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-II (2026-2027)]
[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/225/2018/DD/238/2018/DC/1748/2023]
In the matter of:

Brigadier H. P. Singh (Director),
M/s Ajanta Techagro Land Development Pvt. Ltd.
B-002, Palash 'A' & 'B'
Near Dutta Mandir, Wakad,
Pune – 411057 **....Complainant**

Versus

CA. Bhagyashree Sathe (M. No. 037396)
Partner of M/s D. V. Sathe & Co. (FRN 109302W)
Flat No 19, Building C,
Shirin Garden,
ITI Road, Aundh
Pune – 411007 **.....Respondent**

MEMBERS PRESENT:

1. **CA. Prasanna Kumar D, Presiding Officer**
2. **CA. Mahesh Shah, Government Nominee**
3. **CA. Satish Kumar Gupta, Member**
4. **CA. Hans Raj Chugh, Member**

DATE OF HEARING	**: 03rd October 2026**
DATE OF PRONOUNCEMENT OF ORDER	**: 03rd October 2026**
DATE OF ORDER	**: 03rd October 2026**

1. That vide Findings dated 29th August 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. Bhagyashree Sathe (M. No. 037396)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional and Other Misconduct falling within the meaning Item (7) of Part I of the Second Schedule and Item (2) of Part IV of the First 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 communication was addressed to her thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on **03rd October 2026.**

3. The Committee noted that on the date of hearing on **03rd October 2026**, the Respondent was present through VC and made verbal submissions on the findings of the Committee. An opportunity was given for the submission of written representation and the Respondent filed a response/submissions dated 18th September 2026. The Committee noted that the Respondent, in her verbal/written submissions, inter alia stated, as under: -

i The Respondent submitted that the same Complainant, Brigadier H. P. Singh, had earlier filed a complaint arising from the same engagement and dispute with M/s Ajanta Techagro Land Development Pvt. Ltd. The Board of Discipline, by order dated 15th June 2023 in Ref. No. PR/104/19/DD/160/2019, had held her not guilty of Other Misconduct under Clause (2) of Part IV of the First Schedule and closed the complaint.

ii she submitted that the Second Charge is the same charge arising from the same relationship and facts, and no material new fact had arisen after the said order. The subsequent Section 138 proceedings under the Negotiable Instruments Act were initiated by her against the Complainant due to dishonour of the cheque issued by the Complainant towards settlement of fees. Therefore, she requested reconsideration and setting aside of the Findings on the Second Charge.

iii The Respondent submitted that the delay in TDS compliance was attributable to both the Complainant and herself, and that the liability attributable to her was borne from her own funds. She had voluntarily paid Rs. 13,710 towards TDS-related defaults for the period 2012 to October 2017.

iv She submitted that the incorrect selection of Section 194-I instead of Section 194C in Q2 of FY 2017-18 was an inadvertent, one-time clerical error and not deliberate. She derived no pecuniary benefit and bore the resultant interest and penalty herself.

v She relied upon the Agreement of Settlement dated 31st October 2018, stating that the issues relating to TDS penalties and interest for the period 2012 to 31st October 2017 were resolved and that she had reviewed the defect in the A.Y. 2017-18 return and furnished the revised computation and XML file to the Complainant on 30th October 2018.

vi She submitted that she could not herself e-file the revised return because the Company's/Director's digital signature had expired in October 2017. Accordingly, she provided the revised computation and XML file to the Complainant for e-filing. She stated that, under the Agreement of Settlement, responsibility for payment and e-filing thereafter lay with the Complainant/Company.

vii She submitted that, as also recorded in paragraphs 7.18 and 7.19 of the Findings, all data, records and TDS challans were ultimately handed over to the Complainant by pen drive. According to her, the dispute was only regarding the timing of handover and not whether the records were eventually handed over.

viii The Respondent stated that she had understood, in good faith, that an auditor could exercise a lien over client books and documents for unpaid professional fees.

ix She acknowledged the Committee's finding that such lien should not be exercised in a manner that obstructs statutory compliance, but submitted that her reliance on the concept of lien demonstrated that there was no mala fide intention.

x She also relied upon the Company's income-tax assessment for A.Y. 2015-16 under Section 143(3), which resulted in assessed income of Rs. (-)45,411 and effectively NIL demand, subject to a minor disallowance of Rs. 12,037, as an illustration of her conduct in handling the Company's tax matters.

