The Institute of Cost Accountants of India

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

Final order number: ICMAI/BOD/2026/46

Complaint number	Com/21-CA(129)/2024
In the matter of	Durai Ponselvam [Complainant] Vs. CMA Arunachalam Parvatha Varthini (M/53422) [Respondent]
Date of Hearing	As per records and order sheet
Date of order	19th August, 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)

Brief of the Case

1. The Disciplinary Directorate is in receipt of a complaint in Form I dated 23rd November, 2023 (served on 1st March, 2024) along with the prescribed complaint fee of Rs 2950/- (inclusive of GST) from Durai Ponselvam (hereinafter referred to as the "complainant"), against CMA Arunachalam Parvatha Varthini (hereinafter referred to as the "respondent") bearing membership number 53422, containing certain allegations against the respondent falling under various provisions of the Cost Accountants Act, 1959.
2. The complaint, comprising 29 pages including annexure, primarily contains allegations relating to the respondent's certification of DIR 12 e-form without due diligence on the basis of alleged forged and fabricated documents, resulting in the complainant's unlawful

cessation as Director. The particulars of the complaint, as set out in Form I, are reproduced herein below verbatim:

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)	Durai Ponselvam Shareholder of M/s. KPD Galvanizers Private Limited
2	Name of the member/ firm Against whom complaints is being made: (with membership Number/ registration number of the firm, if Known)	Arunachalam Parvatha Varthini Membership NO. 53422
3	Latest address of the complainant for communication	No.35, C2 Block, Balaji Apartment, 7th Avenue, Pudur, Ambattur, Chennai – 600053, Tamol Nadu
4	Last Available Professional address of the member or the firm against whom the complaints is made	754/4, B Type, TNHB, PappanKuppam, Gummudipoondi Taluk, Thiruvallur – 601201, Tamil Nadu Email id: vardhinica@gmail.com
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. I was appointed as Director in the company (KPD Galvanizers Pvt Ltd) and later, upon perusal of MCA portal, it is seen that I was removed from the directorship and also DIR 12 Form was filed with the statutory authorities i.e. ROC. The said DIR 13 Form was certified by the Respondent (Arunchalam Parvatha Varthini, Practicing Cost Accountant). 2. In DIR 12 Form, the reason for cessation is mentioned as U/s 168 of companies act, 2013 and also have attached resignation letter and board resolution. It is pertinent to note that the aforesaid documents are fake and fabricated because of the reason that I have not gave such a resignation letter and

		also attached board resolution is completely void. Further, the Respondent had deliberately failed to preview the attached documents before certifying the said DIR 12 Form. 3. The Respondent had failed to overlook the irregularities which is there in the alleged resignation letter and the same concludes that the Respondent had criminally conspired with another director in the company and deliberately failed to check the veracity of the alleged resignation letter. The said omission results to negligence and deficiency in performing her duties as a professional. 4. In furtherance to the above, the Respondent had ignored to gone through all the relevant papers related to board resolution dated 30.05.2023 before certifying the eform which is prepared based on void board resolution. This even strengthens the Respondent's collusion with another director to remove me from the directorship. 5. As per the Cost and Works Accountant Act, 1959, The Respondent had violated the below mentioned clause of Part I & II of Second Schedule of the said act "Part I of Second Schedule: (7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties; (8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion; Part II of Second Schedule: 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 there-under or

		any guidelines issued by the Council;"
6	Particulars of evidence(s) adduced in support of the allegation(s) made	1. Complaint under section 21 of the cost and works accountants Act, 1959 read with sub rule (1) of rule 3 of the cost and works Accountants (procedure of investigations of professional and Other misconduct and conduct of cases) rules, 2007 2. Annexure 1 – DIR 12 Form certified by the Respondent 3. Annexure 2 – Alleged Resignation Letter dated 30.05.2023 4. Annexure 3 – Alleged Board Resolution dated 30.05.2023 5. Annexure 4 – Order passed by Disciplinary Committee of ICMAI in the matter of CMA Avneesh Gupta Vs. CMA Gaurav Kumar in Complaint No. Com/21-CA(64)/2018
7	Name(s) of person who have knowledge of the facts of the case	Durai Ponselvam, the Complainant.

