The Institute of Cost Accountants of India

Board of Discipline u/s 21A of The Cost Accountants Act, 1959

Final order number: ICMAI/BOD/2026/82

Complaint number	Com/21-CA(163)/2026
In the matter of	CMA Sudhir Kumar Saxena (M/12758) [Complainant] Vs. CMA Arun Kumar Srivastava (M/10467) [Respondent]
Date of Hearing	As per records and order sheet
Date of order	25th November, 2026

CORAM:

1	Shri P.K. Pujari, IAS (Retd)	Presiding Officer
2	CMA Avijit Goswami	Member

PRESENT IN HEARINGS

1	CMA(Dr) Hemant Kumar Sindhwani	Director (Discipline)

1. The Disciplinary Directorate received a complaint in Form I dated 25th February, 2026 (served on 2nd March, 2026), accompanied by the prescribed complaint fee, from CMA Sudhir Kumar Saxena bearing Membership No. 12758 (hereinafter referred to as the "Complainant"), against CMA Arun Kumar Srivastava bearing Membership No 10467 (hereinafter referred to as the "Respondent Firm") containing certain allegations against the respondent falling under various provisions of the Cost Accountants Act, 1959. The said complaint is being dealt with under Section 21 of the Act, read with Rule 3 of the Cost and Works Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 (hereinafter referred to as the "Rules").
2. The complaint, comprising four (04) pages including annexure, primarily contains allegations against the Respondent regarding acceptance of appointment as Cost Auditor of M/s Novel

The Institute of Cost Accountants of India Board of Discipline

Sugar Ltd., Kanpur, for FY 2024–25 onwards without obtaining a No Objection Certificate (NOC) from the existing Cost Auditor, despite alleged non-settlement of outstanding professional fees for FY 2023–24 and non-submission of requisite cost records by the Company.

FORM I

[See sub-rule (1) of Rule 3]

1	Name of the Complainant: (With membership number, if member of Institute of cost Accountant of India)	Sudhir Kumar Saxena M-12758
2	Name of the member/ firm Against whom complaints is being made: (with membership Number/ registration number of the firm, if Known)	Arun Kumar Nagar Kanpur Pincode - 208003
3	Latest address of the complainant for communication	87/20, Acharya Nagar Kanpur Pincode - 208003
4	Last Available Professional address of the member or the firm against whom the complaints is made	96, Harjinder Nagar, Behind Od Office, Kanpur Pincode - 208007
5	Particulars of allegation(s) Serially numbered together with corresponding clause/part of the relevant schedule(s), or particulars of allegation(s) serially numbered together with clause /part of the relevant scheduled(s) under which the alleged acts commission or omission or both would fall.	1. Complaint 2. Letter to A K Srivastava on 14/11/24 3. Letter to A K Srivastava on 16/05/25 4. Fees not received 5. Certificate Charges not received
6	Particulars of evidence(s) adduced in support of the allegation(s) made	Enclosed
7	Name(s) of person who have knowledge of the facts of the case	Yogesh Agarwal (Director)

Board of Discipline

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016
Noida Office: CMA Bhawan, C-42, Sector - 62, Noida - 201309, Phone: 0120-2403305/06

3. The complaint dated 25th February, 2026 was scrutinized by the Disciplinary Directorate. Upon scrutiny, it was found to be in order and registered as Complaint No. Com/21-CA(163)/2026 for processing in accordance with Chapter III of Rules, 2007. The Complainant was informed of its registration vide acknowledgement dated 13th April, 2026.

4. The Complaint dated 25th February, 2026 along with annexure comprising four (04) pages, was duly forwarded to the respondent vide letter No. G/DD/Com-CA(163)/R-01/02 dated 13th April, 2026, in terms of sub-rule (3) of Rule 8 of the Cost and Works Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 with a request to submit his written defense statement within 21 days from the date of service of this letter.