xi The Respondent submitted that non-payment of professional fees does not prevent a Chartered Accountant from taking lawful and reasonable steps to protect her professional and financial interests.

xii She further submitted that, under the notarised Agreement of Settlement, the Complainant had undertaken to withdraw the complaint and not initiate fresh proceedings arising from the same matter. According to the Respondent, the Complainant nevertheless continued with the complaint, which, she submitted, should be considered while assessing the allegations.

xiii In view of the Company's independent access to its statutory credentials, the expired DSC, eventual return of all records, absence of mala fide intention, voluntary rectification, technical nature of the lapses, long and otherwise unblemished professional record, and cooperation with the proceedings, the Respondent requested reconsideration of the Findings on the Second Charge.

4. In respect of submissions of the Respondent, the observations of the Committee are as follows:

i The two cases, namely Case Ref. No. PR/104/19/DD/160/2019 and Case No. PR/225/2018/DD/238/2018/DC/1748/2023, are distinct cases and involve different allegations. In Case Ref. No. PR/104/19/DD/160/2019, the allegation was in respect of breach of trust, and there was no corroborative evidence on record to establish misconduct on the part of the Respondent. However, other case pertains to failure to discharge professional duty. Therefore, the findings in the said case cannot be compared with or applied to the allegations involved in the present case, DC/1748/2023.

ii As per the authoritative decision of the Ethical Standards Board of ICAI, a Chartered Accountant cannot exercise a lien over a client's documents, accounting records, or statutory portal credentials for non-payment of professional fees. The Committee noted that general academic extracts or study materials do not override the binding guidelines of the Ethical Standards Board.

5. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal and written submissions of the Respondent. The Committee noted that the issues/ submissions made by the Respondent as aforestated have been dealt with by it at the time of hearing under Rule 18.

6. Thus, keeping in view the facts and circumstances of the case, material on record including verbal and written submissions of the Respondent on the Findings, the Committee observed that the first charge, a demand of Rs. 1,14,532.50/- was raised against the Company due to short deduction, delay in TDS payment and late filling of returns by the Respondent Firm. The Committee noted that the Respondent admitted that there had been delay in filing TDS returns and that an amount of approximately Rs.13,710/- had been paid by her towards TDS-related defaults on behalf of the Complainant. The Respondent failed to exercise due diligence in relation to deduction and deposit of TDS and in ensuring timely statutory compliance.

7. With regard to second charge the Respondent Firm refused to hand over the Accounting Records (Tally Data), TDS challans, Digital Signature Token and User id & password of Income Tax Department and Traces pertaining to the Complainant. The Committee noted that the Respondent's own submissions establish that the records and credentials were retained for few months and were released only upon execution of the Agreement of Settlement. The retention of such records had the effect of restricting the Complainant's access to its financial and statutory information and thereby adversely affected its ability to carry on its affairs independently. Hence, the Professional and Other Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 29th August 2026 which is to be read in consonance with the instant Order being passed in the case.

8. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to her in commensurate with her Professional and Other Misconduct established against her.

9. **Thus, the Committee, keeping in view the facts and circumstances of the case, material on record and representation of the Respondent before it, ordered that CA. Bhagyashree Sathe (M. No. 037396), Pune be Reprimanded and also imposed a fine of Rs.50,000/-(Rupees Fifty Thousand only) upon her, which shall be paid within a period of 60 (sixty) days from the date of receipt of the order.**

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

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
चरण सिंह / Charan Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / 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 – II (2026-2027)]
[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/225/2018/DD/238/2018/DC/1748/2023]

In the matter of:

Brigadier H. P. Singh (Director),
M/s Ajanta Techagro Land Development Pvt. Ltd.
B-002, Palash 'A' & 'B'
Near Dutta Mandir, Wakad,
Pune – 411057 **.....Complainant**

Versus

CA. Bhagyashree Sathe (M. No. 037396)
Partner of M/s D. V. Sathe & Co. (FRN 109302W)
Flat No 19, Building C,
Shirin Garden,
ITI Road, Aundh
Pune – 411007 **.....Respondent**

MEMBERS PRESENT:
CA. Prasanna Kumar D, Presiding Officer (in person)
CMA Chandra Wadhwa, Government Nominee (in person)
CA. Mahesh Shah, Government Nominee (in person)
CA. Satish Kumar Gupta, Member (in person)
CA. Hans Raj Chugh, Member (in person)

