

F.No:9/27/ADJ/SEC.135/2013/KARNATAKA/RD(SER)/2023

16524

BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION

MINISTRY OF CORPORATE AFFAIRS, HYDERABAD

IN THE MATTER OF COMPANIES ACT, 2013

IN THE MATTER OF SAANKHYA LABS PRIVATE LIMITED

1. M/s. Saankhya Labs Private Limited
2. Ms. Anusha, Company Secretary
3. Mr. Parag Naik Balwant, Managing Director

Appellants

Date of hearing : 20.11.2023

Present : Ms. Sowjanya, Advocate

### ORDER

This is an appeal filed under section 454(5) of the Companies Act, 2013 by the above appellants in e-form ADJ vide SRN F65351173 dated 28.09.2023 against the adjudication order No. ROC(B)/Adj.Ord.454-135/Saankhya/Co.No.41339/2023/1180 dated 03.08.2023 under section 454 passed by the Registrar of Companies, Karnataka for default in compliance with the requirements of Section 135 of Companies Act, 2013.

2. Registrar of Companies in his order of adjudication has stated that the company has filed adjudication application on 18.04.2023 for violation of section 135 of the Act. This application has been signed by Mr. Parag Naik Balwant, Managing Director. It is seen that for the financial year 2020-21 the company ought to have spent Rs.18,63,032 towards CSR activities. However, it had contributed a sum of Rs.3,00,00 towards CSR activities and identified an ongoing project and transferred the unspent CSR amount of Rs.15,36,032 to a special account opened by the company for this purpose on 17.08.2021 with a delay as the unspent amount pertaining to an ongoing project ought to have been transferred within a period of 30 days from the end of the financial year. Similarly, for the financial year 2021-22, the company ought to have spent Rs.15,60,812 towards CSR activities. However, it did not spend any amount pertaining to FY 2021-22 in the particular year and identified an ongoing project and transferred

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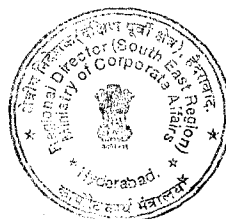


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the entire unspent CSR amount of Rs.15,60,812 to a special account on 15.07.2022 with a delay as the unspent amount pertaining to an ongoing project ought to have been transferred within a period of 30 days from the end of the financial year. Hearing was held before Registrar of Companies on 31.05.2023 and after hearing the authorized representative had levied a penalty for the financial year 2020-21 for company amounting to Rs.31,26,064/- and for Ms. Anusha, Company secretary amounting to Rs.1,56,304/- and for the financial year 2021-22 for company amounting to Rs.31,21,624/- and for 2 officers i.e., Mr. Parag Naik Balwant, Managing Director and Ms. Anusha, Company Secretary to Rs.1,56,082/- each (total aggregating to Rs.67,16,156/-).

3. An opportunity of being heard was given to the Appellants on 20.11.2023. The authorized representative Ms. R. Sowjanya, Advocate appeared on behalf of the appellants and reiterated the submissions made in the appeal. Further from the appeal it has been stated that the delayed transfer of unspent CSR fund amounting to Rs.15,60,812/- for the Financial Year 2020-21 to the separate unspent CSR Account of the Company. The transfer was required to be completed by 30.04.2021 in accordance with the provisions of the corporate social responsibility (CSR). However, due to the unprecedented challenges posed by the COVID-19 pandemic and the subsequent nationwide lockdown, our company encountered difficulties in establishing a distinct bank account for CSR purposes. Additionally, we faced constraints on our workforce, as a significant portion of our employees transitioned to remote work arrangements. Subsequently, company successfully transferred the aforementioned unutilized funds on the 17<sup>th</sup> of August 2021, thereby fulfilling our CSR commitment as mandated by the regulatory framework. Further stated that in regard to the financial year 2021-22, it is noted that the company did not spent any funds allocated for Corporate Social Responsibility (CSR) purposes. Instead, the unutilized CSR amount was transferred to a separate bank account on the 15<sup>th</sup> of July, 2022 which amounts to failure to comply with stipulated requirement of transferring said funds on or before the 30<sup>th</sup> of April, 2022. We hereby intend to clarify that during financial year 2021-22, the Company was actively engaged in an acquisition process.

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Regrettably, due to the voluminous data, sheer complexity and magnitude of these transactions, the company inadvertently overlooked the timely transfer of the CSR funds to a separate account.