3. It is noted that the complaint dated 23rd November 2023 was served on the Disciplinary Directorate on 1st March 2024 along with Demand Draft No. 847003 dated 30th November 2023 towards the prescribed complaint filing fee. Since the validity of the said Demand Draft was limited to three months, the Demand Draft was returned to the Complainant with a request to obtain its revalidation and resubmit the same. Accordingly, the Complainant submitted a revised Demand Draft dated 4th April 2024 towards the prescribed complaint filing fee, which was served on the Disciplinary Directorate on 6th May 2024.

4. The above complaint was scrutinized and was registered in terms of Rule 5 of the Cost and Works Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 and the same was proceeded with in the manner as prescribed in Chapter III of the Rules and was registered by the Disciplinary Directorate by giving a unique number, Complaint No. Com/21-CA(129)/2024.

5. The complaint dated 23rd November, 2023 (Registered on 9th May, 2024) was duly forwarded to the respondent vide letter No. G/DD/Com-CA(129)/(M-53422)/1/05/2024 dated 30th May, 2024, calling upon the Respondent to submit a written statement in terms of Rule 8(3) of The Rules, 2007 within 21 days from the date of service of the Notice under reference.

6. The respondent has submitted his written statement vide letter dated 10th June, 2024 (served on 13th June, 2024) consisting of 26 number of pages including Annexure. The same is reproduced below verbatim:

Quote

To
The Director (Discipline)
Disciplinary Directorate,
The Institute of Cost Accountants of India,
No, 12, Sudder Street,
Kolkata, 700016

Sub: Response to your letter dated: 30.05.2024 and received as on 08.06.2024
Ref: Complaint No and dated: Com/21-CA (129)/2024 – Shri Durai Ponselvam (Complainant) Vs CMA Arunachalam Parvatha Varthini (M/53422) (Respondent)

Dear Sir,
I, Arunachalam Parvatha Varthini, a Practicing Cost Accountant holding membership no 53422, and I am writing in response to your letter dated 30.05.2024 and I received this letter as on 08.06.2024 regarding the matter at hand. I acknowledge the receipt of correspondence and appreciate the opportunity to provide clarity on the facts and circumstances surrounding the case. I assure you that I take the concerns raised by the complaint seriously and am fully committed to addressing them promptly and appropriately. In this regard, I hereby present the actual facts and pertinent evidence to defend myself against the allegations. It is my utmost priority to ensure transparency and compliance with all relevant regulations and standards. I am prepared to cooperate fully with any inquiries or investigations to resolve this matter satisfactorily.

I hereby defend my case by providing a comprehensive factual background. It is imperative to note that we received a legal notice directly from the client, dated 28.09.2023 from S. KISHANDAN Advocate to which we promptly responded with a legally sound reply. We have diligently gathered and are prepared to present the necessary evidences to defend against the allegations outlined in the complaint. I respectfully urge the Disciplinary Directorate to thoroughly review the entirety of the facts and circumstances, along with the provided evidences, in order to arrive at a just and fair resolution. I express my sincere gratitude for your attention to this matter and respectfully request an order to remove the unfounded allegations lodged against me.

The Institute of Cost Accountants of India
Board of Discipline

Your understanding and consideration in this regard would be greatly appreciated and acknowledged. Detailed explanation, responses and necessary evidences is enclosed for your reference.

Thanking you
Yours faithfully,
Arunachalam Parvatha Varthini
M.No: 53422

Detailed written response statement to defend against the complaint lodged against me.

