnished proving their stay in India like Passport. The Respondent also witnessed the subscriber sheet attached with the Memorandum of Association which has been subscribed & signed by the foreign subscribers in his presence, but no documents was enclosed to shows they were in India when they have signed the subscribers' sheet.

3. The relevant issues discussed in the Prima Facie Opinion dated 09<sup>th</sup> September 2022 formulated by the Director (Discipline) in the matter in brief, are given below:

- 3.1. As regards the **first charge** given in para 2.1 above, it was observed that INC-7 was filed on 20.11.2014 and Mr. Zhengshen Ou and Mr. Zhang Jie were shown as first subscribers to the MOA. The Respondent brought on record copies of the Passport and VISA of Mr. Zhengshen Ou and Mr. Zhang Jie. As per the VISA, the purpose of visit of all these persons to India was business. It was also noted that the passports contained the signatures of the subscribers in the Chinese language and that the signatures on the passports appeared to match the signatures on the MOA. There did not appear to be any prohibition on signing in any foreign language.

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- 3.2. The addresses of both the subscribers to the Company were located outside India. Accordingly, as per Rule 13(d) of the Companies (Incorporation) Rules, 2014, if the subscriber visited India and intended to incorporate a company, incorporation was allowed if he/she had a valid Business Visa. Further, the Respondent brought on record copies for verification of the signatures of the subscribers (INC-10). Though from these facts the Respondent appeared to have exercised due diligence in the verification of the identity of the subscribers, yet from the subscribers' sheet provided by the Complainant, it was observed that the subscribers' sheets to the MOA & AOA contained the details and addresses of the subscribers and that copies of the identity cards of the promoters were in the Chinese language.
- 3.3. Further, on perusal of INC-7, it was noted that bank statements were used as address proof of the promoters. Since the driving licence and identity cards were issued in the Chinese language and copies of the bank statements were not provided by the Respondent, it was observed that, in terms of the requirements of Rule 13(5)(c) read with Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014, these documents, including the MOA & AOA, were required to be consularized before being relied upon as authenticated documents. There was nothing on record from the Respondent to show that these documents were consularized and translated into English before being relied upon by the Respondent, and accordingly, the same raised doubts about the verification carried out by the Respondent regarding the details of the subscribers and the MOA & AOA. Accordingly, it was observed that the Respondent had not taken sufficient steps to verify the details of the subscribers, including their addresses and other documents. Therefore, he 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. As regards the **second charge**, on perusal of subscribers' sheet, it was observed that the Respondent had witnessed the subscribers to the MOA by signing as a witness thereto. Though it was claimed by the Respondent that only one subscriber had signed before him and that the said fact was mentioned while witnessing the subscribers' sheet, it was observed that the Respondent had nowhere mentioned the name of the subscriber who had signed in his presence. He had only stated that, "*I witness to subscribers who has subscribed and signed in his presence. Further, I*



*have verified his identity details for his identification and satisfied myself of his identification particulars as filled”.*

- 3.5. Further, the Notarial Certificate nowhere stated that the Memorandum of Association had been signed by Mr. Huang Gang only. Hence, it appeared that the subscribers' sheet to the Memorandum of Association had not been signed in the presence of the Respondent. Therefore, the Respondent's claim that the subscribers' sheet of the MOA had been signed in his presence appeared to be incorrect and misleading and, therefore, could not be relied upon. Further, it was also observed that the Respondent had put an incorrect date on the declaration (INC-8), which raised doubts about the authenticity of the same. 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.
- 3.6. As regards the **third charge**, Form 18 was filed under the provisions of the Companies Act, 1956; accordingly, the provisions of the Companies Act, 1956 were applicable to the instant allegation. Keeping in view the scope of the work of the Respondent, i.e., certification of Form 18 for notice of change of situation of the registered office of the Company, it appeared that the Respondent's duty was limited to verification of documents and physical verification of the new registered office of the Company. On perusal of the documents brought on record by the Respondent, it was observed that the copy of the rent agreement was not signed by the lessor and that the signatures of the lessor on the NOC and on the rent agreement did not match at all, and the said facts raised doubts about the authenticity of the documents.
- 3.7. The Respondent claimed that he had verified the documents; however, he did not make any submissions with respect to the physical verification of the new registered office of the Company carried out by him, which was a requirement of Form 18 certified under Section 146 of the Companies Act, 1956. By signing Form 18, the Respondent declared that he had personally visited the new address and had also confirmed that the premises were indeed at the disposal of the applicant company. However, from the submissions of the Respondent, it appeared that he had not

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made a physical visit to verify the new registered office, in contradiction to the declaration given by him in Form 18.

