IN THE NATIONAL COMPANY TRIBUNAL HYDERABAD BENCH, HYDERABAD

CA No. 263/252/HDB/2017

U/s 252(3) of Companies Act, 2013 & Rule - 87A of the NCLT (Amendment) Rules, 2017

In the matter of

- Jayprakash Swain
 A Promoter/Shareholder of M/s Satcom & Digital
 Solutions Private Limited
 415-8/67, Saptagiri Colony
 Miyapur, Hyderabad
 Telangana, India 500050.
- Minarva Swain,
 Promoter/Shareholder of M/s Satcom & Digital
 Solutions Private Limited
 R/o. 1-1/1/102, Madina Guda Village, Madeena Guda,
 Sherilingam Pally (Mandal)
 Rangareddy district
 Telangana-500049 Applicants

<u>Versus</u>

- 1. SATCOM & DIGITAL SOLUTIONS PRIVATE LIMITED #6-3-663/7/C/102
 Vishnu's V.V. Habitat
 Beside Katta Maisamma Temple
 Somajiguda, Hyderabad
 Telangana 500082.
- 2. The Registrar of Companies
 Andhra Pradesh & Telangana,
 2nd Floor, Corporate Bhavan, Bandlaguda
 Nagole, Hyderabad
 Telangana 500068. Respondents

Date of pronouncement of order: 201 February, 2018



Coram:

1.

Hon'ble Rajeswara Rao Vittanala, Member (Judicial)
Hon'ble Ravikumar Duraisamy, Member (Technical)
Parties present / counsels

For the Applicant:

Shri V.Venkata Rami Reddy

Advocate

Per: Rajeswara Rao Vittanala, Member (Judicial)

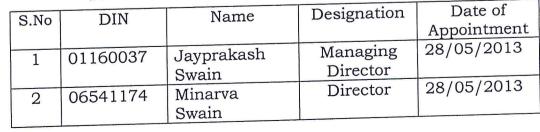
ORDER

- The present Company Application bearing No. 263/252/HDB/2017 is filed by Jaiprakash Swain under Section 252(3) of the Companies Act, 2013 Read with National Company Law Tribunal Rules, 2016 and Read with Rule 87A of the National Company Law Tribunal (Amendment) Rules, 2017, by inter-alia seeking directions to Registrar of Companies (R-2) for restoration of the name of the Respondent No.1 in the Register of Companies, to place the 1st Respondent Company and all other persons in the 1st Respondent Company such as Shareholders, Employees and all other related to the Company in the same position as nearly as may be as if the name of the Company had not been struck off from the Register of Companies etc.
- 2. Brief facts, leading to filing of the present Company Application, are as under:-
 - (1) SATCOM & DIGITAL SOLUTIONS PRIVATE
 LIMITED (hereinafter referred to as the Company)
 was incorporated under the Companies Act on 28th
 May, 2013 as a Private Limited Company with the
 Registrar of Companies, Hyderabad having its



registered office at the address shown in the cause title of this application. The Company is in the business of designing, developing, implementation, exploring, consultancy, ideas/concept selling, import and export, training in software technologies and hardware as permitted by Law.

- (2) The Authorized Share Capital of the 1st Respondent Company is Rs.1,00,000/- (Rupees One Lakh only) divided into 10,000 (Ten Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each. The Issued, Subscribed and Paid-up Share Capital of the 1st Respondent Company is Rs. 1,00,000/- (Rupees One Lakh only) divided into 10,000 (Ten Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each.
- The 1st Respondent Company is having Two (3)Shareholders as on the date of this Application. Both the Applicants are promoter shareholders. Company shareholders this are filing The interest their to protect application shareholders as well as the interest of the Company and its stake holders. The said shareholders are nothing but the existing Directors. The details of Directors as per the Master data maintained by the Ministry date including their Affairs Corporate appointment and DIN numbers as on the date of this Application are furnished hereunder:





(4) It is submitted that, the 1st Respondent Company is carrying out its business successfully from the date of its incorporation and is conducting the Meetings of Board of Directors as well as General Meetings regularly in Compliance with the provisions of the Companies Act, 1956 as well as the provisions of Companies Act, 2013 whichever is in force at the relevant period. The Company has filed its Income Tax Returns for the Assessment Years 2014-15 and 2015-16 and 2016-17 as well. The Directors thought that they can file the Annual Returns and Financial Statements for the year 2013-14, 2014-15 and 2015-16 with additional fee as contemplated under Section 92, 137 read with Section 403 of the Companies Act, 2013 otherwise there is no intentional cause for such non-filing.