Factual Background:

1. M/s KPD Galvanizers Private Limited Incorporated in 3rd July 2019, specializes in the treatment and coating of metals, aiming to provide high-quality services for the protection and enhancement of metal surfaces. The registered office of the company is situated in Gummidipoondi Tiruvallur, Tamil Nadu.
2. Initially, the company was incorporated with Mr. Kandhan Muthukrishnan and Mrs Kandan Santhanamari as first directors.
3. Following incorporation, it became apparent that a technical team of skilled professionals was necessary to secure a bank loan and advance the business.
4. The directors determined that Mr. Durai's son who is a close friend of Mr. Kandhan, Mr. Durai Ponselvam (Complainant) was suitable to handle technical aspects and facilitate the loan process, thus appointed him as a director.
5. At the time of appointment, Mr. Durai Ponselvam was a full-time employee at another reputable company. He assured he would resign from his current job to serve as a full-time director for the company's galvanizing business.
6. However, during the bank loan application process, Mr. Durai Ponselvam, due to his existing full-time employment, was uncooperative and unable to participate effectively. The directors insisted, he either resign from his job and commit to the company or step down from his directorship.
7. Mr. Durai Ponselvam unable to resign from his lucrative position to join the company at its initial stage without remuneration, submitted his resignation to the company. This resignation was duly submitted to the company and we received documents from one of the directors of the company, and we filed with form DIR 12 with ROC.
8. Consequently, the company has remained non-operational to date, incurring significant losses for the remaining directors, resulting in the cessation of all business activities.
9. Importantly, it's crucial to note that there was no personal interest or intention on my part, to unlawfully remove the director Mr. Durai Ponselvam from his directorship position. There was no malicious intent or motivation behind his resignation since I am not any way connected with personal interest or relationship with the company and directors.

Crux of the Matter:

10. In this particular case, our firm acts as a consultant responsible for verifying the authenticity of documents, such as board resolution and resignation letter, before

filing them with the relevant authorities, particularly with Registrar of Companies (ROC).

11. Upon receiving the documents submitted by the company, we diligently proceeded with filing them to the ROC, ensuring compliance with all necessary procedures. However, to our surprise, we were served with a legal notice from Mr. Durai Ponselvam (Complainant) through his advocate, dated 28.09.2023, which we received on 11.10.2023 alleging the invalidity of his resignation.
12. Reacting promptly upon receipt of the legal notice, we immediately corresponded with the company and its present director on 13.10.2023 to address the matter. However, we were startled to learn that neither the company nor its present director had received any such legal notice from Mr. Durai Ponselvam.
13. Subsequently, upon receiving a prompt response from the company's present director on 26.10.2023, we swiftly engaged our legal counsel to draft a comprehensive reply to Mr. Durai Ponselvam's legal notice, which was dispatched on 08.11.2023.
14. The details of our response, encompassing the entire history and context of the situation, are encapsulated within the letter prepared by our advocate on 08.11.2023. We consider this response as conclusive evidence to refute the allegations lodged against us and assert that no further explanation is required from our end. Copy of reply notice enclosed for your reference.
15. We were further surprised to learn that a legal notice was sent to me on September 28, 2023. Our response to this notice, executed through our advocate on November 8, 2023, was prompt and thorough. Notably, it appears that they intentionally omitted any reference to this legal notice and our subsequent response when lodging the complaint against me with the Disciplinary Directorate on November 23, 2023. This deliberate omission suggests an attempt to conceal pertinent information from the disciplinary committee.
16. It is evident that the intention behind the allegations seems to be aimed at tarnishing our professional reputation unjustly. Therefore, we urge thorough consideration of the facts, circumstances, and the exhaustive explanation provided in our advocate's reply letter dated 08.11.2023, which unequivocally demonstrates our adherence to legal protocols and ethical standards. We trust that this comprehensive elucidation justifies our position in this matter.

Preliminary Objections:

17. At the outset, I hereby formally deny all the assertions, contentions, and allegations presented in the aforementioned complaint. I assert that these claims lack merit, are devoid of substance, and serve only to disparage my reputation and goodwill. Furthermore, I maintain that these allegations are maliciously intended.
18. Upon careful consideration, I have come to the realization that Mr. Durai Ponselvam's decision not to serve a legal notice to the company and its current director, but solely to myself, was motivated by an intention to extort money or disparage my reputation and goodwill. It appears that he seeks to coerce both myself and the company into providing financial compensation.
19. It is imperative to note that the circumstances surrounding the disagreement between the company, its present director, and the resigned director are rooted in

misunderstanding. The company has yet to initiate its core operations, and the resigned director, although a shareholder with 10000 in shares, and value Rs. 100000/- Share Capital, of malicious intent or disruption to professional pursuits.