- 3.8. Hence, the Respondent failed to exercise due diligence while certifying Form 18 for change in the situation of the registered office of the Company. Thus, the Respondent was held prima facie guilty of professional misconduct falling within Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.
- 3.9. As regards the **fourth charge**, on perusal of INC-7, it was observed that there were two subscribers to the MOA. Out of 2, one was a body corporate (M/s. Multi accord Limited incorporated outside India, through Mr. Xuesong Zhang) and second was an individual (Mr. Ye Liao). The subscribers' sheet to the MOA was signed by Mr. Ye Liao and by Mr. Xuesong Zhang (on behalf of M/s. Multi accord Limited). The Respondent brought on record copy of passport and visa of both the aforesaid persons and on perusal of the same, it is found that both the persons Mr. Ye Liao and Mr. Xuesong Zhang were in India on business visa. Hence, in terms of the provisions of Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014, both persons were eligible to sign subscribers' sheet to MOA on 13<sup>th</sup> July 2014.
- 3.10. Further, the Respondent had also brought on record list of documents attached to the Form INC-7 to show that copy of passports was part of the attached documents. Thus, in view of the documents brought on record and keeping in view the requirement of the Companies Act, 2013 and Rules framed thereunder, it cannot be stated that subscribers were not in India when they signed the subscriber sheet at the relevant time.
- 3.11. However, it was noted that though the Respondent brought on record a notary certificate regarding verification of subscribers' signatures yet in respect of address on Memorandum of Association, Article of Association and proof of identity of the subscribers, the Respondent failed to bring on record a Notary Certificate and authentication by a Diplomatic or Consular Officer in terms of the requirement of Rule 13(5)(c) read with Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014.
- 3.12. Accordingly, it appeared that the Respondent failed to exercise due diligence while certifying INC-7. Hence, he was held prima facie Guilty of professional misconduct



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

3.13. The Director (Discipline) in his Prima Facie Opinion dated 09<sup>th</sup> September, 2022 opined that the Respondent was prima facie **Guilty** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Clause of the Schedule to the Act, states as under:

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

*"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he-*  
*(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties."*

3.14. The Prima Facie Opinion Formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 09<sup>th</sup> June 2023. 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 Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

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

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 '1' filed by the Complainant                   | 14 <sup>th</sup> March 2022   |
| 2.     | Date of Written Statement filed by the Respondent                        | 09 <sup>th</sup> May 2022 and 26 <sup>th</sup> May 2022   |
| 3.     | Date of Rejoinder filed by the Complainant                               | 22 <sup>nd</sup> July 2022 and 08 <sup>th</sup> August 2022                                     |
| 4.     | Date of Prima Facie Opinion formed by Director (Discipline)              | 09 <sup>th</sup> September 2022   |
| 5.     | Written Submissions filed by the Respondent(s) after Prima Facie Opinion | 24 <sup>th</sup> July 2023,<br>18 <sup>th</sup> September 2024<br>10 <sup>th</sup> October 2025 |
| 6.     | Written Submissions filed by the Complainant after Prima Facie Opinion   | -----   |

5. **Further written submissions filed by the Respondent :**

- 5.1 The Respondent vide email dated 24<sup>th</sup> July 2023, inter alia, made the submissions which are given as under: –
- The Complainant never raised objections either at the time of incorporation or at the time of filing of complaint or thereafter. Hence it seems that the conclusions in prima facie opinion are based on one interpretation of legalization requirements. In the absence of any objection from the Complainant, who was/is also the authority to verify the compliance with law, it is unfair to hold him guilty of professional misconduct.
  - The Complainant even till date has never alleged that address proof of subscribers should have been notarized.
  - Both the signatories / subscribers to the MoA/ AoA of the Company were individuals and were physically present in India and rule 13(5)(d) of the Incorporation Rules is applicable.
  - Only the bank statement as chosen by the Respondent should have been appended is denied in toto as rule 16(n) of the Incorporation Rules covers proof of residence

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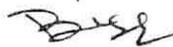
as "Residential proof such as Bank Statement, Electricity Bill, Telephone / Mobile Bill".

- v. No onus on the Respondent to obtain the English translation and the Respondent has duly complied with the legal / statutory requirement. The said allegation has, thus, no legal basis and is misconceived.
- vi. The Respondent has not written name of the subscriber on the subscriber sheet while witnessing the identity details of Dong Zhang, it is submitted that there was no requirement in law for the Respondent to mention the name of the subscriber. The Complainant has never rejected or raised any doubts on such certification in respect of incorporation of other companies, and it is also a practice accepted by the Complainant itself. The Director Discipline is having its own interpretation regarding the particular manner in which the witness is to be done which is contrary to the law/ practice and both the Complainant/ Disciplinary Directorate should be put to strict proof regarding the said of their interpretation.
- vii. In respect of mismatch of signatures, the Respondent submitted that, in it is not in the scope of work of the Respondent to personally verify the signatures on the documents during the course of ordinary discharge of professional duties. Further, there was no occasion to have such doubts where the Respondent could have taken these steps. Further, the professional duties of the Respondent could be extended to include investigation and also that the Respondent is not a handwriting expert (i.e., not an expert for matching and challenging the signatures).

5.2 The Respondent vide email dated 18<sup>th</sup> September 2024, submitted the brief summary of the instant matter.

5.3. The Respondent vide email dated 10<sup>th</sup> October 2025, inter alia, made the submissions which are given as under: –

- i. Form INC-8 was required to be filed as an annexure to Form INC-7 under Section 7 of the Companies Act, 2013 at the time of incorporation of Inspur Technologies (India) Private Limited.
- ii. The relevant provisions of Section 7(1) describe the mandatory documents for incorporation, including signed memorandum and articles, declarations by professionals and proposed directors, affidavits from subscribers and first directors,



address for correspondence, subscriber details with proof of identity, details of first directors, and their interests and consents.

