

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- 214/13-DD/207/2013/DC/431/14  
PR-212/13-DD/222/13 (Clubbed), and  
PR-215/13-DD/216/13 (Clubbed)

In the matter of:

**Shri Uday Punj,**  
55, Sultanpur Farms,  
NEW DELHI – 110 030

....Complainant

**Versus**

**CA. Mukesh P. Shah .... (M.N.033862),**  
M/s. Mukesh P. Shah & Co.,  
Chartered Accountants,  
12, Damodar Niwas, 2<sup>nd</sup> Floor,  
32/34, C.P. Tank Road,  
MUMBAI – 400 004

.....Respondent

MEMBERS PRESENT:

1. CA. (Dr.) Debashis Mitra, Presiding Officer (Present through VC)
2. Mrs. Rani Nair, I.R.S. (Retd.), Government Nominee (Present through VC)
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)**

PARTIES PRESENT

**Respondent** : CA. Mukesh P Shah

**Counsel for Respondent** : Shri S G Gokhale



**CHARGES IN BRIEF:-**

1. While going over the charges levelled against the Respondent in the Prima Facie Opinion of the Director (Discipline), the Committee noted that a total of 15 charges were levelled against the respondent, and out of those 15, the Respondent was held Not Guilty in respect of 12 charges. Accordingly, the Committee decided not to consider those charges. With respect to the following remaining 3 charges, the Respondent was held prima facie Guilty of Professional Misconduct falling within the meaning of Clauses (5), (6) & (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949:-
  - i) The Respondent has neither given any break-up of this Settlement Fund nor verified and commented upon it in the auditors' report.
  - ii) The Respondent had wrongly disclosed that the NSEL is regulated spot exchange, whereas as per information in the media it is not governed by any of the regulators.
  - iii) The Respondent failed to justify the drop in contribution to Security Guarantee Fund and failed to comment on the same as Security Guarantee Fund was not commensurate with the size of the business of the Company.

**BRIEF FACTS OF THE PROCEEDINGS:**

2. In respect of hearing, the Committee noted that on the day of hearing held 27<sup>th</sup> December, 2022, the Complainant was not present and no prior intimation was received from the Complainant in respect of notice of hearing sent to him for appearance before the Disciplinary Committee. The Respondent and his Counsel, Shri S. G Gokhale, Advocate were present at BKC office of ICAI at Mumbai. Thereafter, the Counsel of the Respondent made his submissions on the merits of the Case. During the course of the hearing, the Committee also posed questions to the Respondent. The Committee, after consideration of the same, decided to adjourn the case to 29<sup>th</sup> December 2022.



The Committee noted that 29<sup>th</sup> December 2022 the hearing in this matter was adjourned due to paucity of time.

4. On the day of the final hearing held on 16<sup>th</sup> 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 asked the Respondent/ his Counsel to submit their defence, to the extent not submitted earlier. On the same the Counsel of the Respondent submitted that he has nothing further to add. Accordingly, the Committee decided to conclude the hearing in the instant case.

### **FINDINGS OF THE COMMITTEE**

5. The Committee noted that the first charge is that the Respondent has neither verified, commented on, nor given any breakup of the settlement fund of Rs. 706.90 crores as mentioned in Note 39 of the audit report (Page C-30 of the prima-facie opinion).
- 5.1 The Committee noted that the Respondent in his submissions dated 9<sup>th</sup> December, 2015 submitted his detailed further written statement, stating as under:-
- (a) NSEL had commenced spot exchange activity in F.Y. 2008-09. Such activity was carried out in accordance with the Forward Contract Regulation Act (FCRA). The Company was granted exemption from registration as per the notification dated 05.06.2007. The activity was commenced in F.Y. 2008-09.
- (b) As per the bye-laws of the Company, it was considered necessary to have the minimum corpus of the Settlement Guarantee Fund (SGF) at Rs.1 crore and which shall stand suitably increased from time to time as the Board of the Company may decide.
- (c) The Company had adhered to such requirement of minimum corpus of Rs.1 crore before commencement of the spot trading activity in F.Y. 2008-09. The




details of accumulation of such corpus were verified for the year 2008-09. The SGF consisted of cash margin received from members & security deposit as also bank FDR forming part of SGF (Page no.130-142 of the Respondent's Further Written Statement). Incidentally, his firm were statutory auditors for F.Y. 2008-09 and the same was verified by them.