20. Henceforth, I vehemently refute all allegations leveled against me. It is imperative to note that we have diligently acquired all requisite documentation from the company, thereby exercising due diligence in our actions. I assert unequivocally that I am not culpable of any professional misconduct as delineated in Part I, Clause (7) and (8), as well as Part II, Clause (1) of the Second Schedule referenced in the complaint.

Verification:

21. I affirm the truthfulness of the statements in this response, ensuring they are based on factual accuracy to the best of my understanding. I respectfully urge the Disciplinary Directorate to carefully review the evidence presented and consider dismissing the case. Furthermore, I verify that I am fully committed to transparent and constructive engagement in any future proceedings aimed at resolving this matter amicably and in adherence to established protocols.

Yours faithfully,
CMA ARUNACHALAM PARVATHA VARTHINI
M.NO: 53442

Unquote

7. The written statement dated 10th June, 2024 submitted by the Respondent was forwarded to the Complainant vide letter No. G/DD/Com-CA(129)/3/06/2024 dated 26th June, 2023 followed by reminder dated 04th July, 2024, 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. The complainant. vide his letter dated 25th July, 2024 forwarded his six-page rejoinder which is reproduced below in verbatim:

Quote

BEFORE THE DISCIPLNARY DIRECTORATE,
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
Complaint No. Com/21-CA(129)/2024
In the matter of

Durai Ponselvam
No.35, C2 Block, Balaji Apartment,
7th Avenue, Pudur, Ambauttur,
Chennai – 600053,Tamil Nadu ....Complainant

Versus

CMA Arunchalam Parvatha Varthini (M/53422)
754/4, B Type, TNHB, Pappankuppam,

Gummudipoondi Taluk,
Thiruvallur –601201,TamilNadu ....Respondent

Rejoinder of the Complainant to the response statement of the Respondent dated 26.06.2024 and received by the answering complainant on 04.07.2024 (Ref.No.Com/21CA(129)/2024

The answering Complainant submits as follows:

1. It is overtly evident that the Respondent is desperately attempting to change the course of the entire complaint by taking an irrational defense that this present complaint is filed with intention to extort money and this complaint is nothing but a disagreement between the company where the directors are rooted in misunderstanding. Whereas in reality, it is Respondent being a professional who had colluded with **another director of the company and fraudulently certified the e-form DIR12** based out of documents which are not in genuine in nature and the same amounts to professional misconduct.
2. With respect to factual background as stated by the Respondent in **Point no.1 to 8**, it is submitted that there is no necessity to dwell into facts as stated by the Respondent because of the reason that these alleged facts are incidents which happened before the misconduct committed by the Respondent and the same is not relevant to this complaint. Thereby, it is evident that the Respondent made up an imaginary story without any proof to substantiate and the sole intention behind the same is to muddle the disciplinary committee with irrelevant facts. Further, the Complainant herein highlights point no.7 in the response statement filed by the Respondent as follows:

   "7**. Mr. Durai Ponselvam unable to resign from his... to join the company at its initial stage without remuneration, submitted his resignation to the company.**This resignation was duly submitted to the company and we received documents from one of the directors of the company, and we filed with form DIR12 with ROC."