- iii. Section 7(2) states that upon receiving these documents, the Registrar must register them and issue a certificate of incorporation.
- iv. In compliance with Section 7(1), Form INC-8 was duly attached to Form INC-7 on 1 April 2015 for incorporation of the company.
- v. Since INC-8 is an annexure to INC-7, it logically must be dated earlier.
- vi. The Registrar of Companies examined the submitted INC-7, raised a specific query and after receiving a satisfactory response, incorporated the company on 16 April 2015.
- vii. The allegations raised now are characterized as an afterthought or change of opinion and thus cannot form the basis for disciplinary action.
- viii. For Draphant Consultants Private Limited, the form for shifting the registered office was filed on 21 February 2014 under the Companies Act, 1956.
- ix. The verification rules under the Companies Act, 2013 came into effect only from 1 April 2014, making Section 146 of the 1956 Act applicable at the time of filing.
- x. Section 146 specifies requirements regarding the establishment and notification of a company's registered office, restrictions on shifting it, and penalties for non-compliance.
- xi. The certification in e-Form 18 was limited to verifying particulars and attachments based on company records.
- xii. As per legal requirements and common industry practice at the time, attachments included the landlord's NOC, a board resolution approving the address change within the same city, and a utility receipt as proof of ownership.
- xiii. A personal visit to the premises was confirmed; no legal requirement existed then to provide evidence of such a visit.
- xiv. The same premises were used earlier and later by LLPs in which the certifier is a designated partner, providing circumstantial evidence of access and visit.
- xv. The prima facie opinion contains only a speculative assertion that the premises may not have been visited, with no direct or circumstantial evidence supporting it.



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

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

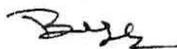
| S. No. | Date of meeting(s)              | Status                                      |
|--------|---------------------------------|---|
| 1      | 10 <sup>th</sup> August 2023    | Adjourned at the request of the Respondent. |
| 2      | 23 <sup>rd</sup> April 2024     | Part heard and adjourned.                   |
| 3      | 28 <sup>th</sup> May 2024       | Deferred due to paucity of time.            |
| 4      | 03 <sup>rd</sup> June 2024      | Adjourned at the request of the Respondent. |
| 5      | 20 <sup>th</sup> June 2024      | Adjourned at the request of the Respondent. |
| 6      | 29 <sup>th</sup> July 2024      | Deferred due to paucity of time.            |
| 7      | 29 <sup>th</sup> August 2024    | Part heard and adjourned.                   |
| 8      | 18 <sup>th</sup> September 2024 | Part heard and adjourned.                   |
| 9      | 09 <sup>th</sup> July 2025      | Adjourned at the request of the Respondent. |
| 10     | 05 <sup>th</sup> August 2025    | Adjourned at the request of the Respondent. |
| 11     | 01 <sup>st</sup> September 2025 | Adjourned at the request of the Respondent. |
| 12     | 18 <sup>th</sup> September 2025 | Part heard and adjourned                    |
| 13     | 16 <sup>th</sup> October 2025   | Adjourned at the request of the Respondent. |
| 14     | 02 <sup>nd</sup> December 2025  | Hearing concluded and decision taken        |

6.2 On the day of hearing held on 10<sup>th</sup> August 2023, the Committee noted that the Respondent vide email dated 31/07/2023 has sought adjournment stating his unavailability to appear before the Committee due to his prior commitment. The office apprised the Committee that the Complainant was not present and notice of listing of the case has been served upon him. The Committee acceded to the

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request of the Respondent and in the absence of the Complainant, adjourned the matter to a later date.

- 6.3 On the day of hearing held on 23<sup>rd</sup> April 2024, the Committee noted that the Respondent along with his Counsel were present in person and appeared before it. The Committee noted that the Complainant was present through video conferencing mode. 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 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 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 later date. With this, the case was part heard and adjourned.
- 6.4 On the day of hearing held on 03<sup>rd</sup> June 2024 & 20<sup>th</sup> June 2024, the Committee noted that the respondent vide email dated 30.05.2024 & 11.06.2024 had sought adjourned. Acceding to the above request of the Respondent, the committee adjourned the captioned case to the future date.
- 6.5 On day of hearing held on 29<sup>th</sup> August 2024, the Committee noted that the authorized representative of the Complainant through VC and the Respondent along with Counsel(s) were present in person and appeared before it. The Committee noted that the Respondent was put on oath on 23.04.2024. The Committee also noted that the Respondent had filed Written Statement dated 27<sup>th</sup> July 2023. Thereafter, the Committee asked the Counsel for the Respondent to make submissions. The Committee noted the submissions of the Counsel for the Respondent which, inter alia, are given as under –
- i. Subject complaint originated from the investigation made by Ministry of Home Affairs and Enforcement Directorate and this case is listed before Court on 24/09/2024.
  - ii. The Counsel requested to list this case after 24/09/2024 as Court case is going on in this matter against the Respondent.



- iii. Both the signatories / subscribers to the MoA/ AoA of the Company were individuals and were physically present in India at the time of signing of MoA/AoA.
- iv. As per Rule 13(5)(d) of the Incorporation Rules, if person is present in India then documents are not required to be notarized/consularised.
- v. It was not in the scope of work of the Respondent to personally verify the signatures on the documents during the course of discharge of professional duties.

The Committee asked the authorised representative of the Complainant to make submissions. The authorised representative submitted that he has no further submissions to make and that the matter be decided on merits of the case. Accordingly, after recording the submissions of the parties, the Committee adjourned this case to a later date.