DATE OF FINAL HEARING : 27th March 2026
DATE OF DECISION TAKEN : 25th July 2026
DATE OF PRONOUNCEMENT OF DECISION : 29th August 2026

PARTY PRESENT:
Respondent- CA. Bhagyashree Sathe (Through VC)
Counsels for the Respondent- Adv. Saurabh Kokane (Through VC)
Adv. Prasad Sapte (Through VC)
Complainant- Brigadier H. P. Singh (Through VC)

1. **Background of the Case:**

The Respondent Firm is engaged in the audit of **M/s Ajanta Techagro Land Development Pvt. Ltd.** (hereinafter referred to as **Company**) along with entries of "tally-data", depositing of TDS, Income Tax and Professional Taxes and filling of various returns pertaining to the Company since 2012.

2. **Charges in brief:**

2.1 A demand of Rs. 1,14,532.50/- was raised against the Company due to short deduction, delay in TDS payment and late filling of returns by the Respondent Firm.

2.2 The Respondent Firm refused to hand over the Accounting Records (Tally Data), TDS challans, Digital Signature Token and User id & password of Income Tax Department and Traces pertaining to the Complainant.

3. **The relevant issues discussed in the Prima facie opinion dated 24th January 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

3.1 Regarding the **first allegation** as mentioned in para 2.1 above, it was noted that the Respondent in her written statement had clearly brought two reasons for the said demand incorrect selection of section i.e., 194IC (10%) instead of 194C (1%) in Q2 of financial year 2017-18 and balance liability arising on account of delay that had occurred on the part of her as well as the Complainant. It was further noted that the liability arising on account of delay on the part of the Respondent was also borne by her. Hence, it was viewed that there was no malafide on the part of the Respondent for the delay that had occurred. However, incorrect selection of Section of the Act while filing the TDS return indicated negligence exercised by the Respondent. Hence, the Respondent was prima-facie **GUILTY** of Professional Misconduct within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

3.2 Regarding the **second allegation** as mentioned in para 2.2 above, the Complainant had not produced any documentary evidence to substantiate his allegation. Further, the Respondent had submitted that all the information had been shared with the Complainant as and when requested by the Complainant. However, on account of

non-settlement of the outstanding fees, the Respondent had submitted that she had a lien on the accounting data of the client and that it would be released as soon as the said outstanding dues would be paid.

3.3 It was viewed that a Chartered Accountant could not exercise lien over the client's documents/records for non-payment of his fees as per the decision of the Ethical Standard Board of ICAI, which was also available at https://www.icai.org/post/ethical-standards-board. Hence, the Respondent was prima-facie **GUILTY** of Other Misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

3.4 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 24th January 2023 held the Respondent Prima Facie **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule and Clause (2) of Part-IV of the First Schedule to the Chartered Accountants Act, 1949.The said Clauses of the Schedule to the Act, states as under:

Clause (2) of Part IV of the First Schedule

"A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

x x x x x x

"(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."

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-

x x x x x x

"(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties"

The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 10th April 2023. The Committee on consideration of the same, concurred with the reasons given against the charges and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the

Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule and Clause (2) of Part-IV of the First 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 'I' filed by the Complainant	25th June 2018
2.	Date of Written Statement filed by the Respondent	14th August 2018
3.	Date of Rejoinder filed by the Complainant	12th September 2018
4.	Date of Prima Facie Opinion formed by Director (Discipline)	24th January 2023
5.	Written Submissions filed by the Respondent after PFO	16th June 2023 27th March 2026 28th March 2026
6.	Documents filed by the Complainant after PFO	15th May 2023 22nd March 2026

5. **Written Submissions filed by the Respondent:**

5.1. The Respondent vide her letter dated 16.06.2023, inter-alia, made the submissions which are given as under: -

i. That after the pleadings, both parties entered into a Settlement Agreement dated 31st October 2018 before a Notary Public.

ii. That the Complainant had written, notarised, and addressed two letters dated 31st October 2018 to ICAI and the Ministry of Corporate Affairs, with a copy marked to the Income Tax Department, stating his intention to withdraw the Complaint.

iii. That the Complainant dishonoured a cheque issued towards payment of professional fees, resulting in proceedings under Section 138 of the Negotiable Instruments Act, 1881, which should also be taken into consideration.

