

F.No:9/19/ADJ/SEC.135 OF 2013/KARNATAKA/RD(SER)/2023 / 519)
BEFORE THE REGIONAL DIRECTOR, SOUTH EAST REGION
MINISTRY OF CORPORATE AFFAIRS, HYDERABAD
IN THE MATTER OF COMPANIES ACT, 2013

**IN THE MATTER OF TOYOTA TSUSHO SYSTEMS INDIA PRIVATE LIMITED (formerly known
as TT Network Integration India Private Limited)**

1. M/s. Toyota Tsusho Systems India Private Limited
2. Mr. Shinya Tamaoka, Director
3. Mr. Siddeshwara Rao, Company Secretary

Appellants

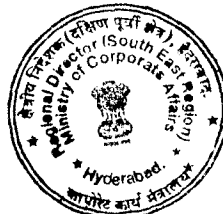
Date of hearing : 12.09.2023
Present : Mr. B Pavan Kumar Reddy, PCS

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 F62619101 dated 21.07.2023 against the adjudication order No. ROC(B)/Adj.Ord.454-135/Toyota-Tsusho/Co.No.50429/2023 dated 26.05.2023 under section 454 passed by the Registrar of Companies, Karnataka for default in compliance with the requirements of Section 135 of the Companies Act, 2013.

2. Registrar of Companies in his order of adjudication has stated that as per the provisions of section 135 of the Act, the company ought to have spent Rs.11,11,871 towards CSR expenditure by 31.03.2021 or the unspent amount had to be transferred to a fund specified in Schedule VII of the Act by 30.09.2021. However, it is seen that the entire amount of Rs.11,11,871 was transferred to Prime Minister's National Relief Fund on 20.12.2021 with a delay of 80 days. Hearing was held before Registrar of Companies on 10.03.2023 and after hearing the authorized representative had levied a penalty of Rs.22,23,742/- on the Company and Rs.1,11,187/- each for 2 officers i.e., Mr. Shinya Tamaoka, Director and Mr. Siddeshwara Rao, Company Secretary Narayana (total aggregating to Rs.24,46,116 Lakhs).

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3. An opportunity of being heard was given to the Appellants on 12.09.2023. The authorized representative Mr. B. Pavan Kumar Reddy, Practicing Company Secretary appeared on behalf of the appellants and reiterated the submissions made in the appeal and also submitted as follows:

a. As per provisions of Section 135(5) of the Companies Act, 2013 the Company should spend, in every financial year, at least two per cent (2%) of the average net profits of the Company made during the three immediately preceding financial years towards Corporate Social Responsibility.

b. The net profit before tax of the company for the financial year 2019-20 is amounting to Rs.7,51,64,169/- and falls under the purview of provisions of Section 135 of the Companies Act, 2013 for the financial year 2020-21.

c. In order to comply the Corporate Social Responsibility (CSR) Provisions the calculation of total amount to be spent is detailed below-

Average net profits of the company for previous three financial years are-

Financial Year(s)	Profit Before Tax (PBT) (in Rupees)
2017-18	5,73,95,281
2018-19	3,42,21,182
2019-20	7,51,64,169

d. The 2% (Two) per cent of the average net profits of the company made during the three immediately preceding financial years amounts to Rs. 11,11,871 (Rupees Eleven Lakh Eleven Thousand Eight Hundred and Seventy One Only). Hence the