

F.No:9/25/ADJ/SEC.203 of CA, 2013/KARNATAKA/RD(SER)/2024

BEFORE THE REGIONAL DIRECTOR, SOUTHEAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013 /4871

IN THE MATTER OF A-ONE STEELS INDIA PRIVATE LIMITED  
(Formerly known as A-One Steel and Alloys Private Limited)

1. M/s. A-One Steels India Private Limited
2. Mr. Raj Kumar Jalan (Former Director)
3. Mr. Sandeep Kumar (Director)
4. Mr. Sunil Jallan Alias Jullian Jallan (Whole-Time Director)
5. Ms. Priya Jalan (Former Director)
6. Mr. Uma Shankar Goyanka, (Director)
7. Mr. Manoj Kumar (Director)

..... Appellants

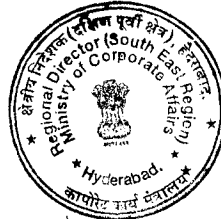
Date of hearing: 29.10.2024

Present: Mr. G. M. Ganapathi, PCS, on behalf of the Appellants

### ORDER

This is an appeal filed under section 454(5) of the Companies Act, 2013 (hereafter referred as Act) by the above appellants in e-form ADJ vide SRN F96650643 dated 05.07.2024 against the adjudication order passed by the Registrar of Companies, Karnataka in F No. ROC(B)/Adj.Ord.454-203/A-One Steel & Alloys/Co.No.063439/2024/ dated 24.05.2024 under section 454 of the Act, for default in compliance with the requirements of Section 203 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

2. The Registrar of Companies in his order of adjudication has stated that the company has filed the suo-moto application on 11.01.2024 regarding non-appointment of whole-time company secretary for violation of section 203 of the Act and submitted that during the course of inquiry under section 206 of the Act, violation of section 203 of the Act was noticed stating that the paid-up share capital of the company was increased to 7 crores on 30.03.2015 and the company has appointed whole time company secretary only on 15.03.2019.



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Subsequently the ROC had sent a show cause notice dated 16.09.2021 to the company and its directors. The company had responded vide letter dated 12.11.2021 accepting the default stating that it is due to non-availability of suitable candidate. Therefore, the Company failed to appoint Whole Time Company Secretary as specified in section 203(1) of the Companies Act, 2013 for a period from 30.03.2015 to 14.03.2019 (1446 days). The hearing was held before the Registrar of Companies on 07.02.2024 and after hearing the authorized representative had levied a penalty as under:

S. No	Particular	Penalty imposed (In Rs.)
1	M/s. A-One Steels India Private Limited	5,00,000
2	Mr. Raj Kumar Jalan (Former Director)	4,66,000
3	Mr. Sandeep Kumar (Director)	5,00,000
4	Mr. Sunil Jallan Alias Jullian Jallan (Whole-Time Director)	5,00,000
5	Ms. Priya Jalan (Former Director)	4,66,000
6	Mr. Uma Shankar Goyanka, (Director)	50,000
7	Mr. Manoj Kumar (Director)	2,74,000
	Total	27,56,000

3.1 Aggrieved by the adjudication order, the appellants had filed the above appeal. A report from the ROC called, and he has filed the same vide his report dated 31.07.2024. An opportunity of being heard was given to the Appellants on 22.08.2024 and 29.10.2024.

3.2 The authorized representative Mr. G. M. Ganapathi, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also interalia stated as under

'That the Company was incorporated in the year 2013 as a closely held family-owned Private Company and no public interest is involved in the Company. The nature of business carried on by the Company, being the manufacturer of iron rods and other materials required for construction industry, requires huge capital investment in plant & machinery and hence within two years of



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incorporation, the paid-up capital of the company was increased to beyond Rs.5 Crores. Hence, the company was forced to employ a whole-time company secretary even though its revenue does not support employment of Key Managerial Personnel like Company Secretary. There is no injury to the public interest and the nature of default is not so serious and it is not in repetitive nature and is the first-time offence. There is no disproportionate gain or unfair advantage either to the promoter or directors of the Company due to the delay in the appointment of Company Secretary. There is no loss to the investor or group of investors or creditors of the company due to the default.

That as per sub-section 4 of Section 203, the vacancy in the positions of Key Managerial Personnel shall be filled up within six months by the board. Whereas the adjudicating officer while determining the penalty, has taken date of default is from 01<sup>st</sup> April 2015, very next date of increased in authorized share capital to Rs.5 Crores.

Further the company has put all its efforts to appoint the Company Secretary, the company could not get the suitable candidate for the position of company secretary and during the month of March 2019, the company could be able to finalize the candidate and appointed CS. Pooja S N as the Whole-time Company Secretary of the Company with effect from 15<sup>th</sup> March, 2019.

That the Adjudicating Authority has not considered the criteria mentioned in 3(12) of the Companies (Adjudication of Penalties) Rules, 2014 like the size of the Company, the nature of business, injury to public interest, nature of default, disproportionate gain in any, amount of loss to the investor/creditor etc.

Also the number of days of default was also not considered appropriately since Mr. Sunil Jallan alias Jullian Jallan was appointed as officer in default with effect from 11.09.2018 and therefore, the other director shall not be considered as officer in default'.

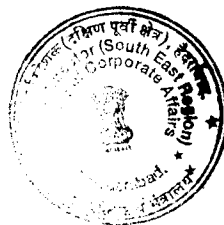


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With the above submission the appellants have requested imposing minimum penalty as permitted by section 454(7) of the said act.