- (5) It is submitted that the 1st Respondent Company has held its Annual General Meetings for the Financial Years ended 31st March 2014, 31st March 2015 and 31st March 2016 on 30.09.2014, 30.09.2015 and 30.09.2016 respectively.
- has earned a revenue of Rs.50,19,414/- (Fifty Lakh Nineteen Thousand Four Hundred and Fourteen Rupees Only), Rs.78,86,418/- (Seventy Eight Lakh Eighty Six Thousand Four Hundred and Eighteen Rupees Only) and Rs.36,82,352/- (Thirty Six Lakhs Eighty Two Thousand Three Hundred and Fifty Two Rupees Only) during the financial years 2013-14, 2014-2015 and 2015-2016 respectively.

(7) The Balance Sheet showing the Assets and Liabilities of the 1st Respondent Company as on **31.03.2014**, **31.03.2015** and **31.03.2016** is furnished hereunder:

EQUITY AND LIABILITIES	31.03.2016	31.03.2015	31.03.2014
Shareholders' Funds	Rs.	Rs.	Rs.
Share Capital	100,000	100,000	100,000
Reserves and Surplus	285,210	209,893	(4,395)
Non-Current			
Liabilities:			
Long-term	0	0	0
borrowings			
Deferred Tax	0	0	0
Liability (net)	0	0	0
Long-term Provisions			
Current Liabilities:			
Short-term	0	0	0
borrowings	33,890	24,705	16,500
Trade Payables	59,960	49,977	3,14,300
Other current	154,491	101,401	0
liabilities	'æ		
Short-term			
Provisions			
TOTAL	6,33,551	4,85,976	4,26,405
ASSETS:			
Non-current Assets			
Fixed Assets:			2
Tangible assets	116,631	157,615	168,131
Capital work in process	0	0	0
Long-term loans and	0	0	0
advance Non Current	0	0	0
Investments Deferred Tax Asset(Net)	9,116	4,421	(2,756)



Other	Non-current	0	0	0
Assets				

Current Assets			
Inventories	0	0	0
Trade Receivables	122,694	102,975	19,090
Cash & cash	34,118	220,965	241,940
equivalents			
Short-term loans &			
advances	0	0	0
Other current assets	56,992	0	0
TOTAL	6,33,551	4,85,976	4,26,405



- (8) It is further submitted that none of the Creditors/Shareholders or any person/persons or any Body Corporate at large will be prejudiced if the name of the Company is restored in the Register of Companies maintained by the Registrar of Companies.
- (9) It is submitted that the company is earning from its operations. The Company has entered into business agreements. Moreover, if the Company's name is not restored, there is an irreparable loss caused to the applicant company, stake holders including employees, Customers, workers, suppliers and their families.
- (10) The Company is paying its Income Tax and filing the returns. The details of Income tax paid for Two years are furnished hereunder:

Particulars	2015-16	2016-17
Income Tax (AY)	Rs. 1,61,423	Rs. 61,023

It is further submitted that the **Annual Accounts** and **Annual Returns** to be filed with ROC for the above three financial years have been scanned in PDF format and are ready to file. Upon granting of the prayers stated in this application, the applicant shall be able to complete its Annual Filings for the Financial Years 2013-14, 2014-15 and 2015-16 within one month of the name being restored in the Register of Companies maintained by the ROC.

