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BEFORE THE REGIONAL DIRECTOR, WESTERN REGION

MINISTRY OF CORPORATE AFFAIRS, MUMBAI

प्रादेशिक निदेशक, पश्चिम क्षेत्र, कारपोरेट कार्य मंत्रालय, मुंबई के समक्ष

सं. - प्रादे. निदे. (प.क्ष.)/454(5)/Navcom Industries/118/F93198323/2023-24/3283

29 MAY 2025

APPEAL UNDER 454(5) OF COMPANIES ACT, 2013 AGAINST ORDER PASSED FOR OFFENCES COMMITTED UNDER SECTION 118 OF THE COMPANIES ACT, 2013.

In the matter of NAVCOM INDUSTRIES LIMITED & ORS

- |                               |            |
|-------------------------------|------------|
| 1. Navcom Industries Limited. | - Company  |
| 2. Pravin Surajmal Lunkad     | - Director |
| 3. Sachin Ashok Gaikwad       | - Director |
| 4. Santosh Ganpati Jadhav     | - Director |

...Appellants

Through: Pravin Lunkad, Director and Mr. Shekhar Ghatpande & Prabhajan Ghatpande, Practicing Company Secretaries and Authorized Representatives of the Appellants.

### ORDER

Appeal under sub-Section (5) of Section 454 of the Companies Act, 2013 (Act) r/w the Companies (Adjudication of Penalties) Rules, 2014 (Rules) have been filed by 'Navcom Industries Limited' (Company) having CIN L29299PN1991PLC063431 and, its Officers/Director, against Order No. RoCP/ADJ/order/118/Navcom/2023/2530 dated 15/01/2024 (ROC Order) of Registrar of Companies, Pune for violating provisions of Section 118 of the Act.

2. The appeal lies within the jurisdiction of the Regional Director, Western Region, Ministry of Corporate Affairs, Government of India.

3. The punishment for contravention of section 118 is prescribed under section 118(11) of the Companies Act, 2013 which states that -

"If any default is made in complying with the requirements of this Section, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees."

*Heu*



4. The Registrar of Companies, Pune (RoC Pune) vide Adjudication Order dated 15/01/2024 held the Company and its Officers/Directors, who have defaulted liable for penalty under Section 118(11) of the Act for not complying with the secretarial standards with respect to general and board meetings specified by the Institute of Company Secretaries of India constituted under Section 3 of the Company Secretaries Act, 1980 (56 of 1980) and approved by the Central Government as under:

Sl. No.	Penalty imposed on Company / director(s)	Total / maximum penalty
1	Navcom Industries Limited	25000 X 6 counts – Rs.1,50,000/-
2	Pravin Surajmal Lunkad	5000 X 6 counts – Rs.30,000/-
3	Sachin Ashok Gaikwad	5000 X 6 counts – Rs.30,000/-
4	Santosh Ganpati Jadhav	5000 X 6 counts – Rs.30,000/-

5. Appellants have filed Form-ADJ vide SRN F93198323 dt. 08/03/2024. As per provisions of sub-Section (6) of Section 454, every appeal under sub-section (5) shall be filed within sixty (60) days from the date on which the copy of the order made by the adjudicating officer is received by the aggrieved person. On examination of the application/appeal, it is seen that the said application/appeal has been filed within 60 days from the date of passing of the adjudication order.

6. Grounds of Appeal & Relief sought:

- The Company accepts the violation. However, the said violation had not been committed intentionally and there is no serious consequences against the interest of the shareholders, overall economy of the country or of any financial or such fraud or hiding any major information from the shareholders.
- These non-compliances are not of the recurring or continuing nature and the importance of the same has already lapsed when the AGM for these years was held and conducted. The shareholders who attended the meeting had neither complained that they faced difficulties in locating the AGM venue nor any shareholder addressed to the Company that because of the non availability of Route Map, they could not attend the AGM.
- The Government on one side is making the General Public aware of the Green Initiative and not to print unnecessary papers/documents and on the other hand is asking the Companies to print route maps in the AGM/EGM Notice, is contradictory to each other, which is absolutely the waste of Paper.
- As the said non-compliance is not of much importance, which had affected the interest of General Public as such or of any Government or Local Authority and this non-compliance being of non-continuing nature, the Hon'ble Regional Director Sir (RD) is kindly requested to condone the said non-compliance being not of defrauding the general Public or of any financial nature.