   From reading of above lines, it is seen that without any evidence or proof, the Respondent are making such baseless statement that the Complainant had submitted his resignation to the company. **It is pertinent to note that Respondent had done due diligence to provide such detailed factual background about the company and its directors while giving the present response statement, but at the same time, in the same length and breadth the Respondent had failed to reconfirm the resignation from the Complainant when there existed various irregularities in the documents given by the another director of the company (as per her version).**
   In short this shows that the Respondent had failed to do proper due diligence and had not obtained sufficient information before certifying the said eform DIR 12 and this clearly attracts violation of clause 7 & 8 of Part 1 of Second Schedule of Cost and Work Accountants Act, 1959 where the Respondent had deliberately failed to exercise due diligence and at the same time, failed to obtain sufficient information from the company before certification.
   At the same one can also not rule out the possibility that the respondent herself manufactured such a letter and loaded the said forms.

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3. With respect to Point no.9, the Respondent had contended that there is no personal interest or intention on her part, to unlawfully remove the Complainant from the directorship position of the company. The time when the said legal notice dated 28.09.2023 was served to the Respondent by pointing out that no consent was given to the said resignation and discrepancies in the attached documents, the Respondent had sought clarification from another director of the company about the resignation rather than perusing and verifying the said documents and report it to the authorities. This proves that the Respondent with malicious intent had colluded with another director of the company and committed misconduct by fraudulently certifying the eform DIR 12.

VIOLATION OF CLAUSE 7 OF PART I OF SECOND SCHEDULE OF THE COST AND WORKS ACCOUNTANTS ACT, 1959:

4. With respect to Point no.10, it is admitted by their own words that the Respondent is responsible for verifying the authenticity of the documents before proceed with certification of eforms. It is pertinent to note that when the Respondent had verified the authenticity of the documents before certification as stated, then there is no necessity to seek clarification from another director of the company with regard to resignation **and such clarification sought from the third party raises the question on duties and responbilities of the Respondent on verification of authenticity of documents.** Even in the said clarification letter, the Respondent did not question another director of the company about the sanctity of the documents and irregularities as highlighted in para 6 of the legal notice dated 28.09.2023. This omission committed by the Respondent clearly stipulates the failure of obtaining sufficient information from the company about the documents. This is clearly cut violation of clause 7 of part 1 of Second Schedule of Cost and Works Accountants Act, 1959
5. With respect to **Point no.11 – 13**, it is submitted that the reason behind issuance of legal notice only to the Respondent and not to another director of the company is for the reason that Respondent being a professional whose primary duty is to verify the details present in the documents attached with the eform before certification. **When the said irregularities are apparently visible by bare perusal of the documents and with the naked eye, then it proves that the Respondent had deliberately colluded and involved in such fraudulent activity**. Even after involving in such fraudulent activity, the Complainant through the said legal notice gave opportunity to do course correct and do the right thing, but the Respondent had neglected to do so and again sought help of another director of the company. It amuses the complainant that for all practical purpose the respondent is acting as a stooge to another director. Further in the para 11 it is stated by the respondent that her f irm acted as a consultant to which the complainant herein would like to raise a pertinent question that whether acting as a consultant is allowed under the provisions of the Cost and Works Accountants Act, 1959?
6. With respect to **Point no.14 – 16**, the Respondent had replied on 08.11.2023 to the legal notice and in the said reply there is no explanation or justification was given by the Respondent with respect to discrepancies and irregularities in the documents. Rather than giving proper explanation, the Respondent in her reply to legal notice raised contention that non-mentioning of the Complainant's name in the resignation

letter is of his own fault. The excerpts of Respondent's reply to legal notice as follows

Further your client's legal notice has no cause of action for initiating any legal complications as against my client, because the entire procedure adopted and carried out by my client before the R.O.C is of due process of Law. My client wants to make it clear to your client that, their exist no prescribed format or no prescribed draft laid down or formulated in Company Law Act or any other Act in respect to the contents to made or written or mentioned in the resignation letter. Hence the non-mentioning of your client's name in his resignation Letter is of his own fault, and it is nothing to be connected or related or linked with my client. My client further makes a clear statement through this reply notice that the said Mr. Ponvel is not her relative or friend or well-wisher, hence there does not exist any favouritism or collusions between my client and with the said Mr. Ponvel.