6.6 On the day hearing on 18<sup>th</sup> September 2024, the Committee noted that the authorized representative of the Complainant through VC and the Respondent along with Counsel(s) were present in person and appeared before it. The Committee noted that the Respondent was put on oath on 23<sup>rd</sup> April 2024. The Committee also noted that the Respondent had filed Written Statement dated 27<sup>th</sup> July 2023. Thereafter, the Committee asked the Counsel for the Respondent to make submissions. The Committee noted the submissions of the Counsel for the Respondent which, inter alia, are given as under:-

- i. Subject complaint originated from the investigation made by Ministry of Home Affairs and Enforcement Directorate and this case is listed before court on 24.09.2024.
- ii. The counsel requested to list this case after 24.09.2024 as court case is going on in this matter against the Respondent.
- iii. Both the signatories / subscribers to the MOA/ AOA of the Company were individuals and were physically present in India at the time of signing of MOA/AOA.
- iv. As per Rule 13(5)(d) of the Incorporation Rules, if person is present in India, then documents are not required to be notarized / consularised.
- v. With Form INC-7, a copy of identity card(s) of promoters was attached and not

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attaching bank statement(s) of the promoters is not a professional misconduct.

The Committee asked the authorised representative of the Complainant to make submissions. The authorised representative submitted that as per law, the Respondent have to attach bank statement(s) of the promoters as their identity proof.

After noting the submissions of the Counsel for the Respondent and authorised representative of Complainant, the Committee adjourned the case and directed the Counsel for the Respondent to file his written submissions, if any, within 10 days. With this, the case was part heard and adjourned.

6.7 On day of hearing on 9<sup>th</sup> July 2025, 05<sup>th</sup> August 2025 and 01<sup>st</sup> September 2025 the Committee noted that the respondent vide email had sought adjourned. Acceding to the above request of the Respondent, the committee adjourned the captioned case to the future date with a view to extend one final and last opportunity to the Respondent to defend the charges.

6.8 On day of hearing on 18<sup>th</sup> September 2025, the Committee noted that the Complainant and Respondent along with his counsel were present through VC. 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 18/09/2024 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.

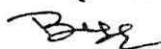
6.9. The Counsel for Respondent submitted that he had adhered to the applicable rules, specifically Rule 13(5)(d), as the subscribers were present in India with valid business visas during the incorporation process. The Counsel for Respondent presented his arguments in respect of all the charges. The authorized representative of Complainant stated that there were discrepancies in the rent agreement and NOC,



including the lack of signatures and authorization from the company's board. They also raised concerns about the Respondent's alleged pattern of incorporating multiple companies from the same address. The Committee noted the submissions of the parties and instructed the Respondent to file written submissions/clarifications on the points discussed in the hearing. With this, the case was part-heard and adjourned.

6.10. On day of hearing on 16<sup>th</sup> October 2025, the Committee noted that the Respondent had sought an adjournment vide email dated 16/10/2025 due to busy schedule of Counsel. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date.

6.11. On day of hearing on 02<sup>nd</sup> December 2025, the Committee noted that the AR of complainant and the Counsel for Respondent were present through VC and appeared before it. The Counsel for Respondent stated that as regards the discrepancy in the dates of INC Form 8 and INC Form 7 for Inspur Technologies, INC Form 8 was prepared and signed prior to the filing of INC Form 7 on 1st April 2015, as per the requirements of Section 7(1) and 7(2) of the Companies Act, and that the notary stamp date of 5th March 2015 was conclusive. The certification of the shifting of the registered office for Draphant Consultants, to which the Respondent submitted evidence of compliance with the Companies Act 1956, including a NOC from the landlord, board resolution, and utility receipt, and confirmed his personal visit to the premises, arguing that the burden of proof lies with the complainant to establish non-compliance. Regarding the certification of the MOA and AOA for Inspur Technologies, where the Respondent provided evidence that one subscriber signed the documents in Hong Kong, supported by a notarial certificate, while the other signed in India, with the Respondent certifying the latter's signature and submitting relevant documentation, including a passport copy and business visa, to the ROC at the time of incorporation. The Respondent submitted that an affidavit stating both promoters were present in India was provided but clarified that it may have been inaccurately worded, emphasizing that the ROC had verified the documents during the incorporation process and raised no objections. The Respondent argued that the allegations do not constitute professional misconduct, as reasonable due care was exercised, compliance requirements were





met, and procedural defects, if any, were resolved upon issuance of the certificate of incorporation by the ROC.

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

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

7.1 **Grand Prospect International Communication Private Limited –**

7.1.1 The Complainant alleged that the Respondent was responsible for witnessing the subscribers' sheet and failed to verify identity of subscribers/directors. The Committee noted the submissions of the Respondent, wherein he submitted that at the time of incorporation, the subscribers' sheet was certified by him based on availability of subscribers in India. In this regard, he provided copy of business Visa of subscribers along with immigration stamp for entry in India. He further stated that Rule 13 of the Companies (Incorporation) Rules, 2014 states that "where subscribers to the memorandum are foreign national residing outside India visited in India and intended to incorporate a Company, in such case the incorporation shall be allowed if, he/she is having a valid Business visa". He further stated that both the signatories / subscribers to the MoA/ AoA of the Company were individuals and were physically present in India.

7.1.2 After recording the submissions of the Respondent, the Committee observed that INC-7 was filed on 20.11.2014 and Mr. Zhengshen Ou and Mr. Zhang Jie, were shown as first subscribers to the MOA of the Company. Further, the Committee noted that the Respondent brought on record copy of Passport and VISA of Mr. Zhengshen Ou and Mr. Zhang Jie. On perusal of these documents, the Committee observed that as per Visa, the purpose of visit of all these persons in India was business. It is also observed that both the address of both the subscribers to the Company were located outside India. Accordingly, as per Rule 13(d) of the Companies (Incorporation) Rules, 2014, if the subscriber visited in India and intended to incorporate a company, in such case the incorporation shall be allowed



if, he/she is having a valid Business Visa. However, on perusal of subscribers' sheet available on record, it is observed by the Committee that the subscribers' sheets to MOA & AOA contained details and address of subscribers and copy of Identity card of the promoters were in Chinese language.

