CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2026-2027)]

[Constituted under Section 21B of the Chartered Accountants Act,1949]

Findings under Rule 18(17) and Order under Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No: [PR/414/24/DD/412/2024/DC/2174/2025]

In the matter of:
Sh. Sanjeev Kumar
173/11, Shastri Nagar,
Near Kanch Ghar, Ambala City,
Haryana – 134 002 .....**Complainant**

Versus

CA. Rajat Sethi (M.No.524305)
SCO 23, Satiya Mandir Market,
Model Town, Karnal,
Haryana – 132 001 .....**Respondent**

MEMBERS PRESENT (In Person):

1. **Ms. Dakshita Das, IRAS (Retd.), Presiding Officer & Government Nominee**
2. **Adv. Vijay Jhalani, Government Nominee**
3. **CA. Dayaniwas Sharma, Member**

Date of Final Hearing	**: 23rd June 2026**
Date of Judgement Given	**: 03rd September 2026**
Date of Pronouncement of Decision	**: 23rd November 2026**

PARTIES PRESENT ON THE DATE OF FINAL HEARING:

Complainant	**: Shri Sanjeev Kumar (through VC)**
Respondent	**: CA. Rajat Sethi (In person)**
Authorised Representative of the Respondent	**: CA. Mohita Khanna (In person)**

1. **Background of the Case:**

As per the Complainant, the Council of the Institute of Chartered Accountants of India (ICAI) has made to mention of the Unique Document Identification Number (UDIN)

mandatory on all Cost Audit Reports issued under Section 148 of the Companies Act, 2013, with effect from 01.10.2019.

In the instant matter, it is alleged that the Respondent Firm compiled the Balance Sheets of Mandir Mata Sita Ji, managed by Prachin Sita Mai Mandir Seva Samiti, Village Sitamai, Karnal (hereinafter referred to as the **"Trust"**), for the financial years 2021-22 and 2022-23.

2. **Charges in brief:**

Allegation No. (As per PFO)	Allegation against the Respondent	PFO of DD	Clauses
01	The Respondent has failed to mention the UDIN in complied Balance Sheets of Trust for the FYs 2021-22 and 2022-23.	Guilty	Item (1) of Part-II of the Second Schedule

3. The Committee noted that in the Prima Facie Opinion dated 31st October 2025 formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held Prima Facie Guilty in sole allegation (Allegation No. 1) as above. He was held Prima Facie Guilty of Professional Misconduct falling within the meaning of Item (1) of Part-II of Second Schedule to the Chartered Accountants Act, 1949 which is as under:

Item (1) of Part-II of Second Schedule states as under: -
"A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he:

(1) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council"

4. **Brief of the Disciplinary Proceedings: -**

Details of the hearing(s) fixed and held/ adjourned in the said matter are given as under:–

S. No.	Date of Meeting(s)	Status
1.	27th March 2026	Oath taken by the Respondent and adjourned.
2.	17th April 2026	Part heard and adjourned at the request of the Complainant.
3.	14th May 2026	Oath taken by the Complainant and adjourned at the request of the Respondent.
4.	23rd June 2026	Heard & Concluded. Judgement Reserved.
5.	03rd September 2026	Decision Taken.

4.1 On the day of hearing held on 27th March 2026, the Committee noted that the Respondent along with his authorised representative was present in person, however, the Complainant was not present despite due delivery of notice to him. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and whether he pleads guilty. In response the Respondent replied that he is aware of the charges and pleaded 'Not Guilty' to the charges levelled against him. Accordingly, in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee decided to adjourn the case to a future date.

4.2 On the day of hearing held on 17th April 2026, The Committee noted that the Respondent along with his Counsel was present in person. However, the Committee noted that the Counsel for the Complainant vide email dated 16/04/2026 sought an adjournment due to urgent family matter.