5. The respondent, vide communication dated 10th May, 2026 (served on 14th May, 2025), has submitted his defense written submission consisting (04) pages, which is reproduced below:

Quote

To,
The Director (Discipline)
The Institute of Cost Accountants of India
CMA Bhawan, 3 Institutional Area
Lodhi Road, New Delhi – 110003

Date: 10-05-2026

Subject: Reply in defense to Complaint No. Com/21-CA(163)/2026

Dear Sir,
With reference to Complaint Ref. No. G/DD/Com-CA(163)/R-01/02/40 dated 13 April 2026 served upon me on 22 April 2026, I respectfully submit my reply as under:

1. That I have been appointed as the Cost Auditor of M/s Novel Sugar Ltd. for the financial year 2024–25 in accordance with the applicable provisions of law, as informed by the company.
2. That I duly informed/communicated my appointment to M/s S.K. Saxena Verma & Company vide my letter dated 12.11.2024 (copy enclosed). The said communication was acknowledged and accepted by CMA Sudhir Saxena (Partner) vide his letter dated 14.11.2024.
3. That the aforesaid communication/intimation was addressed to him in view of the provisions of clause (8) of Part I of the First Schedule to The Cost and Works Accountant Act, 1959.
4. That in the letter dated 06.05.2025, CMA Sudhir Saxena (Partner) has stated that he had informed me in the presence of local members regarding non-receipt of

Board of Discipline

communication. In this regard, I respectfully submit that, in the presence of such members, I repeatedly requested him to meet and resolve all pending issues, including matters relating to professional fees, at the company's office. However, no response was received from his side. He had also expressed that I may continue as auditor and that he had no objection in this regard.

5. That upon enquiry made by me, I was informed by the company that professional fees have always been paid and that the pending bill for FY 2023–24 shall be settled as and when CMA Sudhir Saxena submits his bill in respect of M/s Novel Sugar Ltd. and its group companies.
6. That various posts/comments relating to the present matter have repeatedly been circulated by CMA Sudhir Saxena in different WhatsApp groups, to which several members have also objected. Further, on 08.05.2026, he circulated in such groups a letter issued by the Directorate connected with the present matter (screenshots enclosed). Such actions have caused damage to my professional image and reputation and, as I understand, are not in accordance with professional ethics and law.
7. That in view of the above facts, and since I had duly informed the previous auditor both orally and through written communication as required under law, the present complaint deserves to be closed.

I therefore request your good office to kindly consider the above submissions and close the complaint accordingly.

Yours faithfully,
CMA ARUN KUMAR SRIVASTAVA
Cost Accountant
M.No. 10467

Encl: As stated
Unquote

6. The written statement dated 10th May, 2026 submitted by the Respondent was forwarded to the Complainant vide letter No. G/DD/Com-CA(163)/C-2/03 dated 15th July, 2026 calling upon him to submit a rejoinder in terms of Rule 8(4) of the Cost and Works Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. In response, the Complainant, vide his letter dated 12th September, 2026, submitted a rejoinder comprising six (06) pages, including annexure. The relevant extracts from the Complainant's rejoinder are reproduced below:

Quote

To,
12/09/2026
The Director Discipline

The Institute of Cost Accountants of India
Board of Discipline

The Institute of Cost Accountants of India (ICMAI)
New Delhi

Subject: Request for Initiation of Appropriate Action for Professional Misconduct against CMA A. K. Shrivastava (Membership No. 10467)

Sir,

I wish to bring the following facts to your kind notice for examination and for such appropriate action as may be deemed necessary under the applicable provisions of law, rules, regulations, and the Code of Ethics of the Institute:

1. My firm, **M/s S. K. Saxena Verma & Company, Cost Accountants**, has been appointed as the Cost Auditor of **M/s Novel Sugar Ltd.** from the financial year 2014-15 onwards.
2. In discharge of my professional responsibilities, I invariably undertake physical visits to the plant and manufacturing facilities before finalizing and signing the Cost Audit Report. Since the sugar industry is seasonal in nature, sugarcane crushing operations generally commence from November onwards.
3. Accordingly, I had informed the management of M/s Novel Sugar Ltd. of my intention to visit the factory during the crushing season for the purpose of physically verifying the operations of the turbines, steam generation systems, power generation facilities, and other relevant manufacturing and production processes.
4. Upon completion of the proposed plant visit and after carrying out the necessary verification, I intended to finalize and sign the Cost Audit Report for the financial year 2023-24, which was at that time under preparation and had not yet been finalized or signed.
5. Subsequently, the management of the company informed me that the Cost Audit Report was urgently required by its bankers. In response, I clearly communicated to the management that the report had neither been finalized nor signed by me and, therefore, could not be treated as a final Cost Audit Report.
6. Thereafter, without my knowledge or authorization, the management of M/s Novel Sugar Ltd. contacted one of my office clerks and requested a copy of the draft Cost Audit Report. The clerk, inadvertently and without appreciating the implications thereof, forwarded the provisional working draft, which was incomplete and was still subject to further verification, review, and finalization.
7. Upon becoming aware of the matter, I immediately investigated the circumstances and discovered that the accounts personnel of M/s Novel Sugar Ltd. had uploaded the provisional Cost Audit Report in **CRA-3 format**, despite the fact that the report had neither been finalized nor signed or authenticated by me.
8. Since the CRA-3 was never signed or authenticated by me, I did not raise any professional bill in respect of M/s Novel Sugar Ltd. or its group companies, namely **Juhi Alloys Pvt. Ltd., Novel Sugar Ltd., RimjhimIspat Ltd., and Rimjhim Stainless Ltd.** Subsequently, CMA A. K. Shrivastava was appointed as the new Cost Auditor of the company.

