

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2022-2023)]
[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-228/2013-DD/224/2013/DC/494/2016]

In the matter of:

Shri Uma Shankar Bhartiya,
Director, M/s IGL Finance Ltd.,
Plot No. 2B, Sector 126,
Distt. Gautam Budh Nagar,
Noida-201 304

.....Complainant

Versus

CA. Mukesh Punamchand Shah (M. No.033862)
M/s Mukesh P. Shah & Co.
Chartered Accountants,
602, 6th Floor, Express Chamber,
Opp. Natraj Studio Zone-3,
A.K. Road, Andheri (East),
Mumbai-400 069

.....Respondent

MEMBERS PRESENT:

1. CA. (Dr.) Debashis Mitra, Presiding Officer (Present in person)
2. Mrs. Rani S. Nair, I.R.S. (Retd.), Government Nominee (Present in person)
3. Shri Arun Kumar, I.A.S. (Retd.), Government Nominee (Present in person)
4. CA. Rajendra Kumar P, Member (Present in person)
5. CA. Cotha S Srinivas, Member (Present in person)

DATE OF FINAL HEARING : 16.01.2023 (Through Physical/ Video Conferencing Mode)

<u>PARTIES PRESENT</u>	:	
Complainant	:	Shri Peter Paul, Auth. Representative
Complainant's Counsel	:	Mr. Akash Jain, Advocate
Respondent	:	CA. Mukesh Punamchand Shah
Respondent's Counsel	:	Mr. S.G. Gokhale, Advocate

CHARGES IN BRIEF:-

1. The Committee noted that the Respondent was the statutory auditor of the Indian Bullion Market Association Limited (hereinafter referred to as the "IBMA/Company") and he had audited and submitted his report for the Financial Year ending on 31st March 2011, 31st March 2012 and 31st March 2013.
2. The Committee noted that in the present case, the Director (Discipline) had held the Respondent 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 on the following charges with respect to the audit of F.Y. 2012-13:
 - (i) The Respondent failed to properly assess the adequacy of internal control procedures that were commensurate with the size of the Company and the nature of its business.
 - (ii) The Respondent failed to detect fraud in the respect of default in payment to investors.

BRIEF FACTS OF THE PROCEEDINGS:

3. On 27th December 2022, the Committee, in the instant matter, noted that the Respondent along with his Counsel Shri. S.G. Gokhale, Advocate were present from BKC Office, Mumbai of the ICAI. The Committee noted that Shri Peter Paul, Authorised Representative on behalf of the Complainant, and Shri Akash Jain, Counsel were present from respective place through video conferencing

mode. The representative from the Complainant Company was administered on Oath. Thereafter, the Counsel of the Respondent argued on the merits of the case and presented his line of defence in detail. The Committee, after consideration of the same, decided to adjourn the case to 29th December 2022.

4. The Committee noted that 29th December 2022 the hearing in this matter was adjourned due to paucity of time.
5. On the day of the final hearing held on 16th January 2023, the Committee, in the instant matter, noted that the Respondent along-with his Counsel Shri. S G Gokhale were present at BKC office of ICAI at Mumbai. The Committee also noted that Shri Peter Paul was present on behalf of M/s IGL Finance Limited alongwith Adv. Akash Jain through respective places through Video Conferencing mode. The Committee offered the parties to submit their further submissions, to the extent not submitted earlier. Both the parties, in response, submitted that they have nothing further to submit. Accordingly, the Committee decided to conclude the hearing in the instant case.

FINDINGS OF THE COMMITTEE

6. The Committee noted that IBMA is a subsidiary Company of National Spot Exchange Limited (NSEL) and NSEL is a subsidiary Company of the listed Company Financial Technologies (India) Ltd. (FTIL). The accounts of IBMA are being consolidated with its immediate holding Company NSEL. The Committee further noted that the substantial business activity of the IBMA was dependent on and linked to its holding company, NSEL.
7. The Committee noted that the Respondent was the statutory auditor of the Indian Bullion Market Association Limited (hereinafter referred to as the "IBMA/Company") and he had audited and submitted his report for the Financial Year ending on 31st March 2011 (Page C-64 to C-68 of prima-facie opinion), 31st March 2012 (Page C-34 to C-67 of prima-facie opinion) and 31st March 2013 (Page C-6 to C-33 of prima-facie opinion). The Respondent had signed the

auditor's report of IBMA for the financial year 2012-13 on 16.05.2013. The Respondent was also the statutory auditor of NSEL and signed the auditor's report of NSEL for the financial year 2012-13 on 17.05.2013.