4.1 That upon perusal of the appeal papers and upon hearing the authorized representative, it is seen that the company has approached M/s SS Manpower Consultancy, HR Recruiting Agency to find a suitable candidate for the post of Company Secretary and has produced the communication letter dated 21.04.2015 as a proof as an annexure to the appeal petition. In the appeal petition, the Company has also stated that it had approached Chartered Accounts and Fellow Company Secretaries in practice but could get only few references, but their expectations were very high and in spite of consistent efforts they could not find a suitable candidate and in March 2019 they interviewed and finalized the candidature of Ms. Pooja SN, Company Secretary for the post of Company Secretary of the Company. The Company has also stated that it is a closely held private limited company. The authorized representative has also stated that as per Section 203(4) of the Companies Act, the vacancy of KMP if fallen vacant, shall be filled up within a period of six months from the date of such vacancy, whereas such time has not been given for the initial appointment and logically speaking the same amount of time should also be given for the initial appointment since the process of selecting a Company Secretary consumes time. He has also produced the list of cases decided by my predecessor as narrated in page no.18 of his application in support of his case.

4.2 As far as his contention that only Mr. Sunil Jallan alias Jullian Jallan should be considered as officer in default, the same is not correct since as per Section 203(5) every director and KMP who is in default shall be liable to penalty and therefore the ROC is correct in imposing penalty on all the Directors and KMP. Regarding his contention that the period of default should be calculated from 6 months from the date of attraction of Section 203 is concerned, I am to state that the law is silent on the point and therefore the ROC is correct in calculating the period of default from the date of attraction of the Section.



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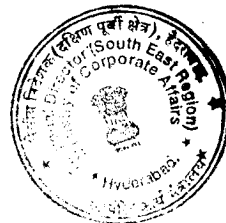
5. In view of the above, taking into consideration the facts and circumstances narrated in the appeal and the submissions made by the authorized representative, I deem it would meet the end of justice if the penalty imposed by the Registrar of Companies is reduced as below.

S. No	Particular	Penalty Imposed
1	M/s. A-One Steels India Private Limited	3,00,000
2	Mr. Raj Kumar Jalan (Former Director)	2,50,000
3	Mr. Sandeep Kumar (Director)	2,50,000
4	Mr. Sunil Jallan Alias Jullian Jallan (Whole-Time Director)	2,50,000
5	Ms. Priya Jalan (Former Director)	2,50,000
6	Mr. Uma Shankar Goyanka, (Director)	50,000
7	Mr. Manoj Kumar (Director)	1,50,000
	Total amounting to Rupees Fifteen Lakhs	15,00,000

The appellants were directed to comply with the order and were also reminded about the provisions of Section 454(8) of the Act, in case of failure to comply.

5. Accordingly, the appellants have paid the penalty as under

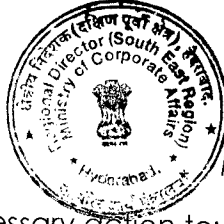
S.No	Name of the Appellants	Date of Payment	SRN details	Penalty Paid (Amt in Rs.)
1	M/s. A-One Steels India Private Limited	30/10/2024	X84772789	3,00,000
2	Mr. Raj Kumar Jalan (Former Director)	30/10/2024	X84773555	2,50,000
3	Mr. Sandeep Kumar (Director)	30/10/2024	X84773738	2,50,000
4	Mr. Sunil Jallan Alias Jullian Jallan (Whole-Time Director)	30/10/2024	X84773340	2,50,000
5	Ms. Priya Jalan (Former Director)	30/10/2024	X84773753	2,50,000
6	Mr. Uma Shankar Goyanka, (Director)	30/10/2024	X84773605	50,000
7	Mr. Manoj Kumar (Director)	30/10/2024	X84772961	1,50,000
	Total amounting to Rupees Fifteen Lakhs			15,00,000



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6. In view of the compliance reported, the appeal is accordingly disposed of, and this order is issued to the Appellants with a copy to Registrar of Companies, Karnataka and Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi for information and necessary action.

Issued under my hand and seal on this the 29<sup>th</sup> day of November 2024.



(M. JAYAKUMAR)  
Regional Director(I/C), SER  
Ministry of Corporate Affairs, Hyderabad

Copy for information and necessary action to:

1. M/s. A-One Steels India Private Limited  
No.1, 2nd Floor, 12th Cross Ideal Homes, Near Jayanna  
Circle, Rajarajeshwari Nagar, Bangalore, Karnataka- 560098.
2. Mr. Raj Kumar Jalan, Former Director  
House No.30, HUDA, Sector 19,  
Sirsa, Haryana- 125055.
3. Mr. Sandeep Kumar, Director  
Tower-3-39B, 39th Floor SNN Clermont, Outer  
Ring Road, Nagavara, Bengaluru- 560045.
4. Mr. Sunil Jallan Alias Jullian Jallan, Whole-time Director  
Flat No.753, Tower 7, 5th Floor, Unit-3 Embassy Lake  
Terraces, Kirloskar Business Park, Bengaluru- 560024
5. Ms. Priya Jalan, Former Director  
No.753, 5th Floor Tower 7, Unit 3 Embassy Lake  
Terraces, Hebbal, Bengaluru- 560024
6. Mr. Uma Shankar Goyanka, Director  
H.No. 4-5-786, Chaitanya Nagar, Reliance Petrol  
Bunk, Hindupur, Anantapur, Andhra Pradesh- 515201
7. Manoj Kumar, Director  
Ward No.11, Mittal Iron Store, Main Bazar,  
Ellenabad, Sirsa, Haryana- 125102.
8. Registrar of Companies, Ministry of Corporate Affairs,  
Karnataka, Bangalore.
9. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

(M. JAYAKUMAR)  
Regional Director(I/C), SER  
Ministry of Corporate Affairs, Hyderabad