- 7.1.3 Further, the Committee was of the view that there was nothing on record that these documents were consularized and translated in English before relying upon the same by the Respondent and accordingly, verification carried out by the Respondent for verification of details of the subscribers and MOA & AOA was not in order to establish its credentials.
- 7.1.4 The Committee noted the submissions of the Respondent wherein he has submitted that with regard to witnessing the subscribers' sheet, both subscribers were foreign nationals who had visited India on valid Business Visas, and he relied upon copies of passports, visas and immigration stamps placed on record. He relied upon Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014, which permits incorporation where a foreign subscriber visits India and holds a valid business visa.
- 7.1.5 The Counsel for Respondent further argued that Rule 13(5)(d) was the applicable provision in this case, as the subscribers were present in India and possessed valid business visas at the time of incorporation. He contended that Rule 13(5)(c), which pertains to the incorporation of companies by subscribers outside India, was not relevant to the matter at hand. The respondent further clarified that the incorporation process involved the submission of identity proofs, including passports, visas, driving licenses, and identity cards, which were provided by the subscribers at the time of incorporation. He explained that the online system for filing incorporation documents required the selection of an identity proof from a drop-down menu, which only included the option of a bank statement. Consequently, the respondent selected the bank statement option, but he submitted additional identity proofs to ensure compliance with the requirements. He argued that this demonstrated his exercise of due diligence and standard of care, as he provided more documentation. The respondent also highlighted that the Registrar of Companies (ROC) had raised queries regarding the incorporation documents at the time of filing, and he had provided clarifications and additional documentation to the ROC.

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- 7.1.6 The Counsel for Respondent also addressed the issue of the duration of stay and residential proof of the subscribers. He explained that the passports and visas provided by the subscribers included their addresses, which served as sufficient residential proof. He argued that the requirement for translation of bank statements was not applicable, as the passports and visas were in English and provided the necessary information. The Committee noted the submissions of the Counsel for Respondent that he had exercised reasonable due care and diligence in the incorporation of Grand Prospect International Communication Private Limited.
- 7.1.7 As regards verification of signatures in Chinese language, the Respondent submitted that signatures were verified by comparison with signatures appearing in the passports of the subscribers. Since passports are sovereign-issued identity documents, reliance on them constituted reasonable verification.
- 7.1.8 The Committee considered the complaint, documentary evidence placed on record, written submissions, and oral arguments advanced by both sides. It is observed that the Respondent produced copies of passports and business visas of the subscribers, which demonstrate that the subscribers were foreign nationals who had entered India on business visas. The signatures appearing on the passports were found to broadly match the signatures appearing on the incorporation documents. There is no statutory prohibition on subscribers signing documents in a foreign language. The Committee noted that Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014 permits incorporation where a foreign national visits India with a valid business visa. The Respondent relied upon this rule while certifying incorporation documents.
- 7.1.9 With respect to verification of signatures in Chinese language, the Committee observed that verification was undertaken by matching the signatures with those appearing on passports. The Committee finds that reliance on passports, being sovereign-issued documents, constitutes a reasonable basis for verification in the facts of the case.
- 7.1.10 However, the Committee also noted that certain documents relied upon by the Respondent, including identity cards and address proofs in Chinese language, were neither translated nor consularised. Further, an affidavit attributed to the Respondent stated that the foreign promoters were present in India at the time of

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execution, whereas the documentary record indicates that one subscriber executed documents abroad and the other in India.

- 7.1.11 On an overall consideration of the material on record, the Committee is of the considered opinion that while there were certain minor procedural inconsistencies, it can be reasonably concluded that the Respondent has demonstrated that he exercised reasonable professional judgment and due diligence based on the regulatory framework and prevailing practices at the relevant time.
- 7.1.12 The Committee finds no conclusive evidence to establish that the Respondent deliberately concealed identity, knowingly relied upon false documents, or acted with gross negligence accordingly, the Committee held the Respondent **Not Guilty** of Professional Misconduct falling within Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7.2 **M/s. Inspur Technologies (India) Private Limited-**

- 7.2.1 The Committee noted the allegation of the Complainant, wherein it was alleged that MOA along with subscribers' sheet have been signed and notarized in Hongkong but the certifying professional (the Respondent) has witnessed it at Delhi. Hence, the statement given by the Respondent was false. Further, it is observed from e-form INC-8 that the stamp paper dated 05.03.2015 was executed / signed on 04.03.2015, raises a serious doubt on the authenticity of the documents as how it can be executed before the purchase of stamp paper.
- 7.2.2 In respect of above allegation, the Committee noted the submissions of the Respondent, wherein, he stated that he had complied with all applicable provisions under the Companies Act, 2013 and rules made thereunder relating to incorporation of a company. While discharging his professional obligations relating to incorporation of the subject company, he has ensured full compliance involving the subject company incorporation. The Respondent further stated that the subscriber's sheet of MOA was partially signed in Hongkong by Mr. Huang Gang along with various other documents of Mr. Huang Gang as specified in Notarial certificate of the Memorandum of Association. The said documents of Mr. Huang Gang were subsequently consularized by the Consulate General of India in Hong Kong. However, Mr. Dong Zhang, the other subscribers, was present in India and has signed and subscribed to the MOA in India and only the presence of Mr. Dong

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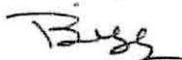
Zhang was verified by him. The presence of Mr. Huang Gang was never verified by him. The Respondent referred the subscriber sheet and stated that the said subscriber sheet had been witnessed for one subscriber only.

