

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
T.P.NO. 146/2016**

IN

C.A. NO. 143/621A/CB/2015

DATED: TUESDAY THE 27TH DAY OF JUNE 2017

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

**IN THE MATTER OF COMPANIES ACT, 1956
UNDER SECTION 166 READ WITH SECTION 621A
OF THE COMPANIES ACT, 1956**

AND

IN THE MATTER OF M/s LIQUID STUDIOS PRIVATE LIMITED

T.P.NO. 146/2016 IN C.A. NO. 143/621A/CB/2015

- 1) **M/s Liquid Studios Private Limited,**
No.89, Ground Floor, 7th Cross, 16A Main,
4th B Block, Koramangala,
Bangalore-560034.
- 2) **Mr. Suresh Seetharaman, Director**
G 01, Gods Gift Apartments,
No.10, Haudin Road, Ulsoor,
Bangalore-560042.
- 3) **Mr. Sharad Seetharam Devarajan, Director**
330, East, 71st Street, Apt 30
New York, USA

APPLICANTS

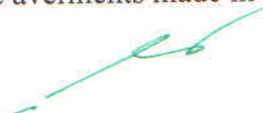
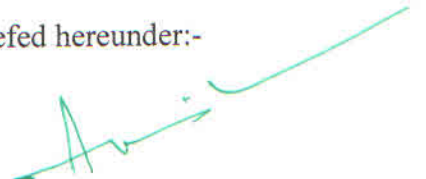
PARTIES PRESENT: Ms. Anusha Chatra, Crest Law Partners, No. 33, 1st Cross, Victoria Road, Bangalore- Counsel and Authorised Representative for the Applicants.

Heard on: 18/10/2016, 18/11/2016, 16/12/2016, 10/01/2017,
17/02/2016, 09/03/2017, 13/04/2017, 09/06/2017 and 16/06/2017

ORDER

The Petition 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 166 of the Companies Act, 1956 and it was numbered as C.A 143/2015. 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. 146/2016.

The averments made in the Company Application are briefed hereunder:-






The 1st Applicant Company was incorporated under the Companies Act, 1956 on 19th December 2005 as a Private Limited Company under the name and style of M/s LIQUID STUDIOS PRIVATE LIMITED vide Registration No. **U72200KA2005PTC037982**. The Registered office of the company was originally situated at No.167, I Floor, 9th Cross, Indiranagar, I Stage, Bangalore-560038 and now shifted to No.89, Ground Floor, 7th Cross, 16A Main, 4th B Block, Koramangala, Bangalore -560034 as stated in the petition.

The Authorized share capital of the 1st Applicant company is Rs. 1,00,00,000/- divided into 10,00,000 equity shares of Rs 10/- each. The Issued, Subscribed and Paid up Share Capital of the Company is Rs 1,00,000/- divided into 10,000 equity shares of Rs 10/-each.

The main objects of the 1st Applicant company is engaged in the Animation software and services and to carry on business of developing, designing, licensing, testing, selling, marketing and otherwise dealing in computer software and services for all purposes; to carry on all manner of outsourcing services including the business of back office processing, business process outsourcing, knowledge process and to carry on the business of providing consultancy and business solutions for a variety of sectors etc., Details of the objects of the Company are mentioned in the Memorandum and Articles of Association of the 1st Applicant Company.

It is averred in the Company Application that, the 1st Applicant Company could not conduct its Annual General Meeting for the financial year 2007-08 within the prescribed time and that Annual General Meeting was held after due date. It is further averred in the Company Application that, the Board of Directors had convened the Annual General Meeting of the Members of the Company on 10th October 2008 for the period from 1st January 2007 to 31st March 2008. The Board had approved the extension of accounting period from 12 months to 15 months in order to align with the financial years as required under the Income Tax Act, 1961. The Board had convened its first Annual General Meeting for the financial year 2006-07 on 1st June, 2007. The due date for holding the Annual General Meeting for the financial year 2007-08 was 31st August 2008, whereas the Annual General Meeting was held on 10th October 2008 with a delay of 40 days,



thus exceeding the time limit of 15 months as permitted under the provisions of section 166(1) of the Companies Act, 1956, without the prior approval from the Registrar of Companies, Karnataka, Bangalore. It is further averred that, the default occurred for non-compliance of the provisions of section 166 of the Companies Act, 1956 was an act of omission and not intentional in nature. It is further averred that, the offence is not of such nature as to prejudice the interests of members or creditors or others of the Company and it has not affected public interest in any way.

This suo-moto application is filed by the Applicants under section 166(1) of the Companies Act, 1956 for compounding which reads as follows:-



“Every company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next:”

Thus there was violation of provisions of section 166 punishable under the provisions of section 168 of the Companies Act, 1956 reads as follows:-

“if default is made in holding a meeting of the company in accordance with section 166, or in complying with any directions of the Tribunal or the Central Government, as the case may be under sub-section (1) of section 167, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to fifty thousand rupees and in the case of a continuing default, with a further fine which may extend to two thousand five hundred rupees for every day after the first during which such default continues”.

We have heard the Counsel for Applicants. She contended that, there was delay in holding Annual General Meeting for the financial year 2007-08 due to reasons stated in the Application and further contended that the Applicant Company since complied the requirements in holding the Annual General Meeting for the financial year 2007-08 and requested to take a lenient view.

We have seen the report of the Registrar of Companies, Karnataka, Bangalore vide letter No. ROC-STA/Section 621A/166/Co.No.37982/2014 dated 27th March 2014. In his report, it is stated that the Applicant Company since complied the provisions of section 166 of the Companies Act, 1956 and the Company Application may be decided on merits.



We have seen the contents of the Application and also the documents filed along with it. Thus material is placed by the Applicant Company to the effect that the Applicant Company has complied the provisions of section 166 of the Companies Act, 1956. we are of the opinion that the violation can be compounded by levying compounding fee on the Applicant Nos. 1,2 and 3 which is shown in the table:-

Sl. No.	Particulars	Violation of Sec.166 of Companies Act, 1956	Delay of 40 days	Total Rs.	Grand Total Rs.
1	1 st Applicant Company	Rs. 10,000/-	40 x 250/-	10,000/-	20,000/-
2	2 nd Applicant-Director	Rs. 10,000/-	40 x 250/-	10,000/-	20,000/-
3	3 rd Applicant-Director	Rs. 10,000/-	40 x 250/-	10,000/-	20,000/-

The compounding fee levied shall be paid by the Applicants within 15 days from the date of this order and call this matter on 11th July 2017 for compliance.


(RATAKONDA MURALI)
MEMBER, JUDICIAL


(ASHOK KUMAR MISHRA)
MEMBER, TECHNICAL

DATED THIS THE 27th DAY OF JUNE, 2017