Thereafter, the Committee directed the Counsel of the Respondent to make submissions in the matter. The Counsel of the Respondent submitted that the Respondent was suffering from a specific medical condition, Obstructive Sleep Apnea, which was diagnosed in March 2023. This condition is a chronic disorder characterized by repeated interruptions in breathing during sleep, resulting in inadequate oxygenation. It was further submitted that the Respondent undergone a permanent surgical procedure to obtain relief from the said condition.

The Counsel of the Respondent further submitted that the Respondent had been engaged to undertake a compilation engagement of the Trust for the financial years 2021–22 and 2022–23. She also submitted that, although the Respondent had initially signed the documents without generating a UDIN, the same was subsequently generated in September 2024, following the Respondent's surgery.

The Committee noted the submissions made by the Counsel of the Respondent and directed her to furnish the copies of the financial statements for the FYs 2021-22 and 2022-23, without UDIN and with UDIN, along with copies of the Income Tax Returns for the said financial years. With this the matter was Partly heard and adjourned.

4.3 On the day of hearing held on 14th May 2026, the Committee noted that the Complainant was present through VC and appeared before it. However, the Respondent vide his email dated 13/05/2026 had sought an adjournment stating that he required time for filing of his submissions in the case. The Committee noted that since the Complainant had sought adjournments in the previous hearings and had not taken the Oath in the previous hearings, hence the Complainant was put on Oath. Thereafter, the Committee, acceded to the request of the Respondent, decided to adjourn the case to a future date.

4.4 On the day of hearing held on 23rd June 2026, the Committee noted that the Complainant was present through VC, whereas the Respondent and his authorized representative were present in person.

The Committee directed the Authorised Representative of the Respondent to make her submissions. With regard to allegation concerning the failure to mention the UDIN in the Audit Reports of Mandir Mata Sita Ji for the F.Ys. 2021-22 and 2022-23, the Authorised representative of the Respondent admitted that the Respondent had not generated the UDIN at the time of issuance of the compiled financial statements. The Authorised Representative of the Respondent further submitted that, upon receipt of the complaint, the Respondent generated the UDIN as a precautionary measure. The Authorised Representative of the Respondent explained that the UDIN could not be generated earlier due to technical glitches faced by the Respondent, and he was also suffering from certain medical issues like sleep apnea, owing to which he was not fully attentive to office work during the relevant period.

The Committee enquired from the Authorised Representative of the Respondent regarding his appointment letter. The Authorised Representative of the Respondent submitted that Respondent does not have an appointment letter, and he was appointed only for the compilation assignment. The Authorised Representative of the Respondent further submitted that the audit report relied upon by the Complainant had been uploaded by an office staff member without the Respondent's knowledge. She stated that the concerned staff member had since been dismissed from service, however, no legal proceedings had been initiated against him.

Thereafter, the Committee directed the Complainant to make his submissions. The Complainant submitted that the Respondent had not merely compiled the financial statements but had also conducted the audit of the society. In support of his contention, the Complainant submitted the copies of the Financial Statements and Audit Report which he has obtained under the Right to Information Act. It was further submitted that, as per the byelaws of the society, the audit was required to be conducted by a Chartered Accountant, and accordingly the audit had been carried out by the Respondent. The Complainant also submitted that while filing the annual return of the society, the Respondent had uploaded the audit report along with the financial statements. The Complainant referred to the audit report placed on record by the Respondent along with the Written Statement and relied upon the same in support of his submissions.

After hearing the submissions of both the parties, the Committee directed the Complainant and the Respondent to provide his final written submissions, if any, along with documentary evidence within 10 days. With this, the Committee decided to conclude the hearing and judgment was kept reserved.

4.5 In the meeting held on 03rd September 2026, the Committee noted that the subject case was heard by it in the presence of the Complainant and the Respondent with his

Authorised Representative, and the hearing was concluded at its meeting held on 23rd June 2026 and the Findings was kept reserved. The Committee considered the material on record and deliberated in detail on the said case and took decision on the conduct of the Respondent.