7.2.3 In respect of date on stamp paper, the Respondent stated that the date specified on the stamp paper and the date of signing of e-form INC-8 is same i.e., 05.03.2015. However, the date was wrongly mentioned as 04.03.2015 and the document was filed as such, which is an inadvertent human error.

7.2.4 In respect of above allegation, on perusal of subscribers' sheet, the Committee observed that the Respondent had witnessed the subscribers to the MOA by signing as witness to the same. The Committee noted the submissions of the Respondent, wherein, he claimed that only one subscriber has signed before him and the said fact was mentioned while witnessing the subscribers' sheet. However, on perusal of subscriber's sheet, the Committee observed that the Respondent nowhere mentioned the name of the subscribers who had signed in his presence as claimed by him in his submissions. The Committee noted that the Respondent had only stated that *"I witness to subscribers who has subscribed and signed in his presence. Further, I have verified his identity details for his identification and satisfied myself of his identification particulars as filled"*.

7.2.5 Further, the Committee observed that in Notarial Certificate, nowhere mentioned that Memorandum of Association has been signed by Mr. Huang Gang only. In view of these noted facts, the Committee is of the view that subscribers' sheet to the Memorandum of Association was not signed in presence of the Respondent as certified by him.

7.2.6 The Committee noted that Mr. Huang Gang, one of the subscribers, had signed the Memorandum of Association and related documents in Hong Kong, which were duly notarized there and thereafter consularized by the Consulate General of India, Hong Kong. Mr. Dong Zhang, the other subscriber, was present in India on a valid business visa and had signed the subscribers' sheet in India, whose signature alone was witnessed and certified by the Respondent. The Respondent submitted that the subscribers' sheet was witnessed only in respect of one individual, and the wording



used therein referred to verification of "his" identity, not "their" identities. The Counsel for Respondent referred to the subscriber sheet and notarial certificate to substantiate his claim that the signatures were executed in compliance with the applicable rules. The Counsel for Respondent further argued that the language used in the certification was singular, indicating that he had verified the identity of the subscriber present in India, not both subscribers. He acknowledged the existence of an affidavit stating that both promoters were present in India at the time of execution but contended that this affidavit may have been inaccurately worded. He emphasized that the documentary evidence on record clearly demonstrated compliance with Rule 13(5)(c) and 13(5)(d) of the Companies Act, and that the procedural requirements were met.

- 7.2.7 The Committee observed that the Respondent stated that the stamp paper was purchased and notarized on 05.03.2015, the notarial stamp clearly bore the date 05.03.2015, which is the legally relevant date of execution, and the handwritten date of 04.03.2015 was an inadvertent clerical error arising from prior preparation of the document, and that the date of notarization prevails.
- 7.2.8 The Committee noted the submissions of the Respondent wherein he has submitted that the ROC had raised queries at the time of incorporation, which were duly replied to along with supporting documents, and incorporation was granted thereafter, indicating that the documents had already undergone statutory scrutiny.
- 7.2.9 The Committee has perused the subscribers' sheet, the notarial certificates, Form INC-8, and other documents placed on record, along with written and oral submissions of both sides. The Committee observed that documentary evidence on record clearly establishes that one subscriber executed documents in Hong Kong, duly notarized and consularized; and the other subscriber executed documents in India, whose signature was certified by the Respondent.
- 7.2.10 With regard to the allegation relating to Form INC-8, the Committee observed that the notarial stamp dated 05.03.2015 conclusively establishes the date of execution. The presence of a prior handwritten date does not, by itself, render the document

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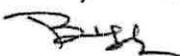
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invalid or fabricated, particularly in the absence of any allegation or evidence of tampering with the notary register.

- 7.2.11 The Committee, however, also noted that an affidavit attributed to the Respondent stated that the “promoters were present in India at the time of execution of incorporation documents,” which appears inconsistent with the documentary position that one subscriber executed documents abroad. This inconsistency reflects imprecise drafting.
- 7.2.12 On an overall consideration of the material on record, the Committee was of the view that although certain inconsistencies existed in the language used in one affidavit and in the dating of Form INC-8, the Respondent has satisfactorily demonstrated that the incorporation documents were executed in compliance with the applicable rules, the execution by foreign and Indian-present subscribers was adequately supported by documentary evidence; and the Respondent exercised reasonable professional judgment based on prevailing law and practice at the relevant time.
- 7.2.13 The Committee finds no conclusive evidence to establish that the Respondent knowingly made false statements, certified documents without verification, or acted with gross negligence, and accordingly, the Committee held the Respondent **Not Guilty** of Professional Misconduct falling within Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7.3 **M/s. Draphant Consultants Private Limited-**

- 7.3.1 The allegation of the Complainant is that the Company filed Form ‘18’ vide SRN No. B96711833, wherein the Draphant has mentioned its registered address at S-2, Vikas Apartment 34/1, East Punjabi Bagh, New Delhi, West Delhi-110026. However, upon conducting the spot inspection of the office it was found that the Company does not exist at present address.
- 7.3.2 In respect of above allegation, the Committee noted the defence of the Respondent, wherein he has submitted that he had certified Form ‘18’ with respect to registered office of the Company on February 21, 2014 and at the time of filing of the said form, he had verified the rent agreement, copy of board resolution, No objection certificate



obtained from the landlord and the property tax receipt tendered by the Municipal Corporation of Delhi before filing of the said form. He further submitted that his scope of work was limited to verification of documents only at the time of filing of Form 18; accordingly, he is not in position to comment whether the Company exists on the said address currently or not.

