

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
T.P.NO. 289/2016**

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

**IN THE MATTER OF COMPANIES ACT, 2013
SECTION 621A UNDER SECTION 210 OF THE COMPANIES ACT, 1956
AND**

**IN THE MATTER OF IDS SOFTWARE SOLUTIONS (INDIA)
PRIVATE LIMITED**

1. **IDS Software Solutions (India) Private Limited,
6th Floor, D-Tower,
Diamond District,
Airport Road,
Bangalore-560008.**
2. **Mr. Nicholas Emmanuel Somers, Director
42 Old Church Road,
Greenwich,
Connecticut,
06830 USA.**
3. **Mr. Philip Neal Cole- Director
15, St. Marys Grove,
London, W43LL,
United Kingdom**

- **APPLICANTS**

PARTIES PRESENTED:

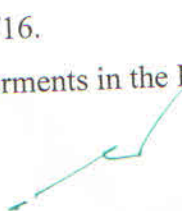
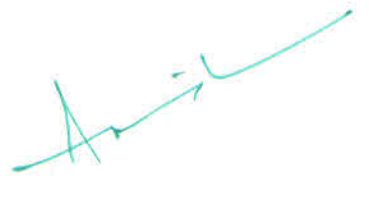
Mr. I.B Harikrishna, No.44/38, Veerabhadran
Street, Valluvarkottam, Nungambakkam,
Chennai-600034 – Practicing Company Secretary
and Authorised representatives for the Applicants.

Heard on: 31/08/2016, 21/09/2016, 17/10/2016, 02/11/2016 and 21/11/2016.

ORDER

The Application was originally filed before the Company Law Board, Southern Region, Chennai under Section 621A of the Companies Act, 1956 for the purpose of compounding for violation of provisions of section 210 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. 289/16.

The averments in the Petition are briefed hereunder:-

The 1st Applicant Company was incorporated under the Companies Act, 1956 on 7th June 2004 as a Private Limited Company in the name and style of IDS Software Solutions (India) Private Limited vide Registration No. CIN-U72200KA2004PTC034086. The Registered office of the company is situated at 6th Floor, D-Tower, Diamond District, Airport Road, Bangalore-560008.

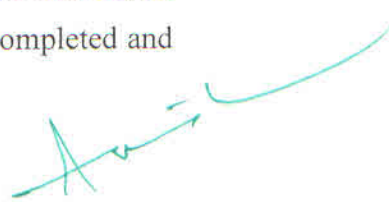

The 1st Applicant Company's financial year was previously starting on January 1st and ending on December 31st and is currently starting on April 1st and ending of March 31st.

The present Authorized share capital of the 1st Applicant company is Rs. 1,00,00,000/- (Rupees One Crore only) consisting of 10,00,000 (Ten lakhs) Equity Shares of Rs 10/- each. The issued, subscribed and paid up capital is Rs. 1,00,000/- (Rupees one lakh only) consisting of 10,000 equity shares of Rs 10/- each.

The Main objects of the 1st Applicant Company is to carry on the business of Design and development of computer software, including systems packages and applications packages; to engage in the design and development on a Java based system and to provide ongoing support services to the leasing industry 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, Directors of the company were required to lay the Balancesheet and profit and loss Account of the 1st Applicant Company for the financial year ending 31st December 2012 at the Annual General Meeting to be conducted for that year on or before 30th June 2013. The Directors admitted default of provisions of sub-section (1) of section 210 of the Companies Act, 1956 by not placing Audited accounts of the company at the Annual General Meeting on the due date, but placing the audited accounts later on 26th August 2013.

It is stated that the delay occurred as a result of delay in completing the consolidated, world-wide IDG Group Inc. Financial statements which were not completed till 24th June, 2013. In order to complete and approve the financials of the 1st Applicant Company the IDS Group Inc., financials must be completed and approved.



