



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[PR/G/67/18-DD/70/18-DC/963/2018]

**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/G/67/18-DD/70/18-DC/963/2018**

**In the matter of:**

**Sh. Vinayak Bhat,  
Deputy Director,  
Directorate of Revenue Intelligence,  
Department of Revenue, Ministry of Finance,  
Mangalore Regional Unit,  
Bharathi Bhava, Bejai,  
MANGALORE – 575 004**

**.....Complainant**

**Versus**

**CA. Nandkishore Parshuram Redij (M. No. 036600)  
M/s N.P. Redij & Co.,  
Chartered Accountant,  
Unit No. 7, Thakkar Industrial Area,  
First Floor, Annexe 20,  
Champsji Bhimji Road, Mazagaon,  
MUMBAI – 400 010**

**.....Respondent**

**MEMBERS PRESENT:**

- 1. CA. Amarjit Chopra, Government Nominee**
- 2. CA. Rajendra Kumar P, Member**
- 3. CA. Pramod Kumar Boob, Member**

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 23.09.2019, the Disciplinary Committee was inter-alia of the opinion that **CA. Nandkishore Parshuram Redij (M. No. 036600)** (hereinafter referred to as the **Respondent**) was **GUILTY** of

Shri Vinayak Bhat, Deputy Director, Ministry of Finance, Mangalore -Vs.- CA. Nandkishore Parshuram Redij (M.No. 036600), Mumbai



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[PR/G/67/18-DD/70/18-DC/963/2018]

professional misconduct falling within the meaning of Clauses (7) & (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

2. That an action under Section 21B (3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and a communication dated 21<sup>st</sup> February, 2020 was sent to him thereby granting an opportunity of being heard in person and/or to make oral/ written representation before the Committee on 2<sup>nd</sup> March, 2020 at Delhi/Mumbai.

3. That **CA. Nandkishore Parshuram Redij** did not appear before the Committee on 2nd March, 2020. In his absence, the Committee has carefully gone through the facts of the case and perused the available documents on record.

4. The Committee looking into the gravity of the matter vis- a -vis negligence in Appendix 26A certification, was of the view that ends of justice will be met, if the punishment awarded to the Respondent is commensurate with the seriousness of the nature of misconduct.

6. Thus, 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. Nandkishore Parshuram Redij (M. No. 036600)** be removed from the register of members for a period of 06 (Six) months and further imposed fine of Rs. 25,000/- (Rupees Twenty five thousand) which shall be payable by him within a period of 60 days from the receipt of the Order.

Sd/-  
(CA. AMARJIT CHOPRA)  
GOVERNMENT NOMINEE

Sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

Sd/-  
(CA. PRAMOD KUMAR BOOB)  
MEMBER

DATE : 02/03/2020

PLACE : Delhi

Certified True Copy

Mukesh Kumar

Assistant Secretary

Disciplinary Directorate

The Institute of Chartered Accountants of India

IGAI Bhawan, I.P. Marg, New Delhi-110 002

Shri Vinayak Bhat, Deputy Director, Ministry of Finance, Mangalore -Vs.- CA. Nandkishore Parshuram Redij (M.No. 036600), Mumbai

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH-III (2019-20)]**

**[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/67/2018-DD/70/2018-DC/963/2018**

**In the matter of:**

**Sh. Vinayak Bhat,  
Deputy Director,  
Directorate of Revenue Intelligence,  
Department of Revenue, Ministry of Finance,  
Mangalore Regional Unit,  
Bharathi Bhava, Bejai,  
MANGALORE - 575 004**

**.....Complainant**

**Versus**

**CA. Nandkishore Parshuram Redij (M. No. 036600)  
M/s N.P. Redij & Co.,  
Chartered Accountant,  
Unit No. 7, Thakkar Industrial Area,  
First Floor, Annexe 20,  
Champsi Bhimji Road, Mazagaon,  
MUMBAI - 400 010**

**.....Respondent**

**Members Present :**

**CA. Prafulla Premsukh Chhajed, Presiding Officer  
Smt. Anita Kapur, Member (Govt. Nominee)  
Shri Ajay Mittal, IAS (Retd.), Member (Govt. Nominee)  
CA. Manu Agrawal, Member**

**Date of Final Hearing: 21<sup>st</sup> August, 2019**

**Place of Final Hearing: Mumbai**

**Parties Present :**

**(i) CA. Nandkishore Parshuram Redij - Respondent**

✓ (P)

