

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
BENGALURU BENCH  
T.P.NO. 270/2016**

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

**IN THE MATTER OF COMPANIES ACT, 2013  
SECTION 621A READ WITH SECTION 217(3) OF THE COMPANIES ACT, 1956  
AND**

**IN THE MATTER OF M/S IZMO LIMITED  
(Formerly known as LOGIX MICROSYSTEMS LIMITED)**

**T.P. No. 270/621A/2016**

1. Mr. Sanjay Soni, Managing Director,  
Flat No.9,  
Prestige Casablanca Apartments,  
12/1, Airport Road,  
Bangalore-560017
2. Ms. Shashi Soni, Whole Time Director,  
Flat No.9,  
Prestige Casablanca Apartments,  
12/1, Airport Road,  
Bangalore-560017.
3. Mr. Vijay Gupta, Director  
Deep Mandap LBS Marg,  
Mulund (W)  
Mumbai-400080.
4. Mr. Roop Singh Chawhan, Director  
453, 4<sup>th</sup> Main, 6<sup>th</sup> Cross,  
J.P.Nagar, 3<sup>rd</sup> Phase,  
Bangalore-560078.

- **APPLICANTS**

**PARTIES PRESENT:**

Mr. S. Manjunath, Advocate, # 9, "Manjushree"  
3<sup>rd</sup> Floor, West Link Road, Malleswaram,  
Bangalore-560003, Authorised representative for  
the Applicants.

Heard on: 16/08/2016, 01/09/2016, 26/09/2016, 26/10/2016, 09/11/2016  
and 30/11/2016.

### ORDER

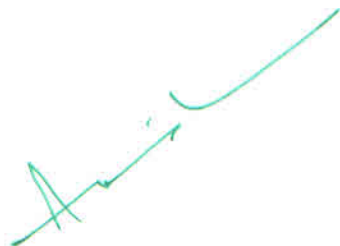

The Application was originally filed before the Company Law Board, Southern Region, Chennai under Section 621A of the Companies Act, 1956 for purpose of compounding for violation of provisions of section 217(3) of the Companies Act, 1956. Consequent upon the establishment of National Company Law Tribunal Bench at Bengaluru, the said case was transferred to this Tribunal on abolition of Company Law Board, Southern Region, Chennai Bench and numbered as T.P No. 270/16/621A/2016.

The averments in the petition are briefed hereunder:-

The Company originally incorporated on 08<sup>th</sup> September 1995 in the name and style of M/s LOGIX MICROSYSTEMS LIMITED and subsequently changed to M/s IZMO LIMITED with effect from 06<sup>th</sup> August 2014 vide Registration No. L72200KA1995PLC018734. The Registered office of the Company is situated at # 177/2C, Billekahalli Industrial Area, Bannerghatta Road, Bangalore-560076.

The Applicant Nos. 1 to 4 are the Directors of the Company. The Authorized share capital of the Company as per the latest Audited Balance sheet on 31/03/2015 is Rs. 13,20,00,000/- (Rupees Thirteen Crores twenty lakhs only) consisting of 1,32,00,000 (One crore thirty two lakhs) Equity Shares of Rs 10/- each. The Company is a listed company on Bombay Stock Exchange and National Stock Exchange.

The Main objects of the Company is to carry on the business as manufacturers of, dealers in, importers and exporters of electronic equipments of all kinds and description, to carry on the business as manufacturers and dealers in scientific instruments and research instruments required in the field of electronics and vacuum technology, to establish a research and development unit, to carry on the business of electrical engineers etc., details of the objects of the company are mentioned in the Memorandum and Articles of Association.





It is averred in the Petition that the Applicants have made an application under section 621A read with section 217 of the Companies Act, 1956 for compounding the offence committed on four instances one each during the financial years 2010-11, 2011-12, 2012-13 and 2013-14 although number of qualification by Auditors are more than one.

Section 217 (3) of the Companies Act, 1956 reads as follows:-

- (3) The Board shall also be bound to give the fullest information and explanation in its report aforesaid, or, in cases falling under the provision to section 222, in an addendum to that report on every reservation, qualification or adverse remark contained in the auditors report.


