



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

[PR/91/16-DD/121/16-DC/829/18]

**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/91/16-DD/121/16-DC/829/18]**

**Shri Krishan Kumar,**  
Joint Development Commissioner,  
Ministry of Commerce & Industry  
Kandla Special Economic Zone,  
Gandhidham,  
Kutch – 370 230

**.....Complainant**

**Versus**

**CA. Ketan R. Bhanderi (M. No. 0125428)**  
M/s KRB & Company (FRN 130155W)  
209, Raj Laxmi Commercial Complex  
Opp. Sadhana Bhel  
Gondal Road  
**RAJKOT – 360 002.**

**.....Respondent**

**MEMBERS PRESENT:**

- 1. CA. Atul Kumar Gupta, Presiding Officer**
- 2. CA. Amarjit Chopra, Government Nominee**
- 3. CA. Rajendra Kumar P, Member**
- 4. CA. Pramod Kumar Boob, Member**

**DATE OF MEETING : 29.09.2020 (THROUGH Video Conferencing)**

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 10.02.2020 the Disciplinary Committee was inter-alia of the opinion that **CA. Ketan R. Bhanderi (M. No. 0125428)** (hereinafter referred to as the **Respondent**) was **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

CA. Ketan R. Bhanderi (M.No.125428):



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2. The Respondent was present before the Committee through video conferencing mode. On being asked about his submissions, he submitted that he has already submitted his written statement in response to the findings of the Committee and has nothing more to add to his submissions. The Committee perused his written submissions dated 09th March, 2020 wherein he, inter-alia, submitted that he agreed with the decision of the Hon'ble Disciplinary Committee and assured the august body that he would be more vigilant in the future in his professional assignments. Further, he submitted that there was no ill-intention behind the certificate in question being issued by him and it was just a matter of interpretation of APR rules. Therefore, he requested the Committee to take a lenient view while considering his case for awarding the punishment.

3. The Committee noted that in the instant matter, despite availability of the audited Balance Sheet, he issued the certificate in question based on compilation of certain figures being certified by another professional. Moreover, it is also observed by the Committee that the Respondent did value the stock on "Cost Basis" as against the methodology already prescribed in AS-2 and therefore, it resulted into variation in the value of the stock in relation to the APR being issued. This action on the part of the Respondent also resulted into non-compliance with the requirements of the applicable Accounting Standard as well. Therefore, the Committee while looking into the matter, documents on record and the conduct of the Respondent, was of the opinion that the Respondent was grossly negligent while issuing the certificate in question and decided that the ends of justice can be met if reasonable punishment be given to him.

4. 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. Ketan R. Bhanderi (M. No. 0125428) be removed from the register of members for a period of 03 (Three) Months.

Sd/-  
**(CA. ATUL KUMAR GUPTA)**  
PRESIDING OFFICER

(approved and confirmed through e-mail)  
**(CA. AMARJIT CHOPRA)**  
GOVERNMENT NOMINEE

Sd/-  
**(CA. RAJENDRA KUMAR P)**  
MEMBER

(approved and confirmed through e-mail)  
**(CA. PRAMOD KUMAR BOOB)**  
MEMBER

CA. Ketan R. Bhanderi (M.No.125428):

Certified to be true copy

*Jyotika*  
Jyotika Grover  
Assistant Secretary,  
Disciplinary Directorate

CONFIDENTIALDISCIPLINARY COMMITTEE [BENCH – II (2019-2020)][Constituted under Section 21B of the Chartered Accountants (Amendment) 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-91/2016/DD-121/16/DC/829/18]In the matter of:

**Shri Krishan Kumar**  
Joint Development Commissioner  
Ministry of Commerce & Industry  
Kandla Special Economic Zone  
Gandhidham,  
KUTCH – 370 230

.....Complainant

Versus

**CA. Ketan R. Bhanderi(M. No. 0125428)**  
**M/s KRB & Company (FRN 130155W)**  
209, Raj Laxmi Commercial Complex  
Opp. Sadhana Bhel  
Gondal Road  
RAJKOT – 360 002

