

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH**

C.P.NO. 08/2017

DATED: WEDNESDAY THE 31ST DAY OF MAY 2017

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

**IN THE MATTER OF COMPANIES ACT, 1956 AND
IN THE MATTER OF COMPANIES ACT, 2013 UNDER SECTION 441
FOR COMPOUNDING OF OFFENCE UNDER SECTIONS 96
READWITH SECTION 168 OF THE COMPANIES ACT, 1956
AND**

**IN THE MATTER OF M/s REDDY VEERANNA CONSTRUCTIONS
PRIVATE LIMITED**

C.P.NO. 08/2017

1. M/s Reddy Veeranna Constructions Private Limited
Classic Court, 2nd Floor,
9/1, Richmond Road,
Bangalore-560025
2. Mr. Reddy Veeranna – Managing Director,
109, 10th Main, 7th Cross,
R.M.V Extension,
Bangalore-560080.
3. Ms. Reddy Suguna-Director,
109, 10th Main, 7th Cross,
R.M.V Extension,
Bangalore-560080.
4. Ms. Reddy Sangeetha – Director,
109, 10th Main, 7th Cross,
R.M.V Extension,
Bangalore-560080.
5. Mr. Venkataramana Adusumilli – Director,
475, Flat No.301,
12th Cross, Wilson Garden,
Bangalore-560027.
6. Mr. Abhiram Parvathaneni- Director,
Classic Court, 2nd Floor,
9/1, Richmond Road,
Bangalore-560025

APPLICANTS

PARTIES PRESENT:

Ms. Dakshayani.P, DPSP & Associates, No.230,
Ground Floor, 2nd D Cros, 3rd Stage, 3rd Block, 8th
Main, Basaveshwara Nagar, Bangalore-560079
Practicing Company Secretary and Authorised
Representative for the Applicants.

Heard on: 06/03/2017, 24/03/2017, 07/04/2017 and 21/04/2017

ORDER

This Application was filed by the Applicants under Section 441 of the Companies Act, 2013 for the purpose of compounding for violation of provisions of Sections 96 of the Companies Act, 2013 read with section 168 of the Companies Act, 1956.

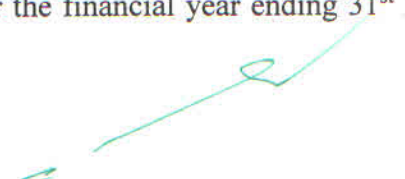
The averments made in the Company Application are briefed hereunder:-

The 1st Applicant Company was incorporated under the Companies Act, 1956 on 25th June, 2002 as a Private Limited Company in the name and style of "M/s Reddy Veeranna Constructions Private Limited" vide Registration No. CIN **U74210KA2002PTC030676**. The Registered office of the company is situated at Classic Court, 2nd Floor, 9/1, Richmond Road, Bagalore-560025.

As per the latest Balance Sheet the Authorized share capital of the 1st Applicant Company is Rs. 25,00,00,000/- divided into 15,00,000 Equity Shares of Rs 100/- each and Preference Shares of Rs 10,00,000/- of Rs 100/- each. the issued, subscribed and paid up share capital of the Company is Rs. 25,00,00,000/- divided into 15,00,000 Equity Shares of Rs 100/- each and Preference Shares of Rs 10,00,000/- of Rs 100/- each.

The Main objects of the 1st Applicant Company is to carry on the business of engineers, architects, builders, developers, realtors, interior decorators, consultants, contractors and to execute civil, mechanical and electrical works of all kinds in India or abroad etc., Details of the objects of the company are mentioned in the Memorandum of Association of the Applicant Company.

It is averred in the Company Application that, the 1st Applicant Company could not hold the Annual General Meeting for the financial year 2014-15 within the stipulated period as required under Section 96 read with Section 129 of the Companies Act, 2013 to place before the Board of Directors for approval of the Financial Statements for the year ending 31st March 2015 within the time allowed due to change in the software program in the accounts department and delay in the functional process of software installed during the financial year and also recruitment related issues, the Company was not able to finalize its Annual Accounts for the financial year ending 31st March 2015 and thereby contravened



the provisions of Section 96 read with Section 168 of the Companies Act, 1956. However, the 1st Applicant Company has held the Annual General Meeting on 31st December 2015 with a delay of 92 days.

It is also averred in the Company Application that, the above offences were committed by the Applicants due to the unavoidable circumstances as a result of the delays faced by the Company in taking forward the affairs of the Company activities and it was inadvertent, unintentional and without any willful or malafide intention. The Application is filed suo-moto by the Applicants based on Board Resolution dated 2nd March 2016. It is therefore, prayed to compound the violation.

This Application was filed under section 96 of the Companies Act, 2013. The provisions of section 441 of the Companies Act, 2013 came into effect from 1st June 2016. Therefore, this application is to be decided under the provisions of section 166 read with section 621A of the Companies Act, 1956.