5.2. The Respondent, vide her email dated 27.03.2026 and 28.03.2026, inter alia, made the following submissions: -

i. That the Complainant engaged another Chartered Accountant in September 2018 without obtaining a No Objection Certificate (NOC) from the Respondent and failed to pay the Respondent's professional fees.

ii. That the Criminal proceedings were initiated against the Complainant under Section 138 of the Negotiable Instruments Act due to the dishonour of a cheque issued towards payment of professional fees.

5.3. The Complainant vide letter dated 15th May 2023 and 22nd March 2026 submitted documents related to harassment and defamation by D. V. Sathe & Co.

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	09th June 2023	Part heard and adjourned. Oath taken by Respondent & Complainant.
2	27th March 2026	Hearing concluded and finding reserved.
3	25th July 2026	Decision taken

6.2. On the day of first hearing on 09th June 2023, the Committee noted that the Complainant was present through Video Conferencing Mode. The Committee further noted that the Respondent and her Counsel were also present through Video Conferencing Mode from their respective places. Both parties, i.e., Complainant and

the Respondent were administered on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges and charges against the Respondent 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. Thereafter, the Counsel of the Respondent sought extension for submission of his further written statement. The Committee, consideration of the same, granted 15 days' time to file the written statement with a copy to the Complainant. Thereafter, looking into the fact that this was the first hearing, the Committee decided to adjourn the hearing to a future date.

6.3. On the day of hearing on 27th March 2026, the Committee noted that the Complainant and Respondent along with his Counsel(s) were present through VC and appeared before it. Thereafter, the Committee noted that the case was part heard and the Respondent and the Complainant was already on oath. The Committee enquired from the Respondent that since the composition of the Committee had changed subsequent to the last hearing held on 09.06.2023 in this case, whether he wished to have a de-novo hearing by taking all submissions/representations already on record or may continue from the stage it was last heard. The Respondent as well as the Complainant submitted that the proceedings in the instant matter(s) be continued from the stage these were last heard.

As regards the first charge pertaining to a demand of Rs. 1,14,532.50/- raised against the Complainant's company due to short deduction, delay in TDS payment, and late filing of returns by the Respondent firm, the Counsel for Respondent stated that the delay was caused by a communication gap between the complainant and the firm, as the complainant failed to provide proper details for TDS payments. The Respondent stated that she had paid Rs. 13,710/- from their own funds to cover penalties and interest for defaults over the years. The Complainant countered that the Respondent firm had deducted TDS at an incorrect rate and delayed filing returns, leading to penalties and interest. The Complainant also stated that the Respondent failed to rectify the ITR for AY 2016-17, which contained errors.

As regards the second charge pertaining to the Respondent firm's refusal to hand over accounting records, tally data, and digital signature certificates (DSC) to the Complainant, the Respondent contended that all records, including tally data and DSC, were handed over as per the terms of the Agreement Of Settlement signed on October 31, 2018, and that the complainant had confirmed receipt of these records in the Agreement Of Settlement. The Complainant, however, stated that the Respondent withheld the documents for over a year, causing operational difficulties for the company. The Committee noted the submissions of the parties. Based on the documents and material available on record and after considering the oral and written submissions made by the Respondent, the Committee concluded the hearing in the matter and Findings was reserved.

6.4. At the meeting held on 25th July 2026, the Committee noted that the subject case was heard by it at length in the presence of the Complainant and the Respondent and the hearing was concluded at its meeting held on 27th March 2026 and the Findings was reserved. The Committee considered the material on record including submissions of the parties. The Committee deliberated in detail on the said case and took decision on the conduct of the Respondent.

7. Findings of the Committee: -

7.1 Before examining the merits of the case, the Committee noted that the Respondent, vide email dated 01st November 2018, had submitted a letter of withdrawal of the Complaint by the Complainant. Upon scrutiny of the said request, the Institute, vide email dated 14th December 2018, sought confirmation from the Complainant regarding withdrawal letter. In response thereto, the Complainant, vide email dated 18th December 2018, categorically stated that he did not intend to withdraw the Complaint. In view of the aforesaid facts and circumstances, the Committee noted that the Complainant had unequivocally expressed his desire to pursue the Complaint. Accordingly, in view of the facts, the Committee proceeded to consider the matter on merits.