- (11) ROC has struck off the name of the Applicant Company from the Register of Companies which fact has come to the notice of the Applicant during 1stweek of September, 2017 when tried to file the Annual Returns and Financial Statements for the years 2013-14, 2014-15 and 2015-16 with additional fee as contemplated under Sections 92 and 137 read with Section 403 of the Companies Act, 2013.
- (12) It is further submitted by the Learned Counsel for the Applicants that prior to strike off the name of the company through a public notice, in Form STK-7, ROC should have followed a due procedure and process such as issuing of notice in Form STK-1 which notices have to be served on the addresses of the Board of Directors of the with Registered Post through Company Acknowledgement due or Speed Post. None of the Directors including the Company have received the notices in any mode of dispatch stipulated under Rule 3(1) and 3(2) of Companies (Removal of names of Companies from the Register of Companies) Rules, 2016 read with Section 248(1)



of the Companies Act, 2013. Therefore the Registrar of Companies/Respondent has not followed the due procedure laid down in the statute. Therefore, striking off the company from the register by merely displaying a notice in Form STK-5 and Form STK-7 will defy the Constitutional Rights available under various statutes to the Applicant as well as the Shareholders.

- (13) Before striking off the name of the Company under Sub Section (1), (4) and (5) of Section 248 of the Companies Act, 2013, ROC shall have been followed the stipulated procedure as under:
 - (i) ROC shall have issued Notice in Form No.STK-1 to all the Directors by Registered Post with acknowledgement due or by Speed Post. The Directors have not received any such notice.
 - The Company came to know about issue of (ii) Public Notice by ROC in Form STK-5 and Form STK-7 only when it was trying to file the Annual Accounts as well as Annual Returns pertains to the years 2014-15 and 2015-16 during the month of September 2017. The portal of MCA was not allowing the company to file the returns. Thereafter, upon enquiry, it has come to the knowledge of the Company and its directors that ROC has issued a Public Notice in Form No.STK-5 which was displayed in the portal maintained by the Ministry of Corporate Affairs vide Public dated: 28.04.2017. It Notice No. 1 understood that ROC have strike off the name of the Company from the register



publication in the Gazette with regard to dissolution in Form STK-7 dated 17th July 2017 and the same is placed on the official website of the Ministry of Corporate Affairs.

- (iii) The master data of the Company maintained in the website of MCA has shown that the Company is strike off.
- (14) The Company has to file the returns for the financial years 2013-14, 2014-15 and 2015-16. The Company is profit making company having assets and liabilities which is paying the income tax also.
- (15) The Company has not deposited any extra money during demonetization of Rs. 500/- and Rs. 1000/- notes in its bank Accounts after 07th November 2016 except the routine money of the business transactions from time to time as permitted under Banking Regulations.
- (16) The Directors of the Company are not disqualified as per the lists displayed in the portal of Ministry of Corporate Affairs. However, the Directors are deemed to have been disqualified under the provisions of 164(2)(a) of the Companies Act, 2013.
- (17) The Bank Accounts of the Company have been freezed from transactions which act of the Banks is affecting the business of the Company.
- (18) In addition to the above, as per sub section 6 of Section 248 of the Companies Act, 2013, the ROC, before passing an order under sub section 5, shall satisfy himself that sufficient provision has been made for the realization of all amounts due to the Company and for the payment or discharge of its liabilities and obligations by the Company within a



reasonable time and, if necessary, obtain necessary undertakings from the Directors or other persons in charge of the management of the Company. Thus, the ROC has decided hastily and struck off the name of the Company overnight. The order of ROC is discriminative and is against the principles of natural justice and prejudicial to the interest of shareholders and stakeholders of the company.

(19) It is submitted that the Company has been carrying the business at the time of its name struck off, carrying on business operations as explained supra and therefore, it is just that the name of the Applicant Company be restored to the Register of Companies by setting aside the order of the Respondent.

Heard Shri V. Venkata Rami Reddy, Learned Counsel for the Applicant Company.

Learned Counsel for the Applicant, reiterating the averments made in the Company Application, has further submitted that the notices were not received by its Directors. The Company and its Directors are willing to file all the pending returns with regular fees / additional fees within time stipulated by this Tribunal. He also submitted that the Company is carryout business of software development. The Company is giving employment to so many people. If the name of the Company is struck off, there would be irreparable loss to all stakeholders / customers including employees and their families. Therefore, he submit that this Tribunal may condone the delay in filing the impugned annual returns and may be permitted to file the same within the stipulated time, by



exercising the powers conferred on the Tribunal under Companies Act, 2013.