*He*



- e. The Company has been maintaining the Minutes Book for all the Board Meetings, General Meetings and other meetings for each Financial Year describing fair and correct summary of the proceedings of the meetings.
- f. The Minutes Book has been maintained by observing the compliance with the Secretarial Standards with respect to General and Board Meetings issued by the Institute of Company Secretaries of India since 1<sup>st</sup> July, 2015 when the said SS-1 and SS-2 were introduced.
- g. In the earlier enquiry made we had submitted all the Statutory Register, Minutes, Annual Reports, Income Tax Returns etc., as required by ROC, Pune and informed ROC, Pune that Minutes provided were only in the form of Extracts or copies of the Original Minutes Book of the company and not the copy of the actual minutes book pages.
- h. The Meetings mentioned therein are serially and consecutively numbered, duly verified and signed/initialed by the Chairman of the meeting or chairman of the next meeting, it also contains the time of commencement and conclusion of the meeting.
- i. The signed and stamped copies of the Minutes of the Board Meetings, Audit Committee Meetings and the General Meetings for the earlier years have been submitted to AO Sir and inspite of these submissions ROC Pune, AO jumped on the decision that the Company does not maintain the Minutes Book in the required format and in accordance with the Secretarial Standards, without giving an opportunity to produce before him the actual bound minutes books.
- j. One of the Promoter Directors namely Mr. Pravin Lunkad had consistently tried to sustain the said company by running its day to day working affairs but due to limited resources of finance and manpower he could not perform the operations of the said Company profitably. In addition to the same, with advanced age of 68 years and with severe health problems, he is suffering from Cancer in his leg, there are restrictions on his movements and capacities. Due to the same, he was unable to attend to the notices of ROC in a timely manner. The documentary evidence of the same was submitted to ROC, Pune.
- k. However, in spite of all these submissions, ROC, Pune did not cooperate and levied the fines for the alleged defaults which the Company has not at all committed

7. The Appellants then subsequently submitted rejoinders dt.19/06/2024 and dt.26/06/2024. However, amongst all the submissions made at the time of hearing, the Appellants stressed the following points:

- a. The Minutes submitted to ROC, Pune during Inspection was the pdf version of the word file of the Minutes prepared by the Company and it was made very clear in our covering letter that this is not the Extract of the Minutes Book. Hence, the Minutes submitted to ROC were not having Page Numbering and signatures of the Chairman.
- b. The Meeting Number were however there since the Secretarial Standards-1 was implemented under the Companies Act, 2013.





- c. The PDF version of the copy of the Minutes was submitted to ROC with the understanding that the ROC will go through the Minutes and would pinpoint the intellectual observations from the Minutes. However, he has pinpointed only the observations ignoring the fact that the Minutes submitted were the PDF version of the word files and not the copies of the Minutes Book.
- d. Accordingly all the observations made by him were redundant and needs to be ignored.
- e. As regards the penalty levied by him for the aforesaid alleged offences, we have to submit that he has used 'Count' while levying the Penalties under Section 118.
- f. If at all, all his alleged allegations are considered and accepted, there is a violation of only Section 118 of the Companies Act, 2013 and it is only a single violation. The concept of 'Count' is the theory developed by the ROC himself and there is no such concept/interpretation which can be derived from the provisions of Section 118 of the Companies Act, 2013.
- g. Hence, the penalty imposed by him is not at all acceptable to us because, the Hon'ble ROC, Pune is interpreting the provisions of Section 118 of the Companies Act, 2013 as per his own wishes and reading and theory and there is no legal base and standing for the same.
- h. Hence, we strongly object for the Adjudication Order passed by the Hon'ble ROC on the following grounds: -
  - i) The copies of the Minutes submitted to ROC were the PDF Version of the word files and not the Xerox copy of the Minutes Book. The Minutes Book was produced before the Hon'ble Regional Director during the Hearing on 20th June, 2024. He was shown and made aware that the Minutes Book is signed, all the pages of the Minutes Book are Serially Numbered and the Meetings are Serially Numbered. During the Hearing, Hon'ble Regional Director has duly considered and noted the same.
  - ii) The penalties levied on 'Counts' of default under Section 118 of the Companies Act, 2013 was also discussed and challenged by the Company during the Hearing and even the Hon'ble Regional Director was not agreeable for levying such penalty on the basis of 'Counts' and he has asked the RD Office to refer this matter to ROC Office and get the clarification from ROC.

8. The matter was posted for hearing as per Section 454(5) r/w Section 454(7) of the Act on 24/05/2024, 20/06/2024, 27/06/2024, 09/01/2025 and finally on 05/03/2025. Mr. Pravin Lunkad, Director, Mr. Shekhar Ghatpande & Prabhanjan Ghatpande, Practicing Company Secretaries and Authorized Representatives appeared on behalf of the Appellants. The authorized representative reiterated the submission made by the appellants in their application and have admitted the contravention of Section 118 of the Act. However, they argued that the penalty imposed by ROC is not at all acceptable as there is a violation of only Section 118 of the Companies Act, 2013 and it is only a single violation. The concept of 'Count' is the theory developed by the ROC himself and there is no such concept/interpretation which can be derived from the provisions of Section 118 of the Companies Act, 2013.