1. **Sh. Vinayak Bhat, Deputy Director, Directorate of Revenue Intelligence, Mangalore** (hereinafter referred to as the "**Complainant**") has filed complaint in Form 'T' dated 19<sup>th</sup> February, 2018 (**C-1 to C-42**) against **CA. Nandkishore Parshuram Redij (M. No. 036600), Mumbai** (hereinafter referred to as the "**Respondent**"). The background of the instant complaint as alleged by the Complainant is as under:-

1.1 That M/s Lucid Prints, Navi Mumbai (hereinafter referred to as the "**Company**") had imported offset printing machinery and accessories under EPCG Scheme during 2006 by availing concessional rate of 5% of Custom Duty provided under the scheme. As per the conditions of the relevant Customs Notification read with Foreign Trade Policy, the importer of capital goods had to fulfil export obligation, by exporting the products manufactured with use of capital goods imported, on FOB basis equivalent to eight times of duty saved on capital goods imported under EPCG scheme, within period of 8 years from the date of issue of licence or Authorization. The Complainant Department noticed that the Company in order to fulfil the export obligation had considered unrelated third party exports (of Exercise Note Books) of M/s Ridhhi Enterprises, Mumbai.

**Against the aforestated background, the allegations raised against the Respondent is as below:**

1.2 The Respondent had issued Appendix 26A certificate dated 16.07.2010 (**C-7 to C-8**) in favour of the Company without verifying the genuineness of export being claimed by the Company for fulfillment of export obligation while the alleged exports were third party export. It was further alleged by the Complainant Department that on reliance of the said certificate, the Company was issued Export Obligation Discharge Certificate (EODC) which resulted in revenue loss to the Government.

**Proceedings :**

2. At the outset, the Committee noted that the Respondent was present to appear before the Committee on 21<sup>st</sup> August, 2019. The Committee further noted that the Complainant-Department vide its letter dated 14<sup>th</sup> August, 2019, had stated that the

✓<sup>(M)</sup>

Committee might decide the matter on merits based on the documents available on record.

Accordingly, the Committee proceeded ahead in the matter. Since it was the first hearing, the Respondent was put on oath. Thereafter, the Committee asked the Respondent whether he wished the charges be read out or these could be taken as read. The Respondent stated that he was aware of the allegations raised against him and the same might be taken as read. On being asked as to whether he pleaded guilty, he replied that he did not plead guilty and opted to defend his case. Thereafter, the Respondent made his oral submission to defend his position. The Committee, thereafter, examined the Respondent in the matter.

**Findings of the Committee:**

3. The Committee noted that the allegation against the Respondent was that he had issued Appendix 26A certificate dated 16.07.2010 (C-7 to C-8) in favour of the Company without verifying the genuineness of the exports being claimed by the Company for fulfillment of export obligation while it included third party exports. The abstract of relevant Certificate are reproduced below:

*“IV. I/We hereby certify that shipping bills contains the relevant EPCG Authorization Number 0330012732/5/11/00 and dated 28.07.2006 have been verified, in respect of specific export obligation. If the Shipping Bill does not contain EPCG Authorization Number and Date, the documents as per Policy Circular No. 7/2002 are to be submitted.”*

It was further alleged by the Complainant Department that on reliance of the said certificate, the Company was issued Export Obligation Discharge Certificate (EODC) which resulted in revenue loss to the Government.

4. The Committee noted that the Respondent in his Written Statement had stated that the Company produced copies of necessary documents in support of the proof of export such as Shipping Bill, Invoice, Delivery Challan and a Certificate from M/s Dangi & Associates, Chartered Accountants of the party to whom the third party supply was made. He also stated that on

✓ (M)

the basis of documents produced and reliance placed on the fellow professional certifying the ultimate export being made, there were no grounds for suspicion for a possible impression that exports were not actually made. He further contended that when fraud or collusion takes place, even a diligent professional might fail to see through the scheme or the manner in which transactions structured.