5. He has also relied upon the judgment of the Hon'ble Bombay High Court in the matter of Purushottamdass and Anr. (Bulakidas Mohta Co. P Ltd.) Vs. Registrar of Companies, Maharashtra, &Ors., (1986) 60 Comp Case 154 (Bom), by inter-alia stating that;

"the object of Section 560(6) of the Companies Act is to give a chance to the Company, its members and creditors to revive the company which has been struck off by the Registrar of Companies, within period of 20 years, and given them an opportunity of carrying on the business only after the company judge is satisfied that such restoration is necessary in the interest of justice."

- Mr. Ramesh Chandra Mishra, ROC by reiterating the Ref. his report in made averments No.ROCH/LEGAL/SEC 252/87970/ Satcom/ STACK/ 2017/3028 Dated 21.12.2017, has further asserted that the impugned action was taken strictly in accordance with law and the allegation made by the However, he has submitted applicant is not correct. that the Tribunal may consider the case of the Company subject to filing all pending returns namely annual returns, balance sheets with fee and addl. fees as prescribed under the provisions of the Companies Act, 2013. It may also be directed to ensure statutory compliance of applicable provisions of the Companies Act, 2013 without any delay in future.
- 7. In order to examine the issue of striking off companies, it is necessary to advert to relevant provisions in Companies Act, 2013. And the relevant provisions are sections 248 and 252 of The Companies Act 2013



<u>Chapter XVIII deals with Removal of Companies</u> from the Registrar of Companies.

Power of Registrar to remove name of company from register of companies

248 (1) Where the Registrar has reasonable cause to believe that—

- (a) a company has failed to commence its business within one year of its incorporation;
- (b) the subscribers to the memorandum have not paid the subscription which they had undertaken to pay within a period of one hundred and eighty days from the date of incorporation of a company and a declaration under sub-section (1) of section 11 to this effect has not been filed within one hundred and eighty days of its incorporation; or
- (c) a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under section 455,he shall send a notice to the company and all the directors of the company, of his intention to remove the name of the company from the register of companies and requesting them to send their representations along with copies of the relevant documents, if any, within a period of thirty days from the date of the notice.
- (5) At the expiry of the time mentioned in the notice, the Registrar may, unless cause to the contrary is shown by the company, strike off its name from the register of companies, and shall Gazette of this notice, the company shall stand dissolved.
- (6) The Registrar, before passing an order under subsection (5), shall satisfy himself that sufficient



provision has been made for the realization of all amounts due to the company and for the payment or discharge of its liabilities and obligations by the company within a reasonable time and, if necessary, obtain necessary undertakings from the managing director, director or other persons in charge of the management of the company:

8. Provided that notwithstanding the undertakings referred to in this sub-section, the assets of the company shall be made available for the payment or discharge of all its liabilities and obligations even after the date of the order removing the name of the company from the register of companies.

Appeal to Tribunal deals with under Section 252 of the Companies Act, which reads as follows:



252 (1) Any person aggrieved by an order of the registrar, notifying a company is dissolved under section 248 May file an appeal to the Tribunal within a period of three years from the date of the order of the Registrar and if the Tribunal is of the opinion that the removal of the name of the company from the Register of companies is not justified in view of the absence of any of the grounds on which the order was passed by the registrar, it may under restoration of the name of the company in the register of the companies; provided that before passing any order under this section that liberal shall give a reasonable opportunity of making representations of being heard to the register, the company and all the persons concerned:

Provided further that if the register is satisfied that the name of the company has been struck off from the register of companies either inadvertently or on the basis of incorrect information furnished by the company or its directors, which requires restoration in the register of companies he may within a period of three years from the date of passing of the order of dissolving the companies under section 248, file an application before the tribunal seeking restoration of name of such company

- (2) A copy of the order passed by the Tribunal shall be filed by the company with the registrar within 30 days from the date of the order and on receipt of the order the Registrar shall cause the name of the company to be restored in the register of companies and shall issue a fresh certificate of incorporation
- (3) If a company or any member or creditor or workmen feels aggrieved by the company having its name struck off from the Register of companies, the Tribunal on an application made by the company, member, creditor or workmen before the expiry of 20 years from the publication in the official Gazette of the notice under subsection (5) of section 248 may if satisfied that the company was, at the time of its name being struck off, carrying on business or in operation or otherwise it is just that the name of the company be restored to the Registrar of companies, order the name of the company to be restored to the Registrar of companies, the Tribunal may, by the order, give other such directions and make such provisions as deem just for placing the company and all the persons in the same position as merely as may be in the name of the company



had not been struck off from the Register of companies.