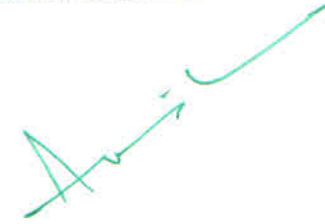
The punishment for such violation is provided under 217(5) of the Companies Act, 1956 which reads as follows:-

“if any person, being a director of a company, fails to take all reasonable steps to comply with the provisions of sub-sections (1) to (3), or being the chairman, signs the Board’s report otherwise than in conformity with the provisions of sub-section (4), he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to twenty thousand rupees, or with both:

Provided that no person shall be sentenced to imprisonment for any such offence unless it was committed willfully”

Thus there was non-compliance of Section 217(3) of the Companies Act, 1956. It is further averred in the petition that, the violation occurred is technical in nature and is not intentional and that there is no Mens Rea involved. The petition is filed suo-moto by the Applicants based on Board Resolution dated 13<sup>th</sup> February 2016. It is therefore, prayed to compound the violation.

We have heard the Counsel for Petitioner Sri S. Manjunath. He prayed for compounding for the violation by taking a lenient view. Report from the Registrar of Companies, Karnataka, Bangalore was received vide letter No. ROCB/SVK/18734/621A/2014 dated 3<sup>rd</sup> June 2016 who recommended for compounding and further reported that petition may be decided on merits.

We have gone through the documents filed by the Applicants, we have seen copy of Board Resolution dated 13<sup>th</sup> February 2016 where in Board resolved to file compounding application for violation of various provisions of the Companies Act, 1956.

This Application was filed under section 621A of the Companies Act, 1956. The provisions of section 441 of the Companies Act, 2013 came into effect from 1<sup>st</sup> June 2016. Before erstwhile Company Law Board, Southern Region, Chennai this application was filed. Therefore, this application is to be decided under the provisions of section 621A of the Companies Act, 1956.

Thus it is clear that, the Applicants 1 to 4 the Managing Director and the Directors herein violated the provisions of section 217(3) of the Companies Act, 1956. After considering the documents filed, report of the Registrar of Companies, Karnataka, Bangalore and submissions made by the Counsel for the Applicants, we are of the opinion that violation can be compounded by levying the compounding fee as shown below in the table:

Sl. No.	Particulars	Violation of Sec.217(3) of the Companies Act, 1956- For the financial years 2010-11, 2011-12, 2012-13 and 2013-14	Grand Total Rs.
1	1 <sup>st</sup> Applicant- Managing Director	10,000/- x 4 = 40,000/-	40,000/-
2	2 <sup>nd</sup> Applicant- Whole Time Director	10,000/- x 4 = 40,000/-	40,000/-
3	3 <sup>rd</sup> Applicant- Director	10,000/- x 4 = 40,000/-	40,000/-
4	4 <sup>th</sup> Applicant- Director	10,000/- x 4 = 40,000/-	40,000/-

In pursuant to our Order dated 22/12/2016 mentioned herein above, the Applicants have paid the compounding fee by depositing Demand Draft for Rs. 1,60,000/- (Rupees One Lakh Sixty Thousand only) of Axis Bank Ltd., Bangalore drawn on 29/12/2016 in favour of "Pay and Accounts Officer, Ministry of Corporate Affairs, payable at Chennai" as detailed hereunder:-

Sl. No.	Particulars	D.D No.	Date	Amount Rs.
1	1 <sup>st</sup> Applicant-Managing Director	033044	29/12/2016	40,000/-
2	2 <sup>nd</sup> Applicant-Whole Time Director	033043	29/12/2016	40,000/-
3	3 <sup>rd</sup> Applicant- Director	033046	29/12/2016	40,000/-
4	4 <sup>th</sup> Applicant-Director	033047	29/12/2016	40,000/-

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 at Bangalore for appropriate action.

  
(RATAKONDA MURALI)  
MEMBER, JUDICIAL

  
(ASHOK KUMAR MISHRA)  
MEMBER, TECHNICAL

DATED THIS THE 23<sup>rd</sup> DAY OF JANUARY 2017