The Institute of Cost Accountants of India
Board of Discipline

9. The aforesaid facts and circumstances were communicated by me in writing to CMA A. K. Shrivastava on **06/05/2025**, along with a request that he should not proceed with the assignment in view of the circumstances explained therein. It is further understood that he accepted the appointment without obtaining the mandatory **No Objection Certificate (NOC)** from the previous Cost Auditor. I respectfully request that this aspect may also be examined by the appropriate authority with reference to the applicable professional requirements.
10. Further, my professional fees and other outstanding dues relating to the aforesaid audit assignments remain unpaid by the company till date.
11. I further wish to bring to your notice that the maintenance of proper cost records, including appropriate classification and identification of products/materials under the applicable eight-digit CETA/HSN headings, is relevant for the proper conduct of Cost Audit, wherever applicable. The Rimjhim Group did not provide the requisite data in the prescribed CETA/HSN classification to me for the relevant period. In these circumstances, I have serious concerns as to whether the Cost Audit subsequently conducted by CMA A. K. Shrivastava was based upon complete and properly maintained cost records.
12. I therefore respectfully request that the competent authority may call for and examine the **Cost Audit working papers, audit file, cost records, supporting documents, reconciliations, and other relevant documentation** maintained by CMA A. K. Shrivastava in relation to the concerned assignments, in order to ascertain whether the Cost Audit was conducted in accordance with the applicable Cost Accounting Standards, Cost Audit requirements, and other professional and regulatory requirements.
13. I also wish to place on record certain concerns relating to the professional conduct of CMA A. K. Shrivastava in connection with matters concerning the **Kanpur Chapter**, including issues relating to the construction of the Chapter building and he was auditor/ Treasurer of KCCA. The utilization/misappropriation of building funds, which, to the best of my knowledge and belief, had arisen in the past. I respectfully submit that these matters may also be examined by the competent authority on the basis of the relevant records and documentary evidence, if considered appropriate.
14. In view of the above circumstances, I have serious concerns regarding whether CMA A. K. Shrivastava has complied with the applicable **Cost Accounting Standards, Cost Audit requirements, professional regulations, and the Code of Ethics** while undertaking the aforesaid Cost Audit assignments. I therefore request that the competent authority may examine the matter independently and, if any violation or professional misconduct is established, take appropriate action in accordance with law and the applicable rules and regulations.

In view of the facts and circumstances stated above, I respectfully request your good office to kindly examine the matter and initiate such appropriate proceedings as may be warranted under the **Cost and Works Accountants Act, 1959**, the relevant Rules and Regulations, applicable Cost Accounting Standards, and the **Code of Ethics of**

Board of Discipline

the Institute of Cost Accountants of India, against **CMA A. K. Shrivastava (Membership No. 10467)** for any professional misconduct or violation of professional requirements that may be established upon examination.

I shall be pleased to provide any further information, records, correspondence, or documentary evidence that may be required by your good office in connection with the matter.

Thanking you.
Yours faithfully,
CMA Sudhir Kumar Saxena
Partner
M/s S. K. Saxena Verma & Company
Cost Accountants
Unquote

6. Investigation and Analysis

a) It is observed that the Institute, vide Notification No. G/128/10/2022(3) dated 25th October, 2022 and Notification No. G/128/05/2023 dated 26th May, 2023, has prescribed mandatory requirements governing acceptance of audit assignments. These include (i) prior communication with the previous auditor through Registered/Speed Post or any other verifiable mode ensuring proof of delivery and (ii) furnishing of a declaration confirming that the professional fees proposed shall not be lower than those charged by the predecessor. The said Notifications form part of the binding professional and ethical framework applicable to members of the Institute and explicitly provide that any non-compliance shall attract the provisions of Clause (8) of Part I of the First Schedule to the Cost Accountants Act, 1959. Since the impugned conduct pertains to the Financial Year 2024–25, the aforesaid Notifications are squarely applicable to the facts of the present case.