8. The Committee regarding first charge relating to failure of the Respondent in properly accessing the adequacy of internal control procedure in commensuration with the size of the Company and the nature of its business noted that the Respondent at para (iv) and (vii) of annexure to auditor report (CARO) (Page C-8 and C-9 of the prima-facie opinion) has stated as under:

Para (iv)

"In our opinion and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls".

Para (vii)

"In our opinion, the Company has an internal audit system commensurate with the size and nature of its business."

- 8.1 The Committee noted that the Counsel for the Complainant, with regard to the first charge against the Respondent, submits that the Complainant is relying on and placing their arguments on whatever has been stated in the complaint, which is related to some error/irregularities in the audit report.
- 8.2 The Committee noted that the Counsel for the Respondent in his submissions relied upon para 9.5 of the Prima Facie Opinion wherein the Counsel Respondent in response has submitted extracts from his working papers (W-84 to W-92), to justify that he has followed various checks to ensure the sufficiency and efficiency of internal control system vis-à-vis the size of the business. The

Counsel added that, in support of his defence he has given subsequent to Written Submissions to the Prima Facie Opinion by his letter dated 18th April 2016.

8.3 The Committee noted that with the Respondent/ Counsel, in defence in their submissions had, inter-alia, submitted the following:

- (i) That the Respondent, as the Statutory Auditors, had followed various auditing standards and had also followed up provisions of the Companies Auditors Report Order (CARO, 2003).
- (ii) That the Company had appointed an independent firm of Chartered Accountant and had carried out internal audit work, and furnished its internal audit report periodically. The Respondent has relied on the same.
- (iii) That the Company had various internal audit procedures and maker checker procedures to arrive at a reasonable level of assurance from the standpoint of internal audit system. He had relied on such an internal audit system to arrive at the conclusion that the existence, sufficiency, and efficiency of the internal audit function were commensurate with the size of the business.
- (iv) That the internal auditor had submitted his report periodically and that follow up action was taken to correct the errors pointed out, along with remedial action taken on the deficiencies reported by internal auditors.
- (v) He added that the documents prove that he has not only made assertions but has proven it through evidence of ensuring that the internal control is commensurate with the size of the businesses.
- (vi) That systematic and skilled management fraud is beyond the scope of a normal statutory audit. In the instant case, admittedly auditors had not noticed any "alleged" fraud though there has been a due diligence. The requirement of CARO of reporting of arises when the fraud is noticed even during the normal course of auditing. Provisions of CARO required the reporting of the fraud by or on the Company if any of such fraud was noticed/ informed to auditor by the management. In the absence thereof, at the time of completion of audit, auditor cannot be held responsible.

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- (vii) That findings of a subsequent audit/ forensic audit cannot be the basis for evaluating the performance of work completed in the ordinary course of audit function.
 - (viii) That during the course of the audit, the statutory auditors had applied the guidelines of SA 240 as the independent enquiries made by them and they had also relied on the Management Representation letter, clarifying and confirming to the fact that no fraud was noticed by or against the Company.
 - (ix) That after approval of financial statements by the board of directors of IBMA on 16.5.2013, the financial statements were not sent to any of the shareholders or creditors.
 - (x) Further considering various subsequent events which had occurred between 16.5.2013 and 21.9.2013 that he had requested the management to "amend" the financial statements as per SA 560 r.w. AS 4. In this view of the matter, no investor had received any Financial Statement on which they could claim to have relied and invested after going through such a balance sheet. Now that no damages have been suffered by any investors, the question of holding the Respondent responsible does not arise.
 - (xi) The action of requesting for "amendment" was not only appropriate and necessary under the circumstances, but also it showed independence and honesty of the Respondent as a Chartered Accountant. Such steps were taken based on Standards on Auditing relating to subsequent events SA 560 in letter and spirits and such request for amendment of the accounts was most essential.
- 8.4 The Committee observed that the Respondent was the internal auditor of NSEL and he in his audit report for the F.Y. 2011-12 had stated as under:

"NSEL was taking higher risk of credit default as it does not hold any security or line."

