

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**  
**TRANSFER COMPANY APPLICATION NO. 204/621A1CLBIMB/2015**  
**PRESENT: B. S.V. PRAKASH KUMAR, MEMBER(JUDICIAL)**

In the matter of section 621A Companies Act, 1956, read with Section 441 of the Companies Act, 2013

And

In the matter of **M/s. Niwas Spinning Mills Pvt. Ltd.**, having its Registered Office at 406/A, West Mangalwar Peth, Chatti Galli, Solapur – 413 002..

**PRESENT FOR THE APPLICANT:-**

Mr. B. M. Gattani – Auditor

**Date of Hearing:** 16.05.2016

**ORDER**

**Applicant in Default:-**

Mr. B. M. Gattani – Auditor of M/s. Niwas Spinning Mills Ltd.

**Section Violated :-**

Section 227 & 233 of the Companies Act, 1956

**Nature of Violation :-**

1. As per the submission made in the Report of ROC, Pune and as per the submissions made in the Compounding Application, it is observed that an Inspection of the Books of Accounts and other books and papers of the Company in terms of section 209A of the Companies Act, 1956 was carried out by Inspecting Officer of Government of India, Ministry of Corporate Affairs, Office of the Regional Director, Western region, A Show cause Notice dated 12th February, 2013 No. ROCP/STA/209a/2013/6662 was issued by the Registrar of Companies, Maharashtra, Pune to give explanations as to non inclusions of transaction with related parties namely Niwas Syntex Pvt. Ltd., Niwas Vitta Viniyog Pvt. Ltd and Spinomat Inv. & Fin Pvt. Ltd. While auditing the accounts of the Company, the applicant did make enquiries and asked for the details of related parties. However, the Company i.e. Niwas Spinning Mills Ltd. inadvertently missed out to include in the list of the related parties, the name of Niwas Syntex Pvt. Ltd., Niwas Vitta Viniyog Pvt. Ltd. and Spinomat Inv. & Fin Pvt. Ltd. Therefore, there was no disclosure of transaction with Niwas Syntex Pvt. Ltd., Niwas Vitta Viniyog Pvt. Ltd. and Spinomat Inv & Fin Pvt. Ltd. by way of notes to the Accounts pertaining to the Balance Sheet for the year ended on 31.03.2007, 31.03.2008, 31.03.2009, 31.03.2010, 31.03.2011 and 31.03.2012. The Applicant hereby also states that the company is a sick company and Registered under BIFR resulting in non employing qualified person to look after the Accounts. Further, Sholapur being a small town, there is difficulty in getting Man power and qualified staff for looking after the accounts. This is one of the contributory factors for non-compliance of AS-18 w.r.t. section 211(3A) of the Companies Act, 1956. As there is no negligence of the part of the Auditor as proper information/disclosure was not made available while auditing the Books of Accounts. The Registrar of Companies, Pune forwarded the compounding application vide his letter No.ROCP/STA/621A/2015/3918 dated 15/06/2015 and the same has been treated as Company Application No. 204/621A/CLB/MB/2015.

2. The undersigned, the then Presiding Officer, of erstwhile Company Law Board had gone through the application and the report submitted by the Registrar of Companies, Pune and also the submissions made by the Authorised Representative at the time of hearing and noted that application

for compounding of offence committed under Section 227 & 233 of the Companies Act, 1956, merited consideration.

3. Accordingly, the offence committed under section 227 & 233 of the Companies Act, 1956 as stated and explained above has been ordered on 17.05.2016 to be compounded against the Auditor of the Company on payment of Rs.10,000/- by each.

4. Subsequently, vide Notification No. A-45011/14/2016-Ad. IV dated 01.06.2016, issued by the Ministry of Corporate Affairs, New Delhi, the Central Government has constituted the National Company Law Tribunal and dissolved the erstwhile Company Law Board w.e.f. 01.06.2016.

5. The applicants above named have remitted the total compounding fees of Rs.10,000/- with the newly constituted office of the National Company Law Tribunal, Pune Bench i.e. after dissolution of the Company Law Board.

6. Having regard to the facts and circumstances of the case, the offence committed under section 227 & 233 of the Companies Act, 1956 by the Auditor of the Company named above, is hereby compounded.

7. Therefore, Registrar of Companies, Pune is hereby directed to take further action as provided under section 621A(3)(c)(d) of the Companies Act, 1956.

Ordered Accordingly

Sd/-

**B.S.V. PRAKASH KUMAR**  
Member (Judicial)

Date: July 11, 2017.