4. Though there is a default committed, there is a ground in interfering with the impugned adjudication order of Registrar of Companies to the extent of reducing the quantum of penalty based on the following grounds:

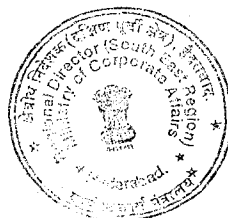
(a) The transfer was required to be completed by 30.04.2021 in accordance with the provisions of the corporate social responsibility (CSR). However, due to the unprecedented challenges posed by the COVID-19 pandemic and the subsequent nationwide lockdown, our company encountered difficulties in establishing a distinct bank account for CSR purposes.

(b) Additionally, company faced constraints on the workforce, as a significant portion of the employees transitioned to remote work arrangements. Subsequently, company successfully transferred the aforementioned unutilized funds on the 17<sup>th</sup> of August 2021, thereby fulfilling our CSR commitment as mandated by the regulatory framework.

(c) In the financial year 2021-22, company has stated that they did not spent any funds allocated for Corporate Social Responsibility (CSR) purposes. Instead, the unutilized CSR amount was transferred to a separate bank account on the 15<sup>th</sup> of July, 2022 which amounts to failure to comply with stipulated requirement of transferring said funds on or before the 30<sup>th</sup> of April, 2022.

Hence, taking into consideration the facts of the appeal and submissions made by the authorized representative. I deem it would meet the end of justice if the penalty imposed by Registrar of Companies is reduced to 20% of the penalty vide adjudication order dated 03.08.2023, the details are as under :

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S.No	Particulars	Penalty imposed for the FY2020-21	Penalty imposed for the FY2021-22	Total
1	Company	Rs.6,25,212.8/-	Rs.6,24,324.8/-	Rs.12,49,537.6/-
2	Ms. Anusha, Company Secretary	Rs.31,260.8/-	Rs.31,216.4/-	Rs.62,477.2/-
3	Mr. Parag Naik Balwant, Managing Director	Nil	Rs.31,216.4/-	Rs.31,216.4/-
			<b>Total</b>	<b>Rs.13,43,231/-</b>

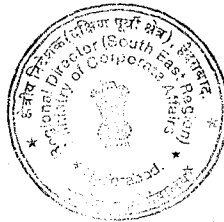
The appellants are directed to comply with this order and also provisions of Section 454(8) of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014.

5. Accordingly, penalty was paid by the Company and officers as below:

S.No	Particulars	Penalty paid for the FY 2020-21	Penalty paid for the FY 2020-21	Total
1	Company	Rs.6,25,214/- vide SRN X62111240 dated 19.12.2023	Rs.6,24,326/- vide SRN X62211230 dated 20.12.2023	Rs.12,49,540/-
2	Ms. Anusha, Company Secretary	Rs.31,262/- vide SRN X62223557 dated 20.12.2023	Rs.31,218/- vide SRN X62214796 dated 20.12.2023	Rs.62,480/-
3	Mr. Parag Naik Balwant, Managing Director	-	Rs.31,220/- vide SRN X62226238 dated 20.12.2023	Rs.31,220/-
				<b>Rs.13,43,240/-</b>

Accordingly, this order is issued to the Appellants with a copy to Registrar of Companies, Karnataka and Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi for information and necessary action.

Issued under my hand and seal on this the 01<sup>st</sup> day of February 2024.



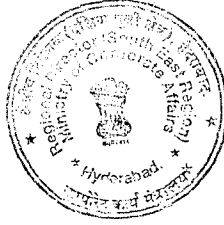
(DR. R. SINGH)  
REGIONAL DIRECTOR (SER)  
HYDERABAD

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Copy for information and necessary action to :

1. M/s. Saankhya Labs Private Limited  
3<sup>rd</sup> Level, Mezaninne Floor No.3, Infantry Road, Vasanth  
Nagar, Embassy icon Building, Bangalore, Karnataka- 560001.
2. Ms. Anusha, Company Secretary  
#25, 1<sup>st</sup> Floor, 7<sup>th</sup> Main, 18<sup>th</sup> Cross, BTM Layout,  
Bangalore, Karnataka- 560076.
3. Mr. Parag Naik Balwant, Managing Director  
No.K-1406, Industrial Suburban, Dr. Rajkumar  
Road, Malleswram, Bangalore, Karnataka- 560055.
4. Registrar of Companies, Ministry of Corporate Affairs,  
Karnataka, Bangalore.
5. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.



(DR. RAJ SINGH)  
REGIONAL DIRECTOR (SER)  
HYDERABAD