From above reporting the Committee noted that the Respondent himself in the internal audit report for previous year viewed regarding risk of credit default in parent company of IBMA. The Committee noted that the Respondent, in his

submissions, had admitted that substantial business activity of the IBMA was dependent on and linked to its holding company NSEL. Hence, the Respondent was expected to be more vigilant while auditing the Company.

8.5 The Committee further noted that the Respondent in defence submitted that he carried out the following procedure to ensure the adequacy of the controls.

- a. Observations and inspections
- b. Enquires with Management and others
- c. Application of analytical procedures.
- d. Additional clarifications by compliances with Standard on auditing

8.6 The Committee on perusal of the application of analytical procedures, noted that the Respondent had submitted documents relating to ratio analysis only. On perusal of the same, it was noted that these are mere computer-generated printouts and do not contain the signature of the persons analysing the same. Further, the Respondent had not provided any submissions/ documentary evidence to establish his reliance on their sufficiency vis-a-vis size of the business.

8.7 The Committee on perusal of the observations and inspections noted that the Respondent, in his submissions dated 18th April 2016 had submitted that he had verified the statements received from the Depository Participant (DP) namely NSDL, in which goods of Company are stored. He also referred annexure 11 for the same. On perusal of the annexures it is observed that no such document has reference of annexure 11. On perusal of the documents between annexure 10 and 12 (pages 112 to 124), it is observed that the Respondent might be referring to the documents having page numbering 113 to 118. On perusal of the same, the Committee noted that these documents are mainly email correspondence exchanged between the Company and the NSEL. The Committee finds that these are prima-facie not relating to NSDL claimed by the Respondent.

- 8.8 The Committee on perusal of the Enquires with Management and others noted that the Respondent had given steps adhered by him while calculating valuation of inventory. The Committee noted that the Respondent has not given procedure adopted by him to ensure the physical presence of inventory. The Committee noted SA-501 on Audit Evidence, lays down various steps of ensuring the existence and condition of inventory. The Committee observed that the Respondent failed to present his defence, to the satisfaction of the Committee, with respect of adherence of SA-501. Moreover, as mentioned in para above, it is coming out that the Respondent failed to submit statements verified by him relating to NSDL.
- 8.9 The Committee on perusal of the additional compliances, noted that the Respondent with his submissions dated 18th April 2016 submitted a vast list of checklists to establish his defence relating to ensuring the adequacy of internal control. On perusal of the same the Committee noted that the Respondent at page 212 of his submissions dated 18th April 2016 had submitted a checklist relating to SA- 610 (Using work of Internal audit). On perusal of the same, the Committee noted that the details in the checklist are not filled. Similarly, on various other checklists submitted with submissions dated 18th April 2016, the details were not filled in by the Respondent.
- 8.9.1 The Committee further noted that the Respondent, in his documents at page 212 of his submissions dated 18th April 2016 had mentioned that there were certain deficiencies in internal control which do not have material or significant impact. The Committee noted that the Respondent have brought on record what exactly were the deficiencies and what was response of the management on those queries. The Committee further noted that the internal auditor report relied upon by the Respondent was never brought on record by him.
- 8.10 The Committee noted that these checklists and documents are mere computer-generated printouts and do not contain the signatures of the persons compiling these checklists. The Committee accordingly concluded that these lists and documents are merely for record creation purposes and there is no concrete



evidence to establish that the Respondent actually adhered to these aspects. Further, the Committee observed that the possibility of the same being an afterthought cannot be ruled out.

8.11 The Committee further noted that the Respondent has chosen to withdraw his report before the AGM. It is observed that if the auditor had really done detailed checking of statements, physical verification of availability of stock etc., there would have been occasions to detect any material discrepancies/ irregularities as those which have come to light at a later stage and as being alleged by the Complainant. This would have also not necessitated the unpleasant situation caused by withdrawal of the audit report for whatsoever reason before the AGM to carry out necessary amendments in the audited accounts.

8.12 Further, the Respondent's defence about reliance on the internal audit report is again a reflection of the hollowness of the checks and balances carried out by him because if the internal audit procedure had been truly vibrant, as it was considered to be by the Respondent and thereby relied upon by him, there would not have been any cause of suspicion about irregularities in the audit report requiring its withdrawal before the AGM.