b) The Respondent, vide letter dated 12th November, 2024, informed the Complainant of his acceptance of the appointment as Cost Auditor of M/s Novel Sugar Limited in the prescribed format. The said letter, as available on record, is reproduced herein below:

The Institute of Cost Accountants of India ★ Board of Discipline

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016
Noida Office: CMA Bhawan, C-42, Sector - 62, Noida - 201309, Phone: 0120-2403305/06

ARUN KUMAR SRIVASTAVA
M.A., F.C.M.A.
COST ACCOUNTANT

Phone : +91-9839116989
96, Harjinder Nagar Behind
Old L.I.C. Office
Kanpur – 208007
E-mail : arun84srivastava
@rediffmail.com

Date 10/11/2024

To, S.K. Saxena Verma & Company
[illegible] Acharya Nagar
Kanpur - 208003

Dear Sir,

I have been approached by M/S NOVEL SUGAR LIMITED to conduct the cost audit relating to its product(s) covered under Cost Audit of the Company located at 3A/275, AZAD NAGAR, KANPUR, UTTAR PRADESH, INDIA - 208002 for the year ending on 31-03-2025 I understand that you were the cost auditor of the Company immediately prior to this offer. Accordingly, I hereby communicate to you before I accept the said appointment. May I request you to provide your feedback on this matter. This communication is being addressed to you in view of the provisions of clause (8) of Part I of the First Schedule to The Cost and Works Accountants Act, 1959.

I also hereby confirm that, based on the information provided by the Company, the audit fees that will be received by me for this assignment will not be lower than the fees received by you for the conduct of cost audit.

Thanking You,
Yours faithfully

CMA Arun Kumar Srivastava
Cost Accountant
M.No.10467

ARUN KUMAR SRIVASTAVA M/10467 KANPUR COST ACCOUNTANT

c) The complainant has not disputed communication dated 12th November, 2024 of the Respondent. In fact, the Complainant has referred to that letter in his reply dated 14th November 2024 to the Respondent. This contemporaneous reply establishes that the written communication had reached the previous auditor by 14th November 2024.

7. Comments and Findings of the Disciplinary Directorate

a) The complaint concerns the acceptance by CMA Arun Kumar Srivastava ("the Respondent") of appointment as Cost Auditor of M/s Novel Sugar Ltd., Kanpur ("the Company") for FY 2024–25. The appointment was previously held by M/s S. K. Saxena

The Institute of Cost Accountants of India Board of Discipline

Verma & Co., the firm of CMA Sudhir Kumar Saxena ("the Complainant"). The Complainant alleges that the Respondent accepted the appointment without obtaining a No Objection Certificate ("NOC") from his firm. The issue under Clause (8) of Part I of the First Schedule to the Cost Accountants Act, 1959 is whether the Respondent communicated in writing with the previous Cost Auditor before accepting the appointment.

b) The Institute's Notification No. G/128/10/2022(3) dated 25th October 2022, reiterated by Notification No. G/128/05/2023 dated 26th May 2023, prescribes the form and mode of communication. The incoming auditor is required to inform the previous auditor of the proposed appointment, invite feedback and confirm, on the basis of information furnished by the company that the audit fee for the assignment will not be lower than the fee received by the previous auditor. Neither Clause (8) nor the notifications prescribe a separate NOC from the previous auditor. The absence of such a certificate, therefore, is no ground for a prima facie finding of misconduct by the Respondent.

c) The Respondent relies upon his letter dated 12th November 2024 addressed to the Complainant's firm. In his reply to the Respondent dated 14th November 2024, the Complainant expressly referred to that letter. This contemporaneous acknowledgment establishes that the previous auditor had received the Respondent's written communication by 14th November 2024.

d) The Complainant alleges that audit fees and certification charges remained unpaid. In his rejoinder, he states that he had neither finalised nor signed the cost audit report for FY 2023–24 and had therefore not raised an invoice for that audit. The Respondent states that the Company informed him that it would settle the bill upon receipt of an invoice. However, non-settlement of previous year's audit fee cannot be a ground for deferring the appointment of Cost Auditor for FY 2024–25. Further, the Respondent, the newly appointed Cost Auditor, cannot be responsible for securing the payment of the fees of the previous Cost Auditor, the Complainant. The material on record also does not establish that the Respondent accepted the assignment at a fee lower than that received by the previous Cost Auditor. The fee dispute between the Complainant's firm and the Company is an independent and separate issue and cannot be a basis for an adverse finding against the