- 7.3.3 In view of allegation, submissions of the Respondent and papers/documents on record, the Committee observed that in case of change of situation of registered office, the requirement of the Companies Act, 1956, are as under:-

**Companies Act, 1956**

**“Section 146 – REGISTERED OFFICE OF COMPANY**

- (1) *A company shall, as from the day on which it begins to carry on business, or as from the thirtieth day after the date of its incorporation, whichever is earlier, have a registered office to which all communications and notices may be addressed.*
- (2) *Notice of the situation of the registered office, and of every change therein, shall be given within thirty days after the date of the incorporation of the company or after the date of the change, as the case may be, to the Registrar who shall record the same : Provided that except on the authority of a special resolution passed by the company, the registered office of the company shall not be removed - (a) in the case of an existing company, outside the local limits of any city, town or village where such office is situated at the commencement of this Act, or where it may be situated later by virtue of a special resolution passed by the company ; and (b) in the case of any other company, outside the local limits of any city, town or village where such office is first situated, or where it may be situated later by virtue of a special resolution passed by the company.*
- (3) *The inclusion in the annual return of a company of a statement as to the address of its registered office shall not be taken to satisfy the obligation imposed by sub-section (2).*
- (4) *If default is made in complying with the requirements of this section, the company, and every officer of the company who is in default, shall be*

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*punishable with fine which may extend to 1 [five hundred] rupees for every day during which the default continues.”*

7.3.4 The Committee observed that the Respondent has brought on record copy of Board Resolution authorising change in situation of registered office, Copy of Municipal tax paid receipt dated 30.06.2013, No objection certificate and Rent Agreement to establish that he carried out necessary checks to verify the particulars. The Committee further observed that Form 18 was filed under the provisions of the Companies Act, 1956, accordingly the provisions of the Companies Act, 1956 would be applicable in the instant allegation.

7.3.5 In view of documents on record, the Committee noted that scope of the work of the Respondent was limited to certification of Form - 18 i.e. notice of change of situation of registered office of the Company and his duty was limited to verification of documents and physical verification of new registered office of the Company as declared by him in said Form. On perusal of the documents brought on record by the Respondent, the Committee observed that the copy of rent agreement was not signed by the lessor and the signatures of lessor on NOC and on Rent Agreement were different and not matching at all and these facts raises doubts on the authenticity of these documents. Furthermore, the Committee observed that the Respondent has not made specific submissions in respect of physical verification of the new registered office of the Company as verified by him, which was a requirement of Form 18 certified under Section 146 of the Companies Act, 1956 by the Respondent.

7.3.6 On perusal of Form 18, filed for change in registered office of the Company under Section 146 of the Companies Act, 1956, the Committee observed that certifying professional required to declare as under:-

*“I further certify that I have personally visited the new address, verified it and I am of the opinion that the premises are indeed at the disposal of the applicant company”*

In view of above declaration by the Respondent in Form 18, that he had personally visited the new address and also confirmed that *“the premises are indeed at the disposal of the applicant company”*. The Counsel for Respondent also stated that



the other entities in which the Respondent is a partner is also located in the premises where the company is situated. However, it is apparent that the Respondent has not brought on record any evidence, which could establish this fact that he had made physical visit to verify the new registered office of the Company as declared by him in Form 18.

7.3.7 The Committee examined the evidence and submissions provided by both the complainant and the respondent regarding the certification of the shifting of the registered office for Draphant Consultants Pvt. Ltd. The Committee noted that the respondent certified the shifting of the registered office based on a rent agreement and a No Objection Certificate (NOC) from the landlord. However, the rent agreement submitted was unsigned by the lessor, and the signatures on the NOC and the rent agreement were found to be inconsistent. The counsel for respondent argued that his role as a Chartered Accountant does not extend to verifying the enforceability of agreements between the lessor and lessee. However, the Committee finds that the NOC was signed by the landlord in his individual capacity and not as a representative of the company, which raises questions about its validity. Further, the rent agreement was not signed by the lessor, and the respondent failed to address this discrepancy adequately. Thus, the Committee finds that the Respondent did not exercise the level of scrutiny and due diligence expected of a Chartered Accountant in ensuring the accuracy and completeness of the documentation. As a professional certifying compliance, the respondent was obligated to ensure that the documents were valid and enforceable, particularly when they formed the basis of his certification.

7.3.8 While initially the respondent argued that his scope of work was limited to verification of documents only at the time of filing of Form 18; on pointing out the Declaration in form 18, the Respondent claimed to have personally visited the premises many times. However, the Committee finds that the Respondent failed to provide conclusive evidence to substantiate his claim. The counsel for respondent argued that the negative onus of proving that he did not visit the premises cannot be cast upon him. However, the Committee noted that the burden of proof lies with the respondent to demonstrate that he exercised due diligence in physically verifying the premises before certifying the shifting of the registered office as he has signed specific



declaration in form 18 to that effect. The absence of any corroborative evidence undermines the credibility of the respondent's claim.

7.3.9 In view of above facts and findings, the Committee is of the considered opinion that the Respondent failed to check the authenticity of the documents verified by him and he failed to carry out physical verification of registered office. Thus, it appears that the Respondent failed to exercise due diligence while certifying Form '18' for change in situation of registered office of the Company.