5. **Submissions of the Complainant/ Respondent and Findings of the Committee:**

5.1 **Allegation 1:** - The Respondent Firm compiled the Balance Sheets of the Trust for the financial years 2021-22 and 2022-23 and has failed to mention the UDIN in complied Balance Sheets of the Trust. The Committee noted that the Complainant and the Respondent during the course of hearing and through their written/oral submissions had inter-alia stated as under:

5.2 The Authorised Representative of the Respondent, submitted that the Respondent was engaged only for compilation of the financial statements of the Trust for FYs 2021-22 and 2022-23 and had signed the compiled financial statements without generating a UDIN. The UDINs were subsequently generated in September 2024. She admitted that the UDINs had not been generated at the time of issuance of the financial statements and submitted that the same were generated upon receipt of the complaint as a precautionary measure.

5.3 She further submitted that the delay in generation of the UDIN was attributable to technical difficulties and the Respondent's medical condition, which affected his attention towards office work during the relevant period. The Authorised Representative also submitted that the Respondent had no formal appointment letter and had been engaged only for the compilation assignment.

5.4 She further stated that the audit report relied upon by the Complainant had been uploaded by an office staff member without the Respondent's knowledge. The concerned staff member was subsequently dismissed from service; however, no legal proceedings were initiated against him.

6. The Complainant submitted that the Respondent had not merely compiled the financial statements but had also conducted the audit of the Society. In support thereof, the Complainant furnished copies of the Financial Statements and Audit Report obtained under the Right to Information Act. He further submitted that, as per the byelaws of the Society, the audit was required to be conducted by a Chartered Accountant and accordingly, the audit had been conducted by the Respondent.

6.1 The Complainant also submitted that, while filing the annual return of the Society, the Respondent had uploaded the Audit Report along with the Financial Statements. He further relied upon the Audit Report placed on record by the Respondent along with his Written Statement in support of his submissions.

6.2 As per directions of the Committee, the Respondent furnish copies of the Financial Statements of the Trust for FY 2021-22 and 2022-23, both without UDIN and with UDIN, along with copies of the Income Tax Returns for the said financial years.

6.3 The Respondent also furnished a letter dated 21st April 2026 issued by the Secretary of the Trust, stating that the Respondent had been appointed for compilation of the Financial Statements of the Trust for FYs 2021-22 and 2022-23 and confirming that the Financial Statements issued without UDIN and those subsequently issued with UDIN were identical. Regarding the Income Tax Returns, it was submitted that the Trust had not filed any ITR for the said financial years.

6.4 In final submissions, the Complainant submitted that the Respondent, while conducting the audit of the Trust for FYs 2021-22 and 2022-23, failed to exercise due professional care and diligence despite signing the Audit Reports and generating UDINs. The Complainant further submitted that the Respondent failed to adequately verify the Society's substantial lease income, cash payments in violation of the Byelaws, and significant litigation expenditure. According to the Complainant, these cumulative lapses demonstrated lack of due diligence, professional competence and reasonable care, warranting a finding of professional misconduct and appropriate disciplinary action.

6.5 In final submissions, the Respondent submitted that the charge of professional misconduct relates to non-compliance with the UDIN Guidelines while signing the compiled Financial Statements of the Trust for the FYs 2021-22 and 2022-23. He reiterated that there was no intent to violate the UDIN Guidelines and that the lapse was purely unintentional and circumstantial due to a technical glitch while generating UDIN. The Respondent submitted that the Financial Statements signed with and without UDIN were identical, with no difference in figures, which is also confirmed by the Secretary of the Trust.

7. The Committee considered the allegation, the oral/ written submissions made by the parties during the hearings. The Committee noted that the UDIN Guidelines issued by the Council of ICAI prescribes generation of UDIN for specified certification, audit, assurance and attestation functions. The Guidelines made UDIN mandatory for all other Audit, Assurance and Attestation functions with effect from 1st July 2019. Thus, the requirement of UDIN is an important professional requirement. However, the applicability and manner of compliance must be determined with reference to the nature of the engagement undertaken by the member.