7. The said resignation letter is reproduced below

Date 30/05/2023

From
NO 35 C2 BLOCK
BALAJI APARTMENT 7TH AVENUE
PUDUR
BANU NAGAR
AMBATTUR-600053

To
M/s KPD Galvanizers Private Limited
SF NO 522/1F22/1E522/1G2
SIRUPUZHALPETTAI VILLAGE
GUMMIDIPOONDI-601201

Sub: Letter of Resignation from M/s KPD Galvanizers Private Limited

Dear Sir

I tender my resignation with immediate effect from the Directorship of KPD Galvanizers Private Limited and this letter is served as an official notice of my resignation

I am unable to serve your company as a director since I have employed as employee in the MNC Company so I am unable to concentrate on the both. Good to service the company in my tenure

Wishing all the future growth to company

Thanking you

Yours faithfully

For KPD Galvanizers Private Limited

Director

Assuming but not admitting, if a person is giving a resignation letter, is it not a standard practice for an individual to include their name in a resignation letter in

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addition to their signature. In addition to the same, if the resignation is on individual capacity, then why should there be presence of company seal and DIN number on the signature place which clearly shows that the signature is fake and fabricated one. When all the aforesaid flaws are elucidated by the Complainant through legal notice, the Respondent deliberately failed to approach the authority to make the form as defective and at the same time, once again colluded with another director gave such frivolous reply which does not hold any water in the present complaint. The Complainant had highlighted the duty of the cost accountant to peruse the documents at the time of certifying DIR 12 as decided by the same Disciplinary Directorate in the matter of CMA Avneesh Gupta Vs. CMA Gaurav Kumar in Complaint No. Com/21-CA(64)/2018. The said legal notice was served to the Respondent with bona fide intention to highlight the professional negligence and deficiency in exercising her duties as cost accountant as enlightened in this present complaint. Therefore, there is no requirement for the Complainant to conceal the legal notice served to the Respondent whereas the said legal notice consisted of same subject matter about wrongful certification and collusion with the another director of the company.

8. With respect to **Point no.17**, the Complainant had made the present complaint against the Respondent in regard to commission of professional misconduct by wrongful certification and at the same time, collusion with another director. Thereby, this complaint is no way made in order to damage the reputation and goodwill of the Respondent.
9. With respect to **Point no.18**, as already stated above, the Respondent are taking moonshine defense that the present complaint is filed for the purpose of extort money from the Respondent. It is nowhere, neither in legal notice nor in the present complaint, had claimed for any monetary benefit in his favour rather than request to impose penalty against the Respondent. Such professionals are persons who are a black mark to the whole system they use the professional degree to illicitly do business with their clients and the classic example is this one wherein the respondent had believed each word of the other director as a god's honest truth without even verifying it once with the complainant whose so called letter was the subject matter of contention. Thus practicing professionals should refrain from doing business with their clients by siding with their clients it clearly depicts how all professional ethics rules and regulations are forgotten just to earn wealth. Further, the sole intention behind this present complaint to enlighten the negligence and lackadaisical approach made by the Respondent during the certification and at the same time, the Respondent had given a false declaration that the attached documents are genuine in nature without even perusing the same.
10. With respect to Point no.19, this complaint is not because of the misunderstanding between the directors or disagreement between the company. Whereas it is Respondent who is twisting the facts and shifting the present complaint into dispute within the company. This complaint is purely on the collusion made by the Respondent with another director in order to remove the Complainant from directorship and being a professional, the Respondent had involved in such fraudulent activities is to be brought to attention of this Disciplinary directorate of Institute of work and cost accountants of India.