As stated supra, there is a prescribed procedure under 8. the Act as to how the Registrar of Companies has to strike off from the Register of companies. By reading the averments made in the application and the submissions made by the Learned Registrar Companies, the impugned notices have been issued in accordance with law as stated supra. However, before taking final action to strike off a Concerned Company U/s 248(5), the Registrar of Companies, is duty bound to follow provision 6 of section 248, which mandates the Registrar of Companies to satisfy himself that sufficient provisions have been made for realization of all amounts due to the Company and for payment or discharge of its liabilities and obligations etc. In the instant case, as stated supra, the Company is carrying on its normal business as per balance sheets, Income Tax returns etc, which are filed along with application. Therefore, in the interest of Company and its employees, and their families and public employment, the case has to be considered favourably. The employees are to be paid their salaries for the services rendered. And thus, striking off the name of Company would also result in serious repercussions like Debit Freeze accounts of the Company with its Bankers etc. However, the Registrar of Companies has failed to see this issue before issuing the impugned Gazette notification, leading to workers/employees getting aggrieved by the impugned action. However, the appellant for the Company pleaded that in view of hardship, a lenient view may be taken by the Tribunal in the interest of justice.



9. As per section 252 (3) as extracted above, a Company, or any member or creditor workman, if they feel aggrieved by striking off its name, can approach the Tribunal by way of application, before expiry of 20 years after date of publication. On being filed an application, the Tribunal can order to restore striking off company on its role, if it is satisfied that the company was, at the time of its name being struck off, carrying on business or in operation or otherwise it is just that name of a company be restored to the Registrar of companies.

As narrated supra, it is not in dispute that application has been filed properly by an authorized person on behalf of Company, it is within limitation, it is carrying on business even at the time of impugned action, and it has suitably explained the reasons for not filing required documents with Registrar of Companies, which ultimately led to impugned action.

10. The Ministry of Corporate Affairs has issued a notification dated 26th December 2016 framing the rules under section 248 known as Companies (Removal of names from the ROC) Rules, 2016.

Rule 3 (2) and (3) are relevant to the present case, which is extracted below for ready reference:

"3(2): for the purpose of sub rule (1) The Registrar shall give a notice in writing in the form of STK-1 which shall be sent to all the Directors of the company at the addresses available on record by registered post with acknowledgement due or by speed post

3(3): The notice shall contain the reasons on which the name of the company is to be removed from the Register of companies and shall seek representations, if any against the proposed action from the company and its



directors along with the copies of the relevant documents if any, within a period of 30 days from the date of notice

Manner of Publication of Notice:

The rule 7 is read as to manner of publication of notice:-(1) the notice under subsection (1) or subsection (2) or section 248 shall be in form STK -5 or STK-6, as the case may be and be-

- (I) placed on the official website of the Ministry of corporate affairs on a separate link established on such other website in this regard
- (II) Published in the official Gazette
- (III) Published in English language in leading newspaper and at least once in vernacular language in leading vernacular language newspaper, both having wide circulation in the state in which the registered office of the company is situated

Rule 9 deals with the Notice of striking off and dissolution of the company.

11. Article 19(g) in the Constitution of India 1950, confers right to all citizens of India to practice any profession or to carry on any occupation, Trade or Business.