5. However, from the information available on record, it was noted that the Respondent had submitted the following in statement on Oath dated 28.03.2016 **(C-9 to C-18)**:
- a. That he had issued certificate in Appendix 26 and 26A dated 22.06.2006 and 16.07.2010 respectively relating to EPCG authorisation **(Ques 3 on C-10)**. He further submitted that as per records the Company had fulfilled the export obligation in respect of said EPCG authorization.
  - b. He submitted that the Company made only local sales after printing and did not effect any direct exports or deemed exports/merchant exports (Ques 6 on C-12).
  - c. In response to question no. 8 **(C-13)** he submitted that as per books of accounts audited by him for F.Y. 2006-07 to 2012-13 no goods had been sent by the Company to M/s Riddhi Enterprises. It was further admitted by him that it appeared that no production process was undertaken at Company in respect of exported goods and entire production/manufacturing was undertaken by M/s Riddhi enterprises and subsequently exported. It was also submitted by the Respondent that there was no inflow or outflow of money/ consideration between the Company and M/s Riddhi Enterprises in respect of supply of goods.
  - d. In reply to question no. 13 **(C-15)** he submitted that goods mentioned in shipping bill were produced by M/s Riddhi Enterprises.
  - e. In response to question no. 9 **(C-13)** he submitted that as per books of accounts, the Company had paid Rs. 4.77 lacs to M/s Riddhi Enterprises during F.Y. 2009-10 for endorsing their name (i.e. M/s Lucid Prints) and EPCG authorisation Number in the Shipping Bills of M/s Riddhi Enterprises in order to fulfil export obligation against EPCG authorization.
  - f. In response to question no. 12 **(C-15)** he submitted that the Company had not effected any direct exports against EPCG

authorization No. 0330012372 dated 28.07.2006. He was statutory auditor of the Company since long and hence he was under obligation to issue such certificate. He further submitted that he was made to understand that there was a provision in Foreign Trade Policy that third party exports can be counted towards redemption of EPCG authorisation under EPCG Scheme. Hence, he included the shipping bill of M/s Riddhi Enterprises.

- g. In response to question no. 14 **(C-16)** he submitted that he was under impression that said certificate was to fulfil the formality.
  - h. In response to question no. 16 and 17 **(C-16 and C-17)** he admitted about his mistake on part of Clause 1(b) and Clause II of the alleged Certificate.
  - i. In response to question no. 18 **(C-17)** he submitted that due to his misunderstanding he signed the certificate without going on the merits.
6. The Committee in this context viewed that a certificate is a written confirmation of the accuracy of the facts stated therein and does not involve any estimate or opinion and hence when a person issues a certificate he is responsible for the factual accuracy of what is stated therein. However, in the extant case, it was noted that certification given by the Respondent was not based on facts as no goods were produced by the Company with the use of capital goods imported. It was noted that Respondent had issued the certificate stating it to be in respect of specific export obligation, thereby aiding the Company to take undue advantage of EPCG Schemes by contravening the provisions of foreign trade policy and the relevant custom notifications and thereby causing loss to the exchequer. Accordingly, it was viewed that the Respondent had failed to exercise due diligence in carrying out his professional duties and was grossly negligent. The Respondent was thus held Guilty of the alleged misconduct.
7. The Committee noted that the Respondent had admitted to have issued the alleged certificate. He had not retracted from the statement made by him on oath as summarised in para 5, which clearly establishes that he did not exercise due diligence and was grossly negligent in conduct of his professional duties. Further, he failed to obtain sufficient information which was necessary for expressing opinion through Certificate. He did not look or verify any records that would establish fulfillment of export obligation. He submitted to have relied on certification of

V (A)

Dangi & Associates. The Committee perused the Certificate (W-33) and noted that it was 'Statement of Export for Redemption of EPCG Authorization' signed by the partner of Lucid Prints (W-32 to W-34) and certified by Dangi & Associates. It is further noted that the Statement which provide details of physical export specifically shows that all exports were third party exports. Accordingly, it was clear that the Respondent was certifying on the third party exports which were not eligible for fulfilling export obligation since no production was carried out by using capital goods imported to produce such exports. However, the Respondent certified fulfillment of export obligation which is reflective of lack of due diligence and gross negligence.

**Conclusion :**

8. Thus in conclusion, in the opinion of the Committee, the Respondent is GUILTY of Professional Misconduct in terms of Section 22 of the Chartered Accountants Act, 1949 read with Clauses (7) & (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

✓

Sd/-  
(CA. Prafulla Premsukh Chhajed)  
Presiding Officer

Sd/-  
(Anita Kapur)  
Member (Govt. Nominee)

Sd/-  
[Shri Ajay Mittal, IAS (Retd.)]  
Member (Govt. Nominee)

Sd/-  
(CA. Manu Agrawal)  
Member

**Date : 23<sup>rd</sup> September, 2019**

**Place : New Delhi**

Certified to be True Copy  
Mohite Khanna  
(Mohite Khanna)  
Assistant Secretary  
Disciplinary Directorate  
The Institute of Chartered Accountants of India