7.3.10 Therefore, the Committee held the Respondent **Guilty** of Professional Misconduct falling within Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

#### **7.4 M/s. Vivo Mobile India Private Limited-**

7.4.1 The Complainant alleged that Form INC-7 (application for incorporation of the Company) which has been certified by the Respondent stating that all the requirements have been complied, Form INC-10, for verifying the signature of subscribers, was notarized in Delhi but the subscribers were foreign nationals, and no document was furnished proving their stay in India like Passport etc. The Respondent also witnessed the subscriber sheet attached with the Memorandum of Association which has been subscribed & signed by the foreign subscribers in his presence, but no documents was enclosed to shows they were in India when they have signed the subscribers' sheet.

7.4.2 The Committee noted the submissions of the Respondent wherein he has submitted that he had complied with all applicable provisions under the Companies Act, 2013 and rules made thereunder relating to incorporation of a company. While discharging his professional obligations relating to incorporation of the subject company, he has ensured full compliance of the provision of the Company. The Respondent stated that the documents of the subscribers proving their presence in India were attached to the e-form INC-7 along with copy of their passport and copy of visa.

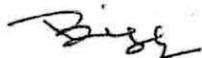
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7.4.3 In view of submissions of the Respondent and on perusal of INC-7 certified by the Respondent, the Committee observed that there were two subscribers to the MOA. Out of which one was a body corporate (M/s. Multi accord Limited incorporated outside India, through Mr. Xuesong Zhang) and second was an individual (Mr. Ye Liao). The subscribers' sheet to the MOA was signed by Mr. Ye Liao and by Mr. Xuesong Zhang (on behalf of M/s. Multi accord Limited). The Respondent brought on record copy of passport and visa of both the aforesaid persons and on perusal of the same, it is observed by the Committee that both the persons Mr. Ye Liao and Mr. Xuesong Zhang were in India on business visa. Thus, in terms of the provisions of Rule 13(5)(d) of the Companies (Incorporation) Rules, 2014, both persons were eligible to sign subscribers' sheet to MOA on 13<sup>th</sup> July, 2014. Further, the Respondent has also brought on record list of documents attached to the Form INC-7 to show that copy of passports was part of the attached documents. It is noted by the Committee that the Respondent brought on record a notary certificate regarding verification of subscribers' signatures.

7.4.4 The respondent has demonstrated that the incorporation of Vivo Mobile was conducted in compliance with Rule 13(5)(d) of the Companies Act, which applies to cases where subscribers are present in India and possess valid business visas. The respondent provided evidence that the subscribers were physically present in India at the time of incorporation and had valid business visas, as required under the applicable rules. The counsel for respondent further clarified that Rule 13(5)(c), which pertains to the incorporation of companies by subscribers outside India, was not applicable in this case. The Committee noted that the complainant has not provided conclusive evidence to substantiate the allegation of professional misconduct.

7.4.5 The Committee observed that the incorporation documents clearly indicate two different modes of execution, one subscriber executing documents abroad with notarisation and the other executing documents in India with certification by the Respondent. Copies of passports and business visas of the subscribers were placed on record, evidencing their eligibility to execute incorporation documents in terms of Rule 13(5)(d).



- 7.4.6 The Committee noted that Rule 13(5)(c) and Rule 13(5)(d) operate in different circumstances. Where a foreign subscriber is present in India on a valid business visa, insistence on notarisation and consularisation under Rule 13(5)(c) is not mandatory.
- 7.4.7 The Committee therefore finds no conclusive evidence to establish that the Respondent knowingly made false statements, certified documents without verification, or acted with gross negligence, accordingly, the Committee held the Respondent **Not Guilty** of Professional Misconduct falling within Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.
- 7.5 The Committee, considering the above facts, was of the considered view that the Respondent did perform his professional duties diligently, which is evident by the above facts and documents on record three out of four Companies in respect of which the complaint was made. As mentioned in para 7.3 above, the Committee observed that in case of M/s. Draphant Consultants Private Limited the Respondent has failed to exercise due diligence. Hence, the Committee held the Respondent **GUILTY** of Professional Misconduct within meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 only with regard to the complaint in respect of Draphant Consultants Private Limited .

8. **Conclusion:**

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

| <b>Charges<br/>(as per PFO)</b> | <b>Findings</b>                | <b>Decision of the Committee</b>                            |
|---------------------------------|--------------------------------|---|
| Para 2.1 as above.              | Para 7.1.1 to 7.1.12 as above. | <b>Not GUILTY</b> - Clause (7) of Part I of Second Schedule |
| Para 2.2 as above.              | Para 7.2.1 to 7.2.13 as above. | <b>Not GUILTY</b> - Clause (7) of Part I of Second Schedule |

|                    |                                |   |
|--------------------|--------------------------------|---|
| Para 2.3 as above. | Para 7.3.1 to 7.3.10 as above. | <b>GUILTY</b> - Clause (7) of Part I of Second Schedule     |
| Para 2.4 as above. | Para 7.4.1 to 7.4.7 as above.  | <b>Not GUILTY</b> - Clause (7) of Part I of Second Schedule |

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

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

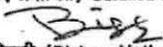
**Sd/-**  
**(ADV. VIJAY JHALANI)**  
**GOVERNMENT NOMINEE**

**Sd/-**  
**(CA. MANGESH P KINARE)**  
**MEMBER**

**DATE: 28<sup>th</sup> January 2026**

**PLACE: New Delhi**

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

  
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