9. Registrar of Companies, Pune vide report dt.17/05/2024 has stated that –
- Company submitted that non-compliance of the provisions of Section 118 r.w SS-2 is not of much importance exhibits casual approach. Default is accepted by company. Penalty levied is justified.
  - Default of non-attaching attendance slip is accepted by company.
  - Company has given admission reply. It is mentioning that the Minutes available on software system were given to ROC which were not numbered and signed. As afterthought the company is submitting that the minutes are numbered in physical minutes. This is not tenable as proper Minutes were not provided during Inquiry.
10. Registrar of Companies, Pune vide further report dt.09/01/2025 has stated that –
- The violation has come the light from the Inquiry report wherein IO has stated in his report that the minutes of the meeting were not serially and consecutively numbered, and the minutes have not been signed by the Chairman of the meeting. The matter was taken up by the IO with the company and directors vide order dated 06.10.2022 and reminder dated 05.12.2022, no reply received from the company and its directors till the time of submission of the report. Further, the competent authority has sanctioned for adjudication proceedings. Accordingly, the adjudication officer has initiated adjudication proceedings and issued notice to the company and officers in default. The notices issued to the company and directors namely Pravin Lunkad, Santosh Jadhav were returned back by postal authorities with remark "Not at given address", "Not receiving" and Not available on the given address respectively. Further, no reply received from the director namely Sachin Gaikwad.
  - In this regard, it may not be out of place to mention that the after submission of the report in the matter, company had sent a reply to the notice wherein it was stated that *"the company has been facing severe and huge losses in the past years due to which the company could not afford the payment of remuneration to the KMP including the Company Secretary to ensure compliance with the Secretarial Standards, and hence due to the non\*-appointment of the Company Secretary, Secretarial Standards Compliance could not be ensured."*
  - Now the company has submitted that the minutes book have been produced before the Directorate wherein the minutes book is signed, all the pages of the minutes book and the meetings are serially numbered. Both these submissions are contradictory in nature and for the purpose of misleading the appellate authority.
  - Even for the sake of the argument, the contentions of the appellant raised in the memorandum of appeal regarding the submission that the copies of the minutes submitted to ROC, where pdf version of the word file and the not the xerox copy of the minutes book are considered, it all together support the violation pointed out by the IO and the order of the adjudicating authority as the record available/submitted point out the said violation.

*Shw*



11. In view of the above, it is concluded that there is no inherent defect in the Adjudication Order dt. 15/01/2024 except violation of Section 118 were observed on Minutes of AGM for the year 2015, 2016, 2017 & 2018 of various natures like serial numbers have not been given in the Minutes of the Meeting, Minutes are not consecutively numbered, Minutes are not initialled by Chairman of the Meeting and not containing mandatory information in Minutes as per Secretarial Standard as mentioned at Para 3(c) of Adjudication Order dt. 15/01/2024 of RoC Pune.

12. Taking into consideration the Adjudication Order of the Registrar of Companies, Pune; submissions made by the Appellants in their application and rejoinders as well as oral submissions of authorized representative during the hearing; reports of RoC, Pune; this forum is of the view that ROC has imposed penalty based on events/counts (total 06 counts) of non-compliance instead of taking one minutes of AGM as one event of default. As there are 04 minutes of AGM from 2015 to 2018, the penalty imposed on the Appellants is 'modified' under Section 454(7) of the Companies Act, 2013 which is as under:

Sl. No.	Name of the Company / Director	Penalty imposed by Adjudicating Officer (In Rs.)	Penalty 'Modified' / 'Confirmed' by Regional Director (In Rs.)	Remarks of this forum
1	Navcom Industries Limited	1,50,000/-	1,00,000	Modified
2	Pravin Surajmal Lunkad	30,000/-	20,000	Modified
3	Sachin Ashok Gaikwad	30,000/-	20,000	Modified
4	Santosh Ganpati Jadhav	30,000/-	20,000	Modified

13. In view of the above, the present appeal is hereby disposed off and the appellants are hereby, directed to pay the Adjudication Fees which have been 'Modified' by the Regional Director at Para 12 (as per the above table) within 90 days from the date of receipt of this order, failing which, Registrar of Companies, Mumbai, is directed to file prosecution under Section 454(8) of the Companies Act, 2013.


14. The appellants are directed to submit the proof of payment of penalty (challan) imposed upon them to the Office of Registrar of Companies, Pune, for their record and for further necessary action.

*He*

A copy of this order shall be published on the website of the Ministry of Corporate Affairs as per Rules.

Signed and sealed on 28<sup>th</sup> day of May 2025.




  
(SANTOSH KUMAR)  
REGIONAL DIRECTOR  
WESTERN REGION, MUMBAI

To,

1. Navcom Industries Limited,  
B-13 Chicholi MIDC, Pune Solapur Road,  
Solapur, Maharashtra 413006, India.
2. Pravin Surajmal Lunkad,  
C/o Pranav Agro Industries Private Limited area,  
E-5/6, MIDC Kupwad, Kupwad MIDC Area  
Sangli 416436, Maharashtra, India.
3. Sachin Ashok Gaikwad,  
Post Madyal Tal Jat District Sangali Taluka Jat,  
Madayal, Sangli 416413, Maharashtra, India.
4. Santosh Ganpati Jadhav,  
At. Po Umadi, Tal Jath, Sangli 416413, Maharashtra, India.
5. Registrar of Companies, Pune.
6. E-Gov Cell, Ministry of Corporate Affairs, New Delhi.
7. Master Copy.
8. Office Copy.

**"Certified True Copy"**

  
(TUSHAR WAGH, ICLS)  
DEPUTY DIRECTOR