7.2 The Committee observed that an Agreement Of Settlement dated 31st October 2018 had been executed between the Complainant and the Respondent. The Committee further noted that the said Agreement Of Settlement in which (Party No. 1 is

hereinafter referred to as the 'Respondent' and Party No. 2 is hereinafter referred to as the 'Complainant') was duly notarized. The relevant portion of the terms of the Agreement Of Settlement dated 31.10.2018, inter alia, reads as follows: -

5 *"All issues of penalties and interests levied due to delays related to TDS will be resolved for period from 2012 to 31 October 2017. Party no 1 has already paid an amount of Rs. 13710 on account of defaults relating to period 2012 to October 2017 on 30-10-2018 and the respective challans have been emailed to hpsingh6953@gmail.com. The defaults seen on Traces will be cancelled by Party no 1 after 3 days of payment of challans if the Party no 2 does not change its TRACES password."*

2 *"That Party No 1 has handed over the Tally data related to Party no 2 in its tally software by pen drive and if required by attaching and sending to official email id of Party no 2 hpsingh6953@gmail.com._*

3 *That the Party No 1 has handed over to Party No 2 the digital signature token which had expired in October 2017 And party no. 2 is confirming active digital signature is in their possession. That the Party no 1 gives undertaking for being responsible for any misuse of DSC of the Party No 2 during custody of Party 1 from 2011 to 14 October 2017.*

4 *Party no 2 has pointed out defect in ITR for A.Y. 2017-18 which has been reviewed by Party no 1 on 30-10-2018 and a revised computation and a xml file for revised ITR has been emailed to hpsingh6953@gman.com on 30-10-2018. This will be checked by Party no 2 with the Tally Data handed over by Party no 1 to Party no 2. Party no 2 may discuss the matter with IT department further if they so desire."*

7.3 The Committee noted that the Agreement of Settlement contained a specific clause stating that all issues of penalties and interests levied due to delays related to TDS will be resolved for the period from 2012 to 31st October 2017. The Committee further noted that the Respondent had admittedly paid an amount of Rs. 13,710/- towards defaults relating to the said period and had undertaken to remove the defaults appearing on the TRACES portal as per the Agreement of Settlement.

7.4 The Respondent has relied upon the Agreement of Settlement and has submitted that all records and documents were duly handed over in terms thereof. It has further

been argued that any delay in subsequent compliance arose on account of the Complainant's own actions and that the digital signature certificate had already expired.

7.5 The Committee finds that while the Agreement of Settlement evidences eventual transfer of certain records etc., it does not satisfactorily explain the delay in preceding of such transfer.

7.6 The Respondent submitted that certain material documents, including the Agreement Of Settlement executed between the parties, ought to be taken into consideration for a proper adjudication of the matter. It was further contended that, in view of the settlement arrived at between the parties, the present complaint does not survive and is liable to be dismissed.

7.7 The Committee considered the aforesaid submissions and the material available on record. It is observed that although an Agreement of Settlement was entered into between the parties was also submitted by the Complainant, the terms of the said settlement were admittedly not acted upon and were not ultimately honoured by the parties. The record further reveals that disputes between the parties continued thereafter, leading to subsequent litigation. In these circumstances, the Committee is of the view that the settlement documents cannot be treated as having conclusively resolved the disputes between the parties.

7.8 The Committee noted that the **first** charge against the Respondent (as mentioned in para 2.1 as above), related to demand of Rs. 1,14,532.50/- raised against the Company due to short deduction, delay in TDS payment and late filling of returns by the Respondent Firm.

7.9 The Committee further noted that for the financial year 2017-18, an amount of approximately Rs. 75,871.50/- pertained to late filing fees, interest on defaults and short deduction of tax. The Complainant attributed the short deduction to an accounting error and stated that the Respondent was handling both the accounting and audit-related work of the entity. The Complainant also submitted that the funds required for deposit of taxes had been made available to the Respondent.

7.10 The Committee also noted the submissions of the Complainant that whenever amounts related to TDS were remitted to the account of the Respondent, the relevant details were provided along with such remittances. The Complainant further submitted that the Respondent had not informed him that TDS on commission would be deducted and deposited with the Government at a rate lower than the prescribed rate.

7.11 The Committee noted from the submission of the Respondent that she has denied professional negligence and submitted that delays, if any, occurred due to lack of timely communication and information from the Company. The company failed to communicate the details of TDS deducted and the corresponding challan adjustments made against their accounts resulting in delay and even though that was not her mistake, certain amounts towards interest/defaults had been paid by the Respondent Firm and that the issues stood substantially resolved between the parties and Agreement Of Settlement has been executed between them.