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11. With respect to Point no.20, the Complainant is completely disagree with the statement that the Respondent had acquired all requisite documentation from the company and exercised due diligence on her actions. It is pertinent to note that the Respondent without even looking into the documents had certified the DIR 12 form and only when the said legal notice against the Respondent, she had approached another director of the company for help. In addition, it is also seen that the Respondent neither in reply to legal notice nor in this response statement had not given any explanation for the contention raised by the Complainant for irregularities in resignation letter and void board resolution. This proves the fact that such documents are fake and fabricated and the Respondent had certified the form even knowing the same.
12. Under the provision of Companies Act 2013 also any act of omission commission is an act of fraud as per the definition of "fraud" enshrined under the said Act. When the certification is done even in the form the categoric attention is invited about the section 448 of companies act 2013; now the respondent is trying to weave a new story as per its own whims and fancies knowing fully well that what she had done was unethical immoral unprofessional and a fraudulent act. The certificate given by the Respondent in the said eform is reproduced below;

Certificate by practicing professional
I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of the Companies Act, 2013 and Rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars [including attachment(s)] from the original/certified records maintained by the Company/applicant which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed.

I further certify that:

The said records have been properly prepared, signed by the required officers of the Company and maintained as per the relevant provisions of the Companies Act, 2013 and were found to be in order

All the required attachments have been completely and legibly attached to this form;

It is understood that I shall be liable for action under Section 448 of The Companies Act, 2013 for wrong certification, if any found at any stage

Under the light of the above violations and omission done by the Respondent, it is humbly prayed that may this Disciplinary Directorate take actions of the nature specified in para 13 in Pg no.5 of the Complaint filed by the Complainant.

Place: Chennai
Date: 25.07.2024

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Unquote

8. **Comments of Disciplinary Directorate**

Upon careful examination of the complaint, written statement of the Respondent, rejoinder of the Complainant and the documents placed on record, the following observations are made:

a) The gravamen of the complaint is that the Respondent, while certifying e-Form DIR-12 filed under the Companies Act, 2013, failed to exercise due diligence in verifying the resignation letter and the Board Resolution, which according to the complainant were fake and fabricated. The complainant has further alleged that the Respondent colluded with another director of the company and thereby violated Clauses (7) and (8) of Part I and Clause (1) of Part II of the Second Schedule to the Cost Accountants Act, 1959.

b) The Respondent has denied all allegations and submitted that she had acted strictly in her professional capacity on the basis of the documents produced before her by the company. According to the Respondent, she had no personal interest in the affairs of the company and merely certified the statutory form after relying upon the resignation letter and the Board Resolution furnished by the company.

c) The complainant has reiterated that the Respondent failed to independently verify the genuineness of the resignation letter and deliberately relied upon documents supplied by another Director despite apparent irregularities, thereby amounting to professional negligence and collusion.

d) From the material available on record, it is observed that the alleged resignation letter dated 30th May, 2023 was placed before the Board of Directors in its meeting held on even date by the Chairman of the Company, and the Board accepted the resignation by passing a Board Resolution. Therefore, the statutory records of the company indicate that the resignation was considered and accepted by the Board before filing e-Form DIR-12.

e) The primary responsibility for placing the resignation letter before the Board and obtaining its approval lie with the Management of the company, including the Chairman who convened the meeting and the Board of Directors which accepted the resignation. It was the responsibility of the Management and the Board to ascertained

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the genuineness of the document. In fact, the complainant himself was admittedly a Director of the company on the relevant date. Being a Director, he would ordinarily be expected to have knowledge of the convening of the Board Meeting, the agenda circulated for such meeting and the resolution passed therein.

f) The present proceedings are confined to examining the whether the Respondent failed to discharge her professional obligations under the Cost Accountants Act, 1959 which tantamount to professional conduct of the Respondent and not the validity of the Board proceedings or acts of the company. The disciplinary jurisdiction of the Institute is confined to examining whether the Respondent failed to discharge her professional obligations under the Cost Accountants Act, 1959

g) It is further noticed that the Respondent relied upon a Board Resolution duly signed by the authorised Director(s) of the company, along with the resignation letter, while certifying e-Form DIR-12. A practising professional is entitled to rely upon corporate records and resolutions which, on the face of the record, appear to have been duly approved by the competent authority of the company unless there exist apparent circumstances warranting further verification.