Board of Discipline

Respondent.

e) According to the Complainant, a member of his staff supplied the draft report to the Company without his knowledge, and the Company uploaded it without his authority. He further states that the Company had not furnished the product-wise CETA/HSN particulars required for the audit. This entire issue is attributable to the internal functioning and administrative control of the Complainant's own office. No material cited in the complaint or rejoinder connects the Respondent with procuring, authenticating or uploading the draft report. Accordingly, no adverse inference can be drawn against the Respondent on this account.

f) The reference in the rejoinder to the Kanpur Chapter building funds concerns a distinct transaction. The Complainant has identified no connection between that transaction and the Respondent's acceptance of the cost audit appointment. Accordingly, no finding is recorded on that issue in these proceedings. Any allegation concerning those funds may be raised separately in accordance with the applicable procedure, with an opportunity for the person concerned to respond to the specific allegation and supporting material.

g) The Respondent states that details of the complaint and the acknowledgment issued by the Director (Discipline) were circulated in a WhatsApp group of the Kanpur Chapter and that certain members objected to their circulation. Disciplinary proceedings are confidential in nature and proceedings, even if they concern the Complainant, cannot be shared in social media. The Directorate hereby warns the Complainant to refrain from posting or forwarding any information, documents or particulars relating to the proceedings in any WhatsApp group or on any social media platforms while the matter remains pending. This covers information, documents or particulars submitted by the Complainant himself.

h) In view of above facts and circumstances, the Complainant's reply dated 14th November 2024 establishes the receipt by the Complainant of the written communication from the Respondent. The absence of a separate NOC, which is not prescribed by nay law or guidelines and the alleged non-payment of fees by the Company do not, either individually or together, establish a prima facie case of professional misconduct against the Respondent under Clause (8) of Part I of the First Schedule to the Cost Accountants Act, 1959.

Board of Discipline

8. **Findings and Order of the Board of Discipline**

a) The Board of Discipline has carefully considered the complaint, written statement of the Respondent, rejoinder filed by the Complainant, comments of the Director (Discipline), documents and other material available on record, as well as the applicable provisions of the Cost Accountants Act, 1959 and the Rules framed there under.

b) The Board finds that Clause (8) of Part I of the First Schedule to the Cost Accountants Act, 1959 requires written communication with the previous Cost Auditor before acceptance of the assignment. A separate No Objection Certificate is not prescribed. The Complainant's reply dated 14th November 2024 establishes receipt of the Respondent's letter dated 12th November 2024 by the Complainant.

c) The material on record does not connect the Respondent with the Company's alleged non-payment of fees or the uploading of the unsigned audit report for FY 2023–24. Nor does the non-supply of product-wise particulars to the Complainant establish a deficiency in the Respondent's audit for FY 2024–25. These matters relate to issues between the Complainant and the Company and cannot be a ground for proceeding against the Respondent. The allegation concerning the Kanpur Chapter building funds falls outside the scope of this complaint.

d) Having noted the Respondent's grievance regarding circulation of the complaint acknowledgment, the Board cautions the Complainant against sharing case information, documents or particulars of the pending proceedings in WhatsApp groups or on any social media platforms. This warning also extends to information, documents or particulars submitted by the Complainant himself.

e) In view of the above facts and circumstances, the Board agrees with the findings of the Director (Discipline) that no prima facie case of professional or other misconduct is made out against the Respondent. The case is, therefore, dismissed and the matter stands disposed of accordingly.

f) Accordingly, in exercise of powers conferred under section 21A(4) of Cost Accountant Act, 1959 read with Rule 9(3)(a) of the Cost and Works Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007,

Board of Discipline

the Board hereby orders that the proceedings against CMA Arun Kumar Srivastava (M/10467) be dropped, and the case stands closed.

g) The compliant is, therefore, disposed of accordingly.

CMA Avijit Goswami

(Member)

Shri P.K. Pujari, IAS (Retd)

(Presiding Officer)

Place: New Delhi
Date: 25th November, 2026

Distribution under Rule 15(3) of the Rule

1) Director(Discipline), The Institute of Cost Accountants of India
2) Complainant, CMA Sudhir Kumar Saxena (M/12758)
3) Respondent, CMA Arun Kumar Srivastava (M/10467)

Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016
Noida Office: CMA Bhawan, C-42, Sector - 62, Noida - 201309, **Phone:** 0120-2403305/06