8.13 The Committee further noted that the Respondent at every stage has explained that the various verifications undertaken by him. The Respondent failed to bring on record any evidence to that effect or to show that the entire verification procedure adopted by him was in line with the evidence that may be available to him to understand the quantum of checking vis-à-vis the materiality of the amounts involved. Had the Respondent employed appropriate procedures to obtain reasonable assurance about the sufficiency and efficiency of internal control system in place, he would have come to know that the internal control procedure/ system is not commensurate with the size and nature of the business. Hence, submission by the Respondent that he had verified and applied various tests to ensure that the Company has sufficient mechanisms and CAAT for verifying internal controls and various data cannot be accepted.



8.14 The Committee in its considered view, looking into the failure of the Respondent to substantiate his defence, hold the Respondent guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

9. The Committee regarding second charge relating to failure of the Respondent in detecting fraud in the respect of default in payment to investors noted that there was no default in payment to investors from 31.03.2013 to 16.05.2013 (till the date of signing of report). It is further observed that the problem regarding the stock happened in August, 2013 i.e. after the period of audit by the Respondent and after the submission of his report.

9.1 The Committee observed that the problem regarding the stock happened after the period of audit by the Respondent and after his submission of a report. The Committee noted from the submissions of the Respondent in its written statement that on 31.07.2013, the Company had stopped paying out and had merged various settlements at the request of the Ministry of Consumer Affairs vide their letter dated 12.07.2013 to stop the renewal of all contracts.

9.2 The Committee noted that the Respondent, looking into the subsequent events, had issued a letter to the management, on 21st September 2013, not to rely on audited accounts following SA 560 on account of "Subsequent Events" taking place after the date of signing of financial statements. The Committee further observed from the said letter that the Respondent had also requested the management as under:

"... we request you to ensure that the recipients of financial statements are asked to stop reliance on the audited financial statements of IBMA and the auditor report issued by our firm dated 16th May 2013 with immediate effect. You are also requested to inform us about the steps taken by you in this regards. We also request you to inform suitably to the auditors for consolidated accounts of holding company NSEL and ultimate holding company FTIL, as also remove the audited account for use, put up on the website of NSEL, with immediate effect. You are

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also requested to intimate all the parties to whom you have issued audited accounts of IBMA."

9.3 The Committee further observed from the Respondent's submission that in the last week of August 2013 that FMC had asked the Board of NSEL to upload audited financial statements of NSEL & IBMA on its website and were made public, whereas the Respondent in his defence before it had submitted that no investor had received any financial statement on which they could claim to have relied and invested after going through such a balance sheet.

9.4 The Committee noted that the Respondent in page 13 of his submission dated 18th April 2016 had submitted as under:

- a) *that there was no mistake in furnishing our report u/s 227(A) of Companies Act, 1956 on the issue of internal control and its existence.*
- b) *We had not made any false statement, knowing it to be false. We had not omitted any misstatement accordingly.*
- c) *We had followed all applicable guidelines for the purpose of reporting requirement of internal control system of the company issued by the Institute of Chartered Accountants of India in this regards we were guided by the provisions of S. 227 while giving our report under CARO, 2003.*
- d) *We had relied on explanation, clarifications and management representation made to us from time to time. The managing director of the Company had given a detailed management representation."*

9.5 As regards the merits of the charge, the Respondent had submitted as under:

- a. That it was systematic and skillful management fraud is beyond the scope of a normal statutory audit.
- b. That he did not notice any "alleged" fraud though there has been a due diligence.
- c. That the requirement of CARO regarding reporting arises when the fraud is noticed even during the normal course of audit. CARO provisions required the reporting of fraud by or on the company if such fraud was discovered or reported to the auditor by management. In the absence of such documentation, the auditor cannot be held liable at the end of the audit.