7.1 In this regard, the Committee referred to the ICAI's own Frequently Asked Questions on UDIN. The said FAQ clarifies that compilation of financial statements/ information falls within the ambit of SRS 4410 and that a member undertaking such compilation is required to obtain UDIN. At the same time, the FAQ relating to Audit and Assurance Functions specifically clarifies that UDIN is required to be mentioned on the Audit Report

and that it is not mandatory to mention UDIN separately on the Financial Statements in addition to the Audit Report.

7.2 The Committee noted that in the subject case, the Respondent subsequently generated UDINs in respect of the Financial Statements. The Respondent had placed on record copies of the Financial Statements without mentioning UDIN and the corresponding Financial Statements bearing UDIN. The Secretary of the Trust, vide letter dated 21st April 2026, has confirmed that the Financial Statements issued without UDIN and those subsequently issued with UDIN were identical and there was no difference in the figures of amount reported in both sets of Financial Statements. Thus, in view of this bonafide fact, there is no material before the Committee, which show that the Respondent subsequently altered the financial information, figures or disclosures to regularise or conceal any substantive discrepancy in the Financial Statements with malafide intents.

7.3 The Committee is of view that the purpose of the UDIN mechanism is, inter alia, to facilitate verification of documents and safeguard the authenticity of documents issued by Chartered Accountants. In the present case, there is no allegation or evidence that the Financial Statements bearing the subsequently generated UDIN contained different figures or were fabricated, manipulated or falsely represented as having been issued by the Respondent.

7.4 The documents placed before the Committee indicate that the Financial Statements with and without UDIN were identical. The Committee therefore finds no evidence of any substantive misrepresentation or misuse of the Respondent's professional credentials in relation to the specific charge under consideration. The Committee, however, makes it clear that findings in subject case should not be construed as delayed generation of UDIN is permissible. The Respondent would have complied with the applicable UDIN requirements within the prescribed time. However, looking upon medical conditions/certificates of the Respondent, the Committee is of the view that there was a bonafide/serious illness health issues, due to which the Respondent could not generate the UDIN at the time of issuing the first set of Financial Statements. On other side the Complainant also admitted before the Committee that there had been no financial loss and that the figures of amounts in both sets of Financial Statements are same and there is no change or variation in the amount reported in both sets of Financial Statements.

7.5 In view of the foregoing deliberations, the Committee opined that the evidence on record establishes that the Respondent's engagement was represented as a compilation engagement and that the UDINs were subsequently generated for the Financial Statements, which were confirmed by the Trust Secretary to be identical to the earlier set of Financial Statements. Accordingly, the Committee decided to hold the Respondent **NOT GUILTY** of any Professional or Other Misconduct in respect of instant allegation.

7.6 The Committee also noted that the allegation concerning the Respondent's failure to verify lease income, cash payments, litigation expenditure, validity of appointment, judicial directions and other alleged audit deficiencies constitutes a substantially wider set of allegations than the specific charge concerning non-mention of UDIN on the compiled Financial Statements. No separate charge in respect of those alleged audit deficiencies has been framed against the Respondent in Form – I. Thus, same are not maintainable against the Respondent.

8. **CONCLUSION**

In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Item (1) of Part-II of the Second Schedule to the Chartered Accountants Act, 1949.

9. **ORDER:**

Accordingly, in terms of Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes an Order for **CLOSURE** of this case against the Respondent.

Sd/-
(Ms. Dakshita Das, IRAS (Retd.))
PRESIDING OFFICER & GOVERNMENT NOMINEE

Sd/-
(Adv. Vijay Jhalani)
GOVERNMENT NOMINEE

Sd/-
(CA. Dayaniwas Sharma)
MEMBER

DATE: 23.11.2026
PLACE: New Delhi

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