

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
T.P.NO. 201/2016
IN
C.A.NO. 253/2015**

DATED: FRIDAY THE 17TH DAY OF FEBRUARY 2017

***PRESENT: SHRI RATAKONDA MURALI, MEMBER JUDICIAL
SHRI. ASHOK KUMAR MISHRA, MEMBER TECHNICAL***

**IN THE MATTER OF COMPANIES ACT, 2013
SECTION 621A UNDER SECTION 211(1) OF THE COMPANIES ACT, 1956
AND**

IN THE MATTER OF B.M.M. ISPAT LIMITED

T.P.NO. 201/2016 IN C.A.NO. 253/2015

1. **Shri Dineshkumar Singhi- Director,
No.101, 1st Floor, Pride Elite, No.10,
Museum Road, Bangalore-560001.**
2. **Shri Mrutyunjaya Senapati- Director,
002, Aster Block, Fantasy Gardens Apt.,
2nd Main Road, Kasturinagar,
Bangalore-560043.**

- **APPLICANTS**

PARTIES PRESENT: Mr. A.M.Sridharan, Advocate and Authorised representative for the Applicants.

Heard on: 28/10/2016, 22/11/2016, 14/12/2016 and 18/01/2017.

ORDER

The Application was originally filed before the Company Law Board, Southern Region, Chennai under Section 621A of the Companies Act, 1956 for the purpose of compounding for violation of provisions of Section 211(1) read with Schedule VI of the Companies Act, 1956 and it was numbered as C.A 253/2015. Consequent upon the establishment of National Company Law Tribunal Bench at Bengaluru, the said case was transferred to this Tribunal on abolition of Company Law Board, Southern Region, Chennai Bench and re-numbered as T.P No. 201/2016.

The averments made in the Company Application are briefly described hereunder:-



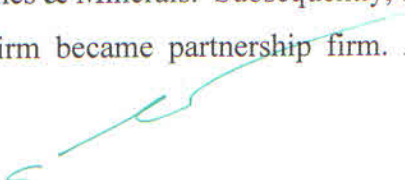
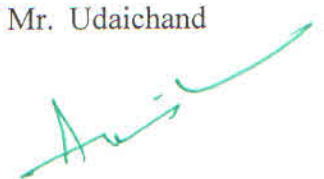
The Company was incorporated under the Companies Act, 1956 on 15th April 2002 as a Private Limited Company under the name and style of B.M.M Iron ore Private Limited. Subsequently the company was converted into a Public Company on 15th December 2004 and changed its name to B.M.M. Ispat Limited vide Registration No. CIN-U13100KA2002PLC030365. The Registered office of the company is situated at # 114, Danapur Village, Hobli Mariamanahalli, Hospet Taluq, Bellary District – 583222.

The present Authorized share capital of the Company is Rs. 160,00,00,000/- (Rupees One Hundred and Sixty Crores only) consisting of 16,00,00,000 Equity Shares of Rs 10/- each. The issued, subscribed and paid up capital is Rs. 104,06,18,460/- consisting of 10,40,61,846 equity shares of Rs 10/-each.

The Main objects of the Company is to carry on the business of prospecting, exploring and developing, opening and working of mines for minerals and ores and to obtain mining licenses and lease for ores and minerals from Government or any local body; to purchase, take on lease or in exchange, hire or otherwise acquire, any movable property; to act as agents, Managers, selling agents transport contractors for mineral ores and other allied products; to promote, take over or set up sponge iron plants, mini steel plants, and alloys and is currently doing the business in manufacturing of pellets, sponge iron, TMT bars and generation of power etc., Details of the objects of the Company are mentioned in the Memorandum of Association of the Company.

It is averred in the Company Application that, 1st Applicant is a promoter director of the company since incorporation and was appointed as Managing Director of the Company on 30th April 2007 and resigned as Managing Director on 20th April 2015 and presently he is the Chairman of the Company and 2nd Applicant is the Whole Time Director of the Company during the time of default.