- d. That findings of a subsequent audit/ forensic audit cannot be the basis for evaluating the performance of work completed in the ordinary course of audit function.
 - e. Independent enquiries were also made by him, he had also relied on the Management Representation letter, clarifying and confirming to the fact that no fraud had been noticed by or against the Company.
 - f. He had followed SA-240, SA 315, SA 330 and had carried out extensive and substantive procedures for carrying out audits; such procedures were part of the audit program, and he had taken the utmost care to verify any material misstatement or any fraud, either from the company or by the management of the company.
- 9.6 The Committee noted that the Respondent was very confident in respect of adherence to the compliance made by him with respect to the audit conducted by him. The Committee further noted that, yet the fact is that the Respondent, looking into the subsequent events, had issued letter to the management not to rely on audited accounts following SA 560 on account of "Subsequent Events" taking place after the date of signing of financial statements.
- 9.7 The Committee noted that as per point (xxi) of the annexure to the auditor report (CARO) (page C-10, C-38 and C-68 of the Prima-facie opinion), the audit procedures were performed for the purpose of reporting the true and fair view of the financial statements, and according to the information and explanations given to the complainant by the management, the report indicates that no fraud on or by the company has been noticed or reported during the course of their audit. The Committee noted, however, that there was a default in payment to its investors, and it seems that goods were not physically available, which resulted in fraud done on or by the company and gross negligence on the part of the company's auditor. The Committee noted that there is no mention of fraud in the Respondent's report.
- 9.8 The Committee, looking into the failure of the Respondent in the detection of fraud vis-à-vis the fact that the Respondent himself asked the management not



to rely on his financial statements, was of the view that this act on the part of the Respondent proves that he was also worried about the quality of the audit conducted by him. This act also raises questions, even in the eyes of the respondent, about the entire scope of the audit performed by him, including the true and fair view of the financials and Audit Report. The Committee noted that this act of the Respondent, overrides all acts of due diligence that may have been performed by him in his assignment.

- 9.9 The Committee in its considered view, decided to hold the Respondent guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 on this charge also.

CONCLUSION

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

Charges (para ref.)	Findings (para ref.)	Decision of the Committee
2 (i)	8 to 8.14	Guilty - Item (7) of Part I of the Second Schedule
2 (ii)	9 to 9.8	Guilty - Item (7) of Part I of the Second Schedule

11. The Committee, accordingly, in its considered opinion hold the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. (Dr.) DEBASHIS MITRA)
PRESIDING OFFICER

Sd/-
(MRS. RANI NAIR, I.R.S., RETD.)
GOVERNMENT NOMINEE

Sd/-
(SHRI ARUN KUMAR, I.A.S., RETD.)
GOVERNMENT NOMINEE

Sd/-
(CA. RAJENDRA KUMAR P)
MEMBER

Sd/-
(CA. COTHA S SRINIVAS)
MEMBER

DATE: 11.02.2023
PLACE: New Delhi

सही प्रतिस्तिपि होने के लिए प्रमाणित
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मोहित कुमार / MOHIT KUMAR
कार्यकारी अधिकारी / Executive Officer
अनुशासन विभाग / Disciplinary Directorate
एन.ए.सी. भवन (M. 98033862), Mumbai
The Institute of Chartered Accountants of India
Incorporated under the Companies Act, 1956

Shri Uma Shankar Bhartiya, Noida -Vs- CA. Mukesh



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[PR-228/2013-DD/224/2013/DC/494/2016]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

[PR-228/2013-DD/224/2013/DC/494/2016]

In the matter of:

Shri Uma Shankar Bhartia,
Director, M/s IGL Finance Ltd.,
Plot No. 2B, Sector 126,
Distt. Gautam Budh Nagar,
Noida-201 304

.....Complainant

Versus

CA. Mukesh Punamchand Shah (M. No.033862)
M/s Mukesh P. Shah & Co.
Chartered Accountants,
602, 6th Floor, Express Chamber,
Opp. Natraj Studio Zone-3,
A.K. Road, Andheri (East),
Mumbai-400 069

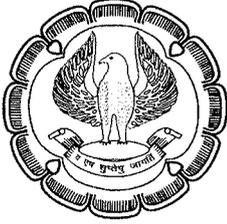
.....Respondent

MEMBERS PRESENT:

1. **CA. Ranjeet Kumar Agarwal, Presiding Officer** (Present in person)
2. **Mrs. Rani Nair, I.R.S. (Retd.), Government Nominee** (Present in person)
3. **Shri Arun Kumar, I.A.S. (Retd.), Government Nominee** (Present in person)
4. **CA. Sanjay Kumar Agarwal, Member** (Present in person)
5. **CA. Sridhar Muppala, Member** (Present through video-conferencing mode)