In accordance with this Constitutional provision, the Companies Act of 2013 also confers such rights to its citizen by permitting them to incorporate a Company under the Act to carry on any profession, Trade and Business. In the instant case, it is not in dispute that the Company is incorporated in accordance with Act and prima facie prove that the Applicant Company is following all extant provisions of companies Act in consonance with its Memorandum of Association and Articles of Association of the Company till the impugned violation(s) are noticed. It is not in dispute



that Registrar of the Companies is empowered to take the impugned action but the only point here is that he has to strictly comply with provisions as extracted above. A Court/Tribunal cannot interfere with normal activities of business of a Company being carried on in accordance with law unless any serious violation of law is committed by a Company. As stated supra, the impugned violations are not so severe so as to take serious view of it. Moreover, the Company has come forward to file all required documents in accordance with law along prescribed/additional fee along with fine. It is also relevant to point out here that there is no bar for a Company, which is struck off, can register new company, in accordance with law.

any Law 12

As stated supra, the Company is carrying out business of software development, and it is running without any interruption. The Employees are suffering a lot by virtue of impugned action. In terms of section 248(6) of Act as extracted supra, the above consequences are required to be looked into while passing final order under 248(5) of the Act. It is no doubt that the Company, on its part, is under statutory obligation to comply with all extant provisions Companies Act, 2013. The Company is now satisfactorily explained to Tribunal the reasons for the delay in filing statutory returns in question and expressed its willingness to file them along with payment of prescribed fee.

As stated supra, the Learned ROC also did not oppose the application but it can be considered subject to compliance of statutory provisions and undertaking etc.

- We have considered the pleadings of both the parties along with extant provisions of Companies Act, 2013. The Managing Director for the Applicant Company further submits that by virtue of impugned action of the RoC, the financial transactions came to a standstill by freezing of bank account.
- 14 It is not in dispute that the impugned action was taken by the RoC strictly in accordance with law. However, in order to ease of doing business, it is necessary to facilitate the Company to function its normal business activities in accordance with Articles of Memorandum of Association and it is nobody's case that by restoring the Company, it would render any prejudice to any of the parties.
- In light of aforesaid facts and circumstances of case and the extant of provisions of the companies Act 2013 and rules hereunder, we satisfied that the applicant has filed the present application within the prescribed time under law, and also shown sufficient reasons to order Restoration of its name in the Register of Companies maintained by the Registrar of Companies. Therefore, the Company application deserves to be allowed, however, subject to filing all pending returns, Annual returns, Balance sheets, statements etc., along with prescribed and addl. fee under law. And also subject to giving undertaking that they would not resort to such type of violations in future.
- By exercising the powers conferred on this Tribunal under Section 252 of the Companies Act, 2013, and Rule 87A of NCLT (Amendment) rules 2017 R/w NCLT Rules, 2016, the Company application bearing CA No.263/252/HDB/2017 is disposed of with the following directions:



- herein, is ordered to restore the original status of the Applicant Company as if the name of the company has not been struck off from the Register of Companies and take all consequential actions like change of company's status from 'strike off' to Active (for e-filing), to restore and activate the DINs, to intimate the bankers about restoration of the name of the company so as to defreeze its accounts.
- The Applicant company is directed to file all the statutory document(s) along with prescribed fees/additional fee/fine as decided by ROC within 30 days from the date on which its name is restored on the Register of companies by the ROC;
- 3) The Company's representative, who has filed the Company application is directed to personally ensure compliance of this order.
- 4) The restoration of the Company's name is also subject to the payment of cost of Rs 30,000/- (Rupees Thirty thousand only) through online payment in www.mca.gov.in under miscellaneous fee by mentioning particulars as "payment of cost for revival of company pursuant to orders of Hon'ble NCLT in CA No.263/252/HDB/2017".
- 5) The applicant is permitted to deliver a certified copy of this order with ROC within thirty days of the receipt of this order.
- 6) On such delivery and after duly complying with above directions, the Registrar of Companies, Hyderabad is directed to, on his office name and seal, publish the order in the official Gazette;





7) This order is confined to the violations, which ultimately led to the impugned action of striking of the Company, and it will not come in the way of ROC to take appropriate action(s) in accordance with law, for any other violations /offences, if any, committed by the applicant company prior or during the striking off of the company.

RAVIKUMAR DURAISAMY MEMBER (TECHNICAL) RAJESWARA RAO VITTANALA MEMBER (JUDICIAL)

80/-

FOY Dy. Regr./Asst. Regr/Court Officer/ National Company Law Tribunal, Hyderabad Bench प्रमणित प्रति
CERTIFIED TRUE COPY
केम संख्या
CASE NUMBER. C.A.A.D.: 262/252/HDB/2017Paria का तारीख
DATE OF JUDGEMENT 20.2.208
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