.....Respondent

MEMBERS PRESENT:

**CA. Atul Kumar Gupta, Presiding Officer**  
**CA. Amarjit Chopra, Member (Govt. Nominee)**  
**CA. Rajendra Kumar P, Member**  
**CA. Chandrasekhar Vasant Chitale, Member**

DATE OF FINAL HEARING : 04.09.2019

PLACE OF FINAL HEARING : ICAI Tower, Mumbai

PARTIES PRESENT:

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Shri Krishan Kumar, Joint Development Commissioner, Kandla SEZ Gandhidham, Kutch Vs. CA. Ketan R. Bhanderi







Thereafter the Committee sought whether he wishes to proceed with his defence. The Respondent's Counsel presented the defence on his behalf. After considering the oral defence and all papers available on record, the Committee decided to proceed with the matter.

### Findings of the Committee

5. On perusal of the facts, the Committee noted that the main allegation on the Respondent relates to reporting of Net Foreign Exchange Earning [NFE] in the "APR" as required in Chapter VI of DGFT. The said Chapter VI defines the Net Foreign Exchange Earning [NFE] is defined as under:-

*"EOU / EHTP / STP / BTP unit shall be a positive net foreign exchange earner. NFE earnings shall be calculated cumulatively in the block period as per para 6.5 of FTP, according to the formula given below:-*

$$\text{Positive NFE} = A - B > 0$$

*Where 'NFE' is Net Foreign Exchange;*

*'A' is FOB value of exports by EOU / EHTP / STP / BTP unit and*

*'B' is sum total of CIF value of all imported inputs and CIF value of all imported capital goods, and value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings / high sea sales during first five year period or any other charges.*

*It will also include payment made in Indian Rupees on high sea sales.*

*"Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials".*

6. The Committee also observed that the difference between two APR issued by the Respondent and the other professional is mainly due to the value of opening and closing stock being considered on different methodology for valuation. The Respondent submitted that there is no difference in production quantity, value of import and value of export during the alleged period and the difference between two APR issued was mainly because of adoption of different method of valuation and currency exchange rate.
7. The Committee noted submission of the Respondent that he relied upon the figure of loss certificate and solely based on that the Respondent issued alleged APR. The Committee also noted that rather relying only on the certificate





pertaining to the previous year the Respondent was having access to the audited financial accounts. The amount declared in audited financial statements is completely different. It is the duty of the Respondent to rely upon figures in the audited financial statements rather than previous year's certificate.

8. On this particular aspect, the Committee reviewed the methodology adopted by the Respondent and found that the valuation done on the "Cost basis" is not a correct methodology as per Accounting Standard-2 – "Valuation of inventory" where it has been stated that "inventory should be valued at the lower cost and net realisable value". This has resulted in erroneous reporting and also resulted in non-compliance of Accounting Standards and further, the variation is also not reported.

**Conclusion**

9. Thus, upon consideration of all facts, circumstances, record and law, in terms of the reasoning as above, the Committee is of the view that the Respondent is grossly negligent in performing his duties. Thus, in the considered opinion of the Committee is of the view that the Respondent is held **GUILTY** in under Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

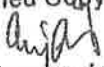
  
Sd/-  
(CA. ATUL KUMAR GUPTA)  
PRESIDING OFFICER

Sd/-  
(CA. AMARJIT CHOPRA)  
GOVERNMENT NOMINEE

Sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

Sd/-  
(CA. CHANDRASEKHAR VASANT CHITALE)  
MEMBER

DATE: 10-02-2020  
PLACE: New Delhi

Certified Copy -  
  
Ajay Kumar Jain  
Deputy Secretary  
Disciplinary Directorate  
The Institute of Chartered Accountants of India  
ICAI Bhawan, I.P. Marg, New Delhi-110 002