DATE OF MEETING : 28.03.2023 (Through Physical/ Video Conferencing Mode)

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 11.02.2023, the Disciplinary Committee was, inter-alia, of the opinion that **CA. Mukesh P. Shah (033862)**, (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[PR-228/2013-DD/224/2013/DC/494/2016]

2. The Committee noted that the Respondent was the statutory auditor of the Indian Bullion Market Association Limited (hereinafter referred to as the “**IBMA/Company**”), and he had audited and submitted his report for the Financial Year ending on 31st March 2011, 31st March 2012, and 31st March 2013. the charges against the Respondent with respect to the audit of F.Y. 2012-13 were as follows:

2.1 The Respondent failed to properly assess the adequacy of internal control procedures that were commensurate with the size of the Company and the nature of its business.

2.2 The Respondent failed to detect fraud in respect of default in payment to investors.

3. The Committee noted that the Respondent was present through Video Conferencing Mode through BKC office of ICAI, Mumbai. The Committee noted that the Respondent relied upon his written submission dated 9th March 2023 and supplementary written submissions dated 24th March, 2023. The Committee noted that the Respondent in his written and oral submissions before it, had, inter-alia, mentioned as under:

3.1 That the assumption of fraud by or on the company is incorrect in so far as no fraud has taken place. Fraud had taken place at the holding company level of NSEL and not at the auditee company level. Hence, the question of reporting adversely on the issue of fraud did not arise. Further, detection of fraud is not the responsibility of the statutory auditor. So, fraud at NSCL cannot be equated with fraud at IBMA.

3.2 Large number of subsequent developments, subsequent events and findings etc. had taken place at the holding company level i.e. National Spot Exchange Limited. Now that has necessitated the withdrawal of the audited financial statements of NSEL which is the holding company. Accordingly, the management of IBMA also felt it necessary to amend the financial statement of the company, and hence the auditor had no choice but to accept the request of the auditee company and extend the audit procedures as prescribed into SA 560.

3.3 The Respondent pleaded for sympathy and a lenient view into the matter and urged the Committee not to levy any penalty more than a reprimand or token penalty in the matter as he has already suffered huge loss of professional assignments of all regulated entities, and that itself is a sufficient penalty in the last 10 years.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[PR-228/2013-DD/224/2013/DC/494/2016]

4. The Committee, while considering his oral and written submissions on record, noted that the Respondent failed in the detection of fraud, and he himself asked the management not to rely on his financial statements. The Committee was of the view that this act on the part of the Respondent proves that he was also doubtful about the quality of the audit conducted by him. The Committee noted that it has already been established that the Respondent was negligent while performing his professional assignments and failed to exercise his professional scepticism.

5. Accordingly, the Committee, looking into the gravity of the charge *vis-a-vis* submissions of the Respondent, decided to give a reasonable punishment to the Respondent in the instant matter.

6. Therefore, keeping in view the facts and circumstances of the case, material on record, and submissions of the Respondent before it, the Committee ordered that the name of the Respondent i.e., CA. Mukesh P. Shah (033862), be removed from the Register of members for a period of 01(One) Year. This punishment shall run concurrently with the punishment given to him in cases no. [PR-214/13-DD/207/2013, PR-212/13-DD/222/13 (clubbed) and PR-215/13-DD/216/13 (clubbed), DD/253/13 (clubbed)/DC/431/15] and [PPR/P/44/2014/DD/76/INF/14-DC/769/2018].

sd/-

(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

sd/-

(MRS. RANI NAIR, I.R.S. RETD.)
GOVERNMENT NOMINEE

sd/-

(SHRI ARUN KUMAR, I.A.S. RETD.)
GOVERNMENT NOMINEE

sd/-

(CA. SANJAY KUMAR AGARWAL)
MEMBER

sd/-

(CA. SRIDHAR MUPPALA)
MEMBER

सही प्रतिलिपि होने के लिए प्रमाणित
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सीए श्रुति वर्मा / CA Shruji Garg
सहायक निदेशक / Assistant Director
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विद्यास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vidyaas Nagar, Shahdara, Delhi-110032

DATE: 13th MAY, 2023

PLACE: NEW DELHI