h) The complainant has heavily relied upon the decision of the Disciplinary Committee in Complaint No. Com/21-CA(64)/2018 (CMA Avneesh Gupta Vs. CMA Gaurav Kumar) to contend that the Respondent ought to have independently verified the documents before certification. However, a careful reading of the said order reveals that the complainant has referred only to selected observations of the Disciplinary Committee. In the said case, after considering the entire facts and circumstances, the Disciplinary Committee ultimately dropped the allegations against the Respondent. Therefore, the ratio of the said decision cannot be selectively relied upon without appreciating the final conclusion arrived at by the Committee.

i) It is a settled principle that every disciplinary proceeding has to be decided on its own facts and evidence. The observations made in another case cannot be mechanically applied without considering the factual matrix of the present complaint.

j) The allegation of collusion between the Respondent and another Director is primarily based on inference and suspicion. No independent documentary or other cogent

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evidence has been produced by the complainant to establish that the Respondent actively participated in the alleged fabrication of the resignation letter or the Board Resolution. Mere certification of a statutory form on the basis of documents placed before the professional cannot, by itself, establish collusion in the absence of credible evidence.

k) The dispute raised by the complainant substantially revolves around the genuineness of the resignation letter, validity of the Board Resolution and legality of cessation of his directorship. These are issues which primarily fall within the jurisdiction of the competent authorities under the Companies Act, 2013 or other appropriate judicial forums. The disciplinary jurisdiction of the Institute is confined to examining whether the Respondent failed to discharge her professional obligations under the Cost and Works Accountants Act, 1959.

l) Having regard to the totality of the material available on record, there is nothing on the record to show that the Respondent knowingly certified false documents or intentionally colluded with the management of the company. Similarly, no material has been produced to establish that the Respondent was aware that the documents relied upon by her were fabricated.

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

a) The Board has carefully considered the complaint, the written statement filed by the Respondent, the rejoinder of the Complainant, the documents placed on record and the Comments of the Director (Discipline).

b) The principal allegation against the Respondent is that while certifying e-Form DIR-12 filed under the Companies Act, 2013, she failed to exercise due diligence in verifying the resignation letter and the Board Resolution, allegedly resulting in wrongful certification and collusion with another Director of the Company, thereby attracting Clauses (7) and (8) of Part I and Clause (1) of Part II of the Second Schedule to the Cost and Works Accountants Act, 1959.

c) The Board observes that the material available on record shows that the resignation letter dated 30th May, 2023 was placed before the Board of Directors of the Company in its meeting held on the same date and the Board accepted the resignation by passing a

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Board Resolution. The Respondent certified e-Form DIR-12 on the basis of the corporate records, including the resignation letter and the Board Resolution produced before her by the Company. In the absence of any apparent defect or circumstance creating reasonable suspicion at the time of certification, a practising Cost Accountant is entitled to rely upon corporate records produced before her. No material has been placed on record to establish that the Respondent had prior knowledge that the documents furnished by the Company were false or fabricated.

d) The allegation of collusion is founded merely on suspicion and inference. Apart from the assertions made in the complaint, no independent documentary or other cogent evidence has been produced to demonstrate that the Respondent participated in the preparation or fabrication of the resignation letter or the Board Resolution or knowingly certified false documents.

e) In view of the above findings, the Board is of the considered opinion that the allegations are not supported by cogent evidence and fail to establish any act of professional or other misconduct on the part of the Respondent. The allegations remain unsubstantiated and are insufficient to warrant disciplinary action under the provisions of the Cost Accountants Act, 1959.After detailed deliberations, the Board decided to order for closure of the matter in accordance 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 and inform the Complainant and the Respondent accordingly.

f) The matter stands disposed of accordingly.

A. Goswami

CMA Avijit Goswami

(Member)

Shri P.K. Pujari, IAS (Retd)

(Presiding Officer)

Place: New Delhi
Date: 19th August, 2026

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Com/21-CA(129)/2024

Distribution under Rule 15(3) of the Rule

1) Director(Discipline), The Institute of Cost Accountants of India
2) Complainant, Shri Durai Ponselvam
3) Respondent, CMA Arunachalam Parvatha Varthini (M/53422)

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