It is further averred in the Application that, mining licence to extract iron ore in Nandihill Area, Sandur Taluk, Bellary District was originally granted in favour of Mr. H.K.Thimmanna on 6th May 1978 and the same has been transferred in favour of M/s Bharat Mines & Minerals vide Notification issued by government of Karnataka on 12th April 1979. At that time Mr. Udaichand Singhi was proprietor of Bharat Mines & Minerals. Subsequently, the 1st Applicant was inducted and the proprietary firm became partnership firm. After the demise of Mr. Udaichand

Singhi, the firm again became proprietary concern owned by the 1st Applicant. The mining lease was renewed from time to time for about 20 years. The Bharat Mines & Minerals was again converted into a partnership firm by entering into deed between the 1st Applicant and M/s BMM Ispat Limited and Bharat Mines & Minerals became partnership firm. The profits sharing ratio between the company and Mr. Dineshkumar Singhi at the ratio of 90:10. The company has made investments in the said firm to the tune of Rs 43,72,42,038/- as on 31/03/2008.

It is further averred that, one Mr. Srinivasulu has a mining licence in his favour for extracting iron ore in Donimali Area, Bellary District and the company has decided to form a partnership with Mr. Srinivasulu and accordingly, entered into partnership with Mr. Srinivasulu and others and formed Shree Gavisidesshwara Minerals and the company has made investments of Rs 9,96,50,198/- in the said firm. It is further averred that,, in accordance with Note (1) of Part-I of Schedule VI (as was then), a company if it has made investments in partnership firms it shall provide a statement annexed to the balance sheet details in respect of investment in the capital of the partnership firm(s), the name of the firms with the names of all their partners, total capital and the shares of each partner. Further section 211(1) provides that "Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set out in Part I of Schedule VI, or as near thereto as circumstances admit or in such other form as may be approved by the Central government either generally or in any particular case; and in preparing the balance sheet due regard shall be had, as far as may be, to the general instructions for preparation of balance sheet under the heading 'Notes' at the end of that Part. In the Balance Sheet of the Company for the financial year ending 31/03/2008 the company had inadvertently not shown the details of partnership firms as required by way of statement annexed to the said Balance Sheet.

It is further averred that Ministry of Corporate Affairs has ordered inspection of the books and records of the Company under section 209A of the Companies Act, 1956, and during the course of inspection the Inspecting Officer found that, non-compliance with the provisions of Note (1) of part-1 of Schedule VI of the Companies Act, 1956. The company has replied that it had inadvertently

not furnished the statement containing the above said details in respect of the said partnership firms in the Balance Sheet as at 31/03/2008. Accordingly, Registrar of Companies, Karnataka, Bangalore issued Show Cause Notice bearing No. ROCB/MMM/SCN/SEC 211/030365/2015 dated 10th April 2015.

However, the Applicants voluntarily admitted that, the company has inadvertently not furnished the details as required under Note (1) of Part 1 of Schedule VI of the Companies Act, 1956 by way of statement to notes on Accounts of the Balance Sheet of the Company for the financial year ending 31/03/2008 and thereby contravened the provisions of section 211(1) read with Schedule VI of the Companies Act, 1956.

We have heard the counsel for Applicants. The learned Counsel contended that, the said contravention committed by the Applicants was neither intentional nor willful and would further contend that, a lenient view may be taken while compounding the offence.