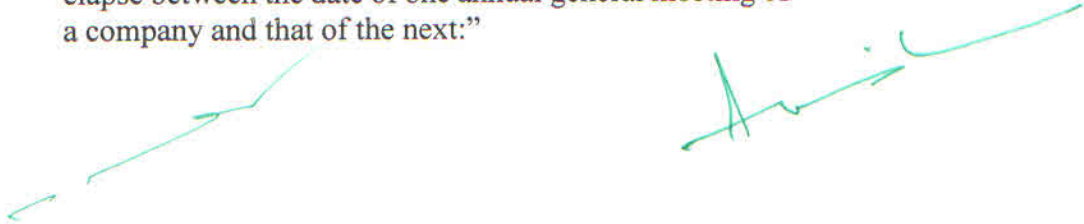
The Practicing Company Secretary for Applicants filed an Affidavit of the Director of the 1st Applicant Company stating that:-

- a) The Applicants had filed application for compounding of offence committed under sections 96 of the Companies Act, 2013 on 1st March 2016.
- b) As per the General Circular 08/2014 issued on 4th April 2014, the default in compliance pertains to financial year ended 31/03/2015 for compounding of offences under section 159, 166, 210 and 220 of the Companies Act, 1956.

The Practicing Company Secretary for Applicants further contend that, this is a suo-moto application filed by the Company and its Directors for compounding of violation committed under sections 166 of the Companies Act, 1956. The Practicing Company Secretary further contended that, a lenient view may be taken while compounding the offence.

Section 166 (1) of the Companies Act, 1956 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.”



For the violation of section 166 (1) of the Companies Act, 1956, the punishment is provided under 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 Practicing Company Secretary for Applicants on 06/03/2017, 24/03/2017, 07/04/2017 and 21/04/2017. The Practicing Company Secretary contended that, the default occurred due to change in the software program in the accounts department and delay in the functional process of software installed during the financial year and also recruitment related issues, the Company was not able to finalize its Annual Accounts for the financial year ending 31st March 2015. The Practicing Company Secretary for Applicants further contend that, the 1st Applicant Company had complied with the requirement of Section 166 of the Companies Act, 1956 and filed AOC 4 XBRL and MGT 7 vide SRNS Q77565679 and Q77574689 on 1st March 2016 with the Registrar of Companies, Karnataka, Bangalore.

The Registrar of Companies, Karnataka, Bangalore vide its letter bearing No. ROCB/MMM/Sec.441/Sec 96/2017 dated 7th February 2016 has stated in his report that, the Company has admitted the default and has offered to compound the offence and the Compounding Application may be decided on merits.

We have seen the Certified Copy of the extract of Board Resolution dated 2nd March 2016 of the 1st Applicant Company wherein the Board of Directors resolved for filing compounding Application, Copy of Form AOC 4 XBRL and MGT 7 along with ROC Challan filed with Registrar of Companies-Karnataka at Bangalore. After considering the materials on record and after taking into account the submissions made by the Practicing Company Secretary that lenient view may be taken, we hereby levy compounding fee for delay in complying section 166 of the Companies Act, 1956 on the Applicants as shown in the table given below:-

Sl. No.	Particulars	Violation of Sec.166 of Companies Act, 1956		Total
		For violation	92 days delay	
1	1 st Applicant Company	5,000/-	250/- x 92 = 23,000/-	28,000/-
2	2 nd Applicant- Managing Director (Resigned on 19/10/2015)	5,000/-	250/- x 20 = 5,000/-	10,000/-
3	3 rd Applicant – Director	5,000/-	250/- x 92 = 23,000/-	28,000/-
4	4 th Applicant – Director	5,000/-	250/- x 92 = 23,000/-	28,000/-
5	5 th Applicant – Director	5,000/-	250/- x 92 = 23,000/-	28,000/-
6	6 th Applicant – Director	5,000/-	250/- x 92 = 23,000/-	28,000/-

In pursuant to our Order dated 28/04/2017 mentioned herein above, the Applicants have paid the compounding fee by depositing 6 Demand Drafts of ICICI Bank, Bangalore drawn on 10/05/2017 in favour of “Pay and Accounts Officer, Ministry of Corporate Affairs, payable at Chennai” as detailed below:-

Sl. No.	Particulars of Applicant	Fee Amount Rs.	DD No. & Date
1	1 st Applicant Company	28,000/-	500104 dt: 10/05/2017
2	2 nd Applicant- Managing Director	10,000/-	500103 dt: 10/05/2017
3	3 rd Applicant – Director	28,000/-	500100 dt: 10/05/2017
4	4 th Applicant – Director	28,000/-	500101 dt: 10/05/2017
5	5 th Applicant – Director	28,000/-	500102 dt: 10/05/2017
6	6 th Applicant – Director	28,000/-	500105 dt: 10/05/2017

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.

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(RATAKONDA MURALI)
MEMBER, JUDICIAL

(ASHOK KUMAR MISHRA)
MEMBER, TECHNICAL

DATED THIS THE 31 DAY OF MAY 2017.