7.12 The Committee further noted that during the hearing, the Respondent admitted that there had been delay in filing TDS returns and that an amount of approximately Rs.13,710/- had been paid by her towards TDS-related defaults on behalf of the Complainant. The Committee further noted that the existence of TDS-related demands and defaults was not disputed by the Respondent.

7.13 The Committee is unable to accept the Respondent's defence. A Chartered Accountant engaged for accounting, taxation and compliance functions is expected to exercise due professional care, maintain adequate documentation, and advise the client in writing regarding any deficiency of information, or compliance risk. However, in the present case no cogent documentary evidence has been produced to establish that the Respondent discharged such professional responsibility with the degree of diligence expected of a Chartered Accountant.

7.14 The Committee noted that the material available on record indicates that the major component of the tax demand pertains to FY 2017-18 and arose due to short deduction and delayed compliance. The Respondent has not produced any satisfactory evidence demonstrating that the deduction at a lower rate was undertaken pursuant to statutory exemption, or express written instructions from the

client after being advised of the implications thereof. On the contrary, the evidence suggests that the Respondent proceeded with deduction and deposit at a rate lower than that contemplated by the Complainant, resulting in a consequential demand being raised by the tax authorities.

7.15 In view of the foregoing discussion, the Committee concludes that the Respondent failed to exercise due diligence in relation to deduction and deposit of TDS and in ensuring timely statutory compliance. Accordingly, the Committee holds the Respondent **GUILTY** of Professional Misconduct within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

7.16 The Committee noted that the **second charge** against the Respondent (as mentioned in para 2.2 as above), was that the Respondent refused to hand over the Accounting Records (Tally Data), TDS challans, Digital Signature Token and User id & password of Income Tax Department and Traces which hampered the work of the Company by not providing the Accounting Records (Tally data) and other related Documents.

7.17 The Committee noted that the right of lien on Accounting Records of the Client has been exercised by the Respondent on account of non- settlement of the outstanding professional fees for Rs.72,300/-.

7.18 The Committee noted from the submissions of the Respondent that all information and data/records, digital signatures etc. pertaining to the Complainant had been provided in a pen drive and no records were being retained by her. The Committee also noted that this position was acknowledged and confirmed by the Complainant in the Agreement of Settlement but it was handed over after entering into Agreement.

7.19 The Committee noted that there is no dispute that the records and credentials were eventually handed over to the Complainant. The dispute essentially pertained to whether the Respondent had unjustifiably withheld the records.

7.20 The Committee further noted that the Complainant consistently maintained that the records remained unavailable for a significant period and that this delay hampered the functioning of the Company.

7.21 The Committee noted that a chartered accountant cannot exercise lien over the client's documents/records for non-payment of his fees as per the decision of Ethical Standard Board of ICAI which is also available at https://www.icai.org/post/ethical-standards-board.

7.22 The Committee is of the view that withholding or delaying the transfer of clients' data/records, and digital signature certificate etc. adversely affects the client's ability to comply with statutory requirements.

7.23 The Committee is of the view that in the present case, the Respondent's own submissions establish that the records and credentials were retained for few months and were released only upon execution of the Agreement of Settlement. The retention of such records had the effect of restricting the Complainant's access to its financial and statutory information and thereby adversely affected its ability to carry on its affairs independently. Accordingly, the Committee concludes that the Respondent failed to promptly return and transfer the data/records, digital signature etc. belonging to the Complainant, thereby causing avoidable hardship and impeding statutory compliance. The Committee therefore holds the Respondent **GUILTY** of Other Misconduct under Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

7. **Conclusion:**

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

Charges (as per PFO)	**Findings**	**Decision of the Committee**
Para 2.1 as above	Para 7.2 to 7.15 as above	**Guilty-** Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949
Para 2.2 as above	Para 7.16 to 7.23 as above	**Guilty-** Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

9. In view of the above observations, considering the material on record including verbal and written submissions of the parties, the Committee held the Respondent **GUILTY** of Professional and Other Misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

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

Sd/-
(CMA CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. SATISH KUMAR GUPTA)
MEMBER

Sd/-
(CA. HANS RAJ CHUGH)
MEMBER

DATE: 29.08.2026

PLACE: Noida

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy
चरण सिंह / Charan Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / 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.)