It is averred that the 1st Applicant Company committed default due to unavoidable circumstances and it was not intentional and is not of such nature as to prejudice the interests of the members or creditors or others dealing with the company. The 1st Applicant Company unequivocally declares that the offence committed does not affect the public interest in any way, and no harm is caused to the public. Further, the 1st Applicant Company has shown its commitment to comply with the requirements of the Act by suo-moto filing this application for compounding the offence under section 621A of the companies Act 1956 and has taken action designed to prevent any future defaults.

The 1st Applicant Company and its Directors suo-moto have filed this application to compound the offence, praying the Tribunal to compound the offence.

The Registrar of Companies, Karnataka, Bengaluru vide his letter bearing No. ROCB/MMM/621A/034086/2016 dated 29/03/2016 has stated that, the company has not complied with provisions of section 210 of the Companies Act, 1956 and further submitted that the Company has filed its balance sheet and profit and loss account for the financial year ending 31/12/2012 belatedly and the period of default is from 30th June 2013 to 26th August 2013 and has made an observations that the compounding application may be decided on merits. It is further stated in the report that, Mr. Kristopher Thomas Schmidt was also Director during the period when default was committed. The Authorised Representative of the Directors filed Affidavit stating that, Mr. Kristopher Thomas Schmidt is not currently employed with the 1st Applicant Company and he is not available.

We have heard the Practicing Company Secretary for the Applicants on 31/08/2016, 21/09/2016, 17/10/2016, 02/11/2016 and 21/11/2016. It is stated that, the company could not place its accounts as there was inordinate delay in consolidation of accounts of the Holding Company IDS Group Inc.. It is contended that the Audited Accounts financial statements could not be filed before Annual General Meeting on due date. There was delay in holding the Annual General Meeting and as a result the audited financial statements could not be filed before Annual General Meeting on due date. It is contended that, the Annual

General Meeting was however held on 26th August 2013 and audited accounts financial statements were laid before Annual General Meeting and there was compliance. Thus the violation has occurred.

Section 210(1) of the Companies Act, 1956, provides that:-

At every annual general meeting of a company held in pursuance of section 166, the Board of directors of the company shall lay before the company –

- (a) a balance sheet as at the end of the period specified in sub-section (3); and
- (b) a profit and loss account for that period.

For the violation of section 210(1) of the Companies Act, 1956, the punishment is provided under sub-section (5) of section 210 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 this section, 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 Rs 10,000/- or with both:”

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 1st 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.


We have perused the documents filed by the Applicants. We have seen the Power of Attorney of the Directors marked as Annexure 3 & 4. We have seen the Memorandum and Articles of Association marked as Annexure-2 and Certified copy of the latest annual return of the Company filed as on 11th September 2013 marked as Annexure-1 and after going through the Company Petition under section 621A of the Companies Act, 1956 and further submissions made by the Practicing Company Secretary for the Applicants and the observations of the Registrar of Companies, we direct the Applicants No. 2 and 3 to pay the compounding fee as detailed hereunder:-

Sl. No.	Particulars	Violation of Sec.210 of the Companies Act, 1956	Grand Total Rs.
1	2 nd Applicant- Director	6,000/-	6,000/-
2	3 rd Applicant- Director	6,000/-	6,000/-

In pursuant to our Order dated 28/11/2016 mentioned herein above, the Applicants have paid the compounding fee by depositing 2 Demand Drafts of Bank, Bangalore drawn on 09/12/2016 in favour of "Pay and Accounts Officer, Ministry of Corporate Affairs, payable at Chennai" as detailed below:-

Sl. No.	Particulars of Applicant	Fee Amount/D.D Rs.	DD No. & Date
1	2 nd Applicant-Director	6,000/-	974184 dt. 09/12/2016
2	3 rd Applicant-Director	6,000/-	974185 dt. 09/12/2016

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.


(RATAKONDA MURALI)
MEMBER, JUDICIAL


(ASHOK KUMAR MISHRA)
MEMBER, TECHNICAL

DATED THIS THE ^{24th} DAY OF DECEMBER 2016