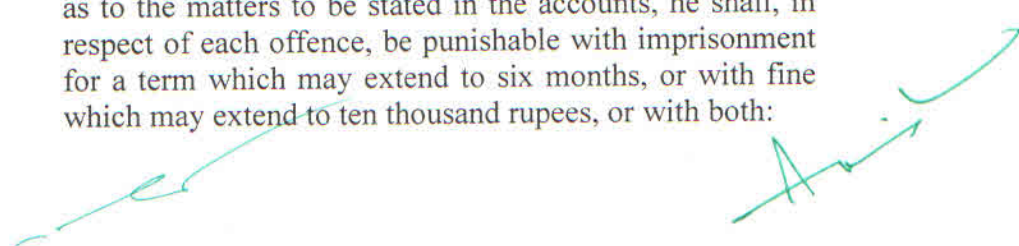
We have seen the Show Cause Notice issued by the Registrar of Companies, Karnataka, Bangalore to the applicants in which, it is clearly stated that, company has failed to furnish the details of partnership firms as required to be furnished under Note (1) of Part 1 of Schedule VI of the Companies Act, 1956 in the Balance Sheet as at 31/03/2008 and thereby contravened the provisions of section 211(1) read with Schedule VI of the Companies Act, 1956.

Section 211 (1) of the Companies Act, 1956 reads as follows:-

“Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set out in Part I of Schedule VI, or as near thereto as circumstances admit or in such other form as may be approved by the Central government either generally or in any particular case; and in preparing the balance sheet due regard shall be had, as far as may be, to the general instructions for preparation of balance sheet under the heading ‘Notes’ at the end of that Part:”

Section 211(7) of the Companies Act, 1956 is penal provision for violation which reads as follows:-

“If any such person as is referred to in sub-section (6) of section 209 fails to take all reasonable steps to secure compliance by the company, as respects any accounts laid before the company in general meeting, with the provisions of this section and with the other requirements of this Act as to the matters to be stated in the accounts, he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to ten thousand rupees, or with both:



This Application was filed under section 621A of the Companies Act, 1956. The provisions of section 441 of the Companies Act, 2013 came into effect from 1st June 2016, this application was filed before erstwhile Company Law Board, Southern Region, Chennai. Therefore, this application is to be decided under the provisions of section 621A of the Companies Act, 1956.

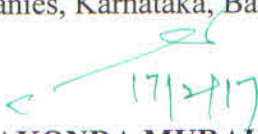
We have perused the documents filed by the Applicants. We have seen the Show Cause Notice and after going through the Company Application under section 621A of the Companies Act, 1956 and further submissions made by the Counsel for the Applicants and the observations of the Registrar of Companies, Karnataka, Bangalore in his report bearing No. ROCB/MMM/621A/30365/2015 dated 4th September 2015, we hereby levy compounding fee for violation of provision of section 211(1) of the Companies Act, 1956 on the Applicants No. 1 & 2 as shown in the table given below:-

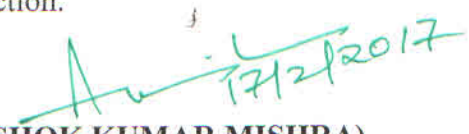
Sl. No.	Particulars	Violation of Sec.211(1) of Companies Act, 1956-	Grand Total Rs.
1	1 st Applicant- Managing Director	6,000/-	6,000/-
2	2 nd Applicant- Whole Time Director	6,000/-	6,000/-

In pursuant to our Order dated 31/01/2017 mentioned herein above, the Applicants have paid the compounding fee by depositing 2 Demand Drafts of State Bank of Hyderabad, Bangalore drawn on 13/02/2017 in favour of "Pay and Accounts Officer, Ministry of Corporate Affairs, payable at Chennai" as detailed below:-

Sl. No.	Particulars of Applicant	Fee Amount/D.D Rs.	DD No. & Date
1	1 st Applicant- Managing Director	6,000/-	365349 dt. 13/02/2017
2	2 nd Applicant- Whole Time Director	6,000/-	365352 dt. 13/02/2017

As the compounding fee has been remitted by the Applicants, the offence stated in the petition is compounded. A copy of this Order be sent to Registrar of Companies, Karnataka, Bangalore for appropriate action.


(RATAKONDA MURALI)
MEMBER, JUDICIAL


(ASHOK KUMAR MISHRA)
MEMBER, TECHNICAL

DATED THIS THE 17th DAY OF FEBRUARY 2017.