

MONTHLY UPDATES ON ADJUDICATION ORDERS

Edition No.16 April 01, 2024, to April 30, 2024

ADJUDICATION ORDERS OF THE ROC DURING THE MONTH OF APRIL 2024

PRAGYA SPOTLIGHT

1. The highest number of ROC orders have been imposed for violation of Section 137 of the Companies Act, 2013 i.e., non-filing of financial statements as per the provisions of the Act.
2. Hyderabad ROC has penalised a Company for issuing and Transferring securities, without dematerialising the shares of the Promoters. Erstwhile Company Secretaries who held such position during the commission of the offence were also penalised.
3. Shares issued to an intermediary Company were later sold to retail shareholders through that intermediary's platform, violating section 42(7) of the Companies Act, 2013, as it indirectly amounts to Issuance of securities via private placement using distribution channels. Delhi ROC imposed penalties on two companies and their officers in default. Non-Executive Directors and Independent Directors of the Intermediary Company were also held liable since there were aware of the business model of the Company which is in violation of Section 42 (7)



4. Coimbatore ROC penalised 4 companies for not reporting particulars of contract or arrangement with related parties in the Board. In one case, the value for one of the related party transactions was mentioned incorrectly. Such Incorrect reporting was also considered as non-compliance and penalty was levied under Section 134.
5. In one case, Patna ROC levied penalty for not maintaining Registered Office under section 12.
6. Mumbai ROC (3 cases) and Gwalior ROC (1 case) levied penalty for delay in filing of Annual Return under Section 92.
7. Mumbai ROC (2 cases), Patna ROC (1 Case) and Gwalior ROC (1 case) levied penalty for delay in filing of Financial Statements under Section 137.
8. Patna, Gwalior and Coimbatore ROC, each in 1 case, levied penalty for delay in filing of form MGT 14 under Section 117.

Note : Chennai ROC published 30 orders on 29 April 2024, which is not considered for this Pragma issue.

AKSHAYAM
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ADJUDICATION ORDERS OF THE ROC DURING THE MONTH OF APRIL

NON-COMPLIANCE UNDER SECTION 12

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	PATNA – 1	On Company - Rs. 1,00,000/- On each Director - Rs. 1,00,000/-	Non maintenance of Registered office	

NON-COMPLIANCE UNDER SECTION 29(1A)

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	HYDERABAD-1	On Company - Rs.90,000/- On Managing Director - Rs.90,000/-	Issue and Transfer of securities, without	Erstwhile company secretaries who held such position during the commission of the offence were also penalised.

	<p>On Wholetime Director - Rs.90,000/-</p> <p>On Executive Director - Rs.70,000/-</p> <p>On Former Company Secretary - Rs.50,000/-</p> <p>On Former Company Secretary - Rs.40,000/-</p>	dematerialization of the Promoter shares	
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NON-COMPLIANCE UNDER SECTION 42(7)

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	DELHI-2	<p>On Company - Rs.2,00,00,000/-</p> <p>On one of the Director - Rs.2,00,00,000</p> <p>On three Directors- Rs.1,00,00,000/-</p>	Issuance of securities via private placement using distribution channels (website platform)	<p>The shares were issued by the Subject Company to the <i>Platform Company</i> and that Company transferred shares to retail shareholders through a platform.</p> <p>The real intention was to issue the shares to the public at large. The first transaction whereby the shares of the subject company were issued to</p>

2		<p>On Company - Rs.48,15,000/- On each Directors - Rs.48,15,000/-</p> <p>One-half of the profits of the company for FY 2022-23 was levied as penalty</p>	<p>Issuance of securities via private placement using distribution channels</p>	<p><i>Platform Company</i> was merely a smokescreen. Thus, the provisions of section 42(7) of the Companies Act, 2013 stood violated.</p> <p>Non-executive and independent directors, aware of the company's business model and hence are liable under section 149(12) for the violation of section 42(7) and were subjected penalty.</p>
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NON-COMPLIANCE UNDER SECTION 92

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	MUMBAI – 3	<p>On Company - Rs. 28,150/- On each Director - Rs. 28,150/-</p>	Non filing of Annual Return	The company is in default for filing its Annual Return for the Financial years 2019-2020 with the ROC

2		On Company - Rs. 51,800/- On Managing Director - Rs. 51,800/-	In this instance, the company defaulted in filing Annual Return for the Financial years 2018-2019 with the ROC
3		On Company - Rs. 83,100/- On each Director - Rs. 83,100/-	
4	GWALIOR – 1	On Company - Rs. 47,550/- On Director - Rs. 25,000/-	

NON-COMPLIANCE UNDER SECTION 117

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	PATNA – 1	On Company - Rs.2,00,000/- On each Director - Rs.50,000/-	Default in filing MGT - 14	The company had not filed MGT-14 in respect of resolutions passed for the Financial Year 2017-2018.

2	GWALIOR – 1	On Company - Rs. 48,250/- On each Director - Rs. 25,000/-	Non filing a copy of every resolution or any agreement in specified manners	In this instance, the company passed special resolution at their Extra Ordinary General Meeting for authorization of issuance of convertible note. However, the company defaulted in filing MGT-14 within the stipulated time frame.
3	COIMBATORE – 1	On Company - Rs.1,00,000/- On each Directors - Rs.25,000/-	Loan Transaction undertaken without passing resolution by the Board of Directors of the Company	In this instance, the company paid Rs.1,30,15,000/- to an account wrongfully and recovered the same later. However, the company did not obtain specific board resolution for such transaction.

NON-COMPLIANCE UNDER SECTION 134

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
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1	COIMBATORE - 4	On Company - Rs.1,50,000/- On each Directors - Rs.25,000/-	Non filing of particulars of contract or arrangement with related parties	Incorrect filing of particulars of contract or arrangement with related parties was considered as non compliance and penalty was levied.
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NON-COMPLIANCE UNDER SECTION 137

SL.NO	ROC JURISDICTION AND NUMBER OF ORDERS PASSED	ORDER PASSED AGAINST AND AMOUNT OF PENALTY	NATURE OF NON-COMPLIANCE	OTHER RELEVANT POINTS, IF ANY
1	PATNA – 1	On Company - Rs. 63,600/- On each Director - Rs. 50,000/-	Non filing of financial statements	
2	MUMBAI – 2	On Company - Rs. 3,61,000/- On each Director - Rs. 1,36,100/-	Non filing of financial statements	
3		On Company - Rs. 45,500/- On Director - Rs. 95,500/-		
4	GWALIOR 1	On Company - Rs. 49,050/- On Director - Rs. 25,000/-	Non filing of financial statements	