- (d) In the absence of any default or deficiency in the minimum corpus requirement, the same was not required to be disclosed separately. For F.Y. 2009-10 to F.Y. 2011-12, M/s. S.V. Ghatalia & Associates, Chartered Accountants were the statutory auditors for the Company. They had not reported any discrepancy in adherence to the requirement of minimum corpus for the periods audited by them.
- (e) The Respondent stated that when the Company are trading in commodities, it is required to collect the margin and Security Deposit from the members. In case of agricultural produce, some cess is payable to APMC (Agricultural Produce Market Committee). For that, APMC wants the Company to have some security. For that, they have a separate Security Guarantee Fund, which is appearing in the financial statements.
- (f) As a part of APMC's requirement for SGF, they had given a separate note for SGF to clarify SGF for the limited purpose of APMC, and there was no violation in maintaining SGF as required by bye laws as per the industry norms.
- (g) That his firm was reappointed as statutory auditors for F.Y. 2012-13. Since the Company had adhered to such minimum corpus requirement of SGF for members, the same was considered as sufficient compliance to the requirements of Bye-laws (clause 12.1.3) and did not require any additional / adverse reporting by us as auditors.
- (h) As per the format of balance sheet (Schedule VI), Security deposit in the form of cash collected from member are grouped under the head "Unsecured deposits" and cash margin collected from members are grouped under the head 'Other Current Liabilities'. The non-cash portion, consisting



of collaterals such as bank guarantee, securities and fixed deposit receipts received from members do not form part of the balance sheet. The purpose of providing for fund for members was to ensure smooth settlement of transactions in terms of value and delivery on spot exchange.

- (i) The accounting practice and methods of accounting followed by the Company, NSEL was verified by forensic auditors M/s. Grant Thornton India LLP at the request of the Regulator Forward Market Commission (FMC) in August, 2013. As per their observations on accounting policies, the forensic auditors had observed that *"the policies adopted by NSEL, for financial reporting purposes, appear appropriate and in line with industry norms in India"*. It is seen that the Company in F.Y. 2010-11 & F.Y. 2011-12 had shown a part of SGF as Settlement Guarantee Fund separately with a note.
- (j) The Company in F.Y. 2012-13 thought it appropriate to have two funds. One out of its own funds for APMC purpose and other out of funds from members. Since there was a change in method of accounting of SGF from members (terms as Settlement Fund (SF) for F.Y. 2012-13) & SGF from the profits of the Company SGF from profits of the Company was a voluntary SGF created out of own funds and for APMC purposes. SGF for members was meant for settlement purposes of members and was formed as stipulated in Bye laws of the Company (Clause 12.1.3).
- (k) Incidentally, funds from members were shown as Settlement Fund and funds from the profit of the Company were shown as SGF. The character of Settlement Fund was that of SGF from members and the same was clarified vide notes no.39 to the accounts. Since SGF from members (termed as SF) was always in excess of Rs. 1 crore from the commencement of business of spot exchange by NSEL, there was no separate requirement to report, in the absence of any short fall to such requirement. The amount of SGF from members was always in excess of Rs.1 crore.
- (l) In order to ensure compliance for separate SGF, as per requirement of APMCs, the Company had revisited the earlier practice of showing SGF out of members fund during the year F.Y. 2012-13 and had decided to create




SGF for APMC purposes out of profits/reserves of the Company w.e.f. F.Y. 2012-13. Settlement Guarantee Fund is an industry practice and is a concept.

(m) It is a method of disclosure of Settlement Fund available with the exchange in case of any default by any member. Since composition of such settlement Fund is not only few of the balance sheet items but also non balance sheet items and hence, it has to be understood accordingly. In order to ensure that there is no confusion by creating two SGF, SGF from members was stated that and disclosed as Settlement Fund (SF). In substance, full disclosures of all material facts were made. But It is the substance over form, which is material and relevant while evaluating the presentation of the information in financial statements.

5.2 The Committee noted that requirement of maintenance of Settlement Guarantee Fund (SGF) is given in Clause 12 of the Bye-laws of the Company which states as follows:

***"12. Settlement Guarantee Fund***

***12.1 The Exchange to maintain Settlement Guarantee Fund***

***12.1.1 The Exchange shall maintain Settlement Guarantee Fund in respect of different commodity segments of the Exchange for such purpose, as may be prescribed by the Relevant Authority from time to time.***

***12.1.2 The Relevant Authority may prescribed from time to time the norms, procedures, terms and conditions governing Settlement Guarantee Fund which may, inter-alia, specify the amount of deposit for contribution to be made by each member to the relevant Settlement Guarantee Fund, the terms, manner and mode of deposit or contribution, conditions of repayment of deposit or withdrawal of contribution from the Settlement Guarantee Fund, coverage and exclusion of SGF, charges for utilisation, penalties and disciplinary action for non-performance thereof.***

*8*

*Shri Uday Punj*

12.1.3 *The minimum corpus of the Settlement Guarantee Fund to be ensured before commencement of trading will be Rs. 1 crore, which will be suitably increased from time to time, as the Board may decide.*

**“12.2 Contribution to and Deposit with Settlement Guarantee Fund**

12.2.1 *Each member shall be required to contribute to provide a minimum security deposit, as may be determined by the Relevant Authority from time to time, to the relevant Settlement Guarantee Fund. The Settlement Guarantee Fund shall be held by the Exchange. The Money in the Settlement Guarantee Fund shall be applied in the manner, as may be provided in these Bye-Laws, Rules, Business Rules and Regulations of the Exchange and notices and orders issued thereunder from time to time.*

12.2.2 *The Relevant Authority may specify the amount of additional contribution or deposit to be made by each member and/or category of clearing members, which may, inter alia, include the minimum amount to be provided by each clearing member.*

12.2.3 *The Exchange shall, as a result of multi-lateral netting followed by it in respect of settlement of transactions, guarantee financial settlement of such transactions to the extent it has acted as a legal counter party, as may be provided in the relevant Bye-Laws from time to time.*

12.2.4 *The total amount of security deposit and additional deposit, maintained by a clearing member with the Clearing House of the exchange, in any form as specified herein, shall form part of the Settlement Guarantee Fund.*

12.2.5 *The amount deposited by any clearing member towards the security deposit shall be refundable, subject to such terms and conditions as may be specified by the Relevant Authority from time to time. Any amount deposited or paid by the clearing member may be refunded provided further that such*



*amount is in surplus and there is no actual /crystallized or contingent liability or a claim from any client or clearing bank to be discharged by the clearing member."*

- 5.3 From the above, the Committee noted that it is clear that there is a requirement for maintaining a settlement guarantee fund in respect of different commodity segments of the Exchange for such purposes, as may be prescribed by the relevant authority from time to time. Further, the amount of the deposit or contribution to be made by each member to the relevant Settlement Guarantee Fund is specified by the relevant authority.
- 5.4 In respect of the above charge, the Committee also noted that the Respondent stated that he was an auditor of the company for the financial years 2008-09 and 2012-13. And as per his submissions, two SGFs were separately maintained by the company. One was the Settlement Guarantee Fund in terms of the requirement of the bylaws of the company, and the second one was the Security Guarantee Fund in terms of the requirement of the Agricultural Produce Market Committee (APMC). Hence, as per the Respondent's view, separate bifurcation of SGF was properly given in the notes to accounts, and it was duly maintained by the company in excess of Rs. 1 crore.
- 5.5 The Committee further noted that, as per Clause 12.3 of the Bye-laws, contributions to the Settlement Fund were to be made in the form of either cash deposit receipts, bank guarantees, or in such other form as may be specified by the relevant authority. Hence, the Settlement Guarantee Fund consisted of cash deposits, the Bank Guarantee Fund, and other forms that constitute a major part of the Settlement Guarantee Fund. In view of the size of the Settlement Guarantee Fund, which was around 71% of the size of the Balance Sheet, and the requirement of maintaining the Settlement Guarantee Fund for different commodities as well, the bifurcation / break-up of the Settlement Guarantee Fund should have been given for the better understanding of the various stakeholders of the company.
- 5.6 Moreover, on perusal of the financial statement, it is observed that the Security Guarantee Fund was disclosed but the Settlement Guarantee Fund was not



disclosed separately. The said facts clearly indicate that the Respondent has not bothered to verify the details of the Settlement Guarantee Fund, and accordingly, he failed to give breakup of the Settlement Guarantee Fund. Accordingly, the Committee considered the Respondent to be not only grossly negligent in the conduct of his professional duties, but also failed to report material facts in his audit report. Therefore, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Items (5) & (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

6. The Committee noted that the second charge relates to a wrong disclosure by the Respondent that the NSEL is a regulated spot exchange, whereas, as per information in the media, it is not governed by any of the regulators.

6.1 The Committee noted that the Respondent in his submissions dated 9<sup>th</sup> December, 2015 submitted his detailed further written statement, stating as under:-

a) That it is the management's observation that the spot exchange was 'Regulated' is based on several supporting and facts. Such supporting and facts were relied upon by them.

b) That subsequent developments, various doubts and suspicion raised and public scrutiny do not decide if NSEL was regulated or not.

c) At the most, it can be a case of failure of regulatory authorities. The auditors cannot comment on the same.

6.2 The Committee in respect of above charge, on perusal of the Notes to the financial statements for the financial year 2012-13, observed that the Company has mentioned as under:-

*"National Spot Exchange is a pan India regulates electronic spot exchange offering trading in various agricultural, metals and Industrial commodities through its platform...."*



- 6.3 From the above notes, it appears that the Company was a regulated electronic spot exchange. However, it is observed that the Respondent failed to bring on record documentary evidence to show that the Company (NSEL) was a regulated entity and had taken any permission to do the business of spot exchange from any Government Authority / Agency.
- 6.4 The Committee observed that the company was dealing with various persons, including stock brokers, sub-brokers, godown owners, bankers, and the general public, and taking margin money from them as well; moreover, it was providing the service of spot exchange PAN India without getting registered with any government agency that may be keeping an eye on the business activity of the company.
- 6.5 Further, the provisions of SA-315 "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment", Para 11 reads as under:-

*"11. The auditor shall obtain an understanding of the following:*

- (a) Relevant industry, regulatory, and other external factors including the applicable financial reporting framework. (Ref: Para. A17-A22)*
- (b) The nature of the entity, including:*
- (i) its operations;*
  - (ii) its ownership and governance structures;*
  - (iii) the types of investments that the entity is making and plans to make, including investments in special-purpose entities; and*
  - (iv) the way that the entity is structured and how it is financed; to enable the auditor to understand the classes of transactions, account balances, and disclosures to be expected in the financial statements. (Ref: Para. A23-A27)*
- (c) The entity's selection and application of accounting policies, including the reasons for changes thereto. The auditor shall evaluate whether the*

*entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry. (Ref: Para. A28)*

*(d) The entity's objectives and strategies, and those related business risks that may result in risks of material misstatement. (Ref: Para. A29-A35)*

*(e) The measurement and review of the entity's financial performance. (Ref: Para. A36-A41)"*

6.6 Though the Respondent stated that FMC was a regulatory authority, the Respondent failed to establish the same with corroborative evidence. In the absence of such regulatory authority and registration with it, the possibility of fraud by the management cannot be denied, which the Respondent as auditor failed to point out in his audit report.

6.7 Hence, the Respondent appears to have accepted the view of the management of a regulated exchange without exercising due diligence and professional skepticism. Accordingly, keeping in view the above facts and requirements of SA – 315, the Committee decided to hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

7. The Committee noted that the third charge relates to the failure of the Respondent to justify the drop in contributions to Security Guarantee Fund and his failure to comment on the same as the Security Guarantee Fund was not commensurate with the size of the business of the Company.

7.1 The Committee noted that the Respondent in this regard stated as under:

- a. Nowhere in the entire financial statements, he had commented on the adequacy of Security Guarantee Fund.
- b. He has also not stated that the fund is commensurate with the size of the business of the Company.




- c. That the Complainant had not made distinction between Security Guarantee Fund (SF) and Settlement Guarantee Fund.
- d. Both the items were different and were properly clarified by him in note no.39 and 35 respectively.
- e. The previous year figure of Rs.64.66 lakh refers to SF which was apportioned out of the initial margin of the members and shown under current liability as per note no.10 & Note No.35 of previous financial statements.
- f. That while current year figure of Rs.84.66 lakhs was towards SGF which is apportioned out of reserves to the extent of Rs.66.66 lakhs and Rs.20 lakh out of current year's profit of the Company and shown under reserve and surplus note no.02 and note 35 of current financial statements.

7.2 The Committee observed that, though the Respondent tried to show that during the financial year 2012-13, an amount of Rs. 84.66 lakhs were apportioned out of reserves of the company, it was also observed that the company had written back last year's provisions of Rs. 64.66 lakh by transferring the same back to initial margin from members' accounts. As a result, it appears that only Rs. 20 lakhs were transferred to the Security Guarantee Fund during the financial year 2012-13, which does not appear to be proportional to the company's turnover.

7.3 It is also observed that the Security Guarantee fund was maintained to meet the exchange obligation towards members. Since it is the members who trade through the company (NSEL), the amount of the Security Guarantee Fund was supposed to increase in proportion to the amount of trades / commissions (turnover for NSEL), but it is observed that the turnover of the company increased almost six times, but the net amount transferred to the Security Guarantee Fund was reduced to Rs. 20 lakh from Rs. 66.84 lakh, which cannot be considered an appropriate amount and does not appear to have fulfilled the purpose for which the Security Guarantee Fund was created.

7.4 The Committee noted that the Respondent as an auditor should have pointed out the same in his audit report but he failed to do so. Accordingly, the Committee, in its considered view hold the Respondent Guilty of Professional



Misconduct falling within the meaning of Clauses (6) & (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

### CONCLUSION

8. 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
1 (i)	5 to 5.6	<b>Guilty</b> - Item (5) and (7) of Part I of the Second Schedule
1 (ii)	6 to 6.7	<b>Guilty</b> - Item (7) of Part I of the Second Schedule
1 (iii)	7 to 7.4	<b>Guilty</b> - Item (6) and (7) of Part I of the Second Schedule

9. The Committee, accordingly, in its considered opinion hold the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Items (5), (6) and (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

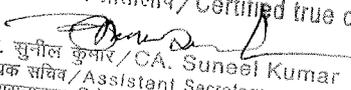
Sd/-  
(SHRI ARUN KUMAR, I.A.S. RETD.)  
GOVERNMENT NOMINEE

Sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

Sd/-  
(CA. COTHA S SRINIVAS)  
MEMBER

DATE: 11.02.2023  
PLACE: New Delhi

प्रमाणित सत्य प्रतिलिपि / Certified true copy

  
सीए. सुनील कुमार / CA. Suneel Kumar  
सहायक सचिव / Assistant Secretary  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032  
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**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

[PR- 214/13-DD/207/2013/DC/431/14, PR-212/13-DD/222/13 (Clubbed),  
and PR-215/13 DD/216/13 (Clubbed)]

**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- 214/13-DD/207/2013/DC/431/14,  
PR-212/13-DD/222/13 (Clubbed),and  
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**In the matter of:**

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....Complainant

**Versus**

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12, Damodar Niwas, 2<sup>nd</sup> Floor,  
32/34, C.P. Tank Road,  
**MUMBAI – 400 004**

....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 Items (5), (6), and (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.



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[PR- 214/13-DD/207/2013/DC/431/14, PR-212/13-DD/222/13 (Clubbed),  
and PR-215/13 DD/216/13 (Clubbed)]

2. The Committee noted that the charges against the Respondent were as follows:
  - 2.1 The Respondent has neither given any break-up of this Settlement Fund nor verified and commented upon it in the auditors' report.
  - 2.2 The Respondent had wrongly disclosed that the NSEL is a regulated spot exchange, whereas as per information in the media it is not governed by any of the regulators.
  - 2.3 The Respondent failed to justify the drop in contribution to the Security Guarantee Fund and failed to comment on the same, as the Security Guarantee Fund was not commensurate with the size of the business of the Company.
  
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 9<sup>th</sup> March 2023 and supplementary written submissions dated 24<sup>th</sup> March, 2023. The Committee noted that the Respondent in his written and oral submissions before it, had, inter-alia, mentioned as under:
  - 3.1 As regards the first charge and third charge, he submitted that he had verified both the components of the Settlement Guarantee Fund (SGF) and that the breakup of the SGF was not provided by the management in the notes to accounts, keeping in mind the voluntary nature of disclosure and materiality of the matter. This was in line with the parameter of materiality as per the framework for preparation and presentation of financial statements as suggested by ICAI in the year 2000.
  - 3.2 As regards the second charge that was in the domain of the company to disclose the notes. Such was not verified by him, and the disclosure is backed by a large number of evidence to show that it was a Spot Exchange, it was electronic, and it was available on a pan India basis. He submits that the mistake, if any, and submission, if any, were little and there was not any serious violation or a deliberate omission by the auditor with respect to any statutory compliances under any of the Act.
  - 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.
  
4. The Committee, while considering his oral and written submissions on record, noted that the Security Guarantee Fund was disclosed but the Settlement Guarantee Fund was not disclosed



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separately. The said facts clearly indicate that the Respondent has not bothered to verify the details of the Settlement Guarantee Fund, and accordingly, he failed to give breakup of the Settlement Guarantee Fund.

5. The Committee noted that the Respondent appears to have accepted the view of the management of a regulated exchange without exercising due diligence and clearly failed to exercise his professional scepticism. The Committee noted that it has already been established that the Respondent was negligent while performing his professional assignments.

6. 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.

7. 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 case no. [PR 228/13-DD/224/2013/DC/494/2016] 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/-

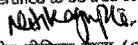
(CA. SANJAY KUMAR AGARWAL)  
MEMBER

sd/-

(CA. SRIDHAR MUPPALA)  
MEMBER

DATE: 13<sup>th</sup> MAY, 2023

PLACE: NEW DELHI

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सहायक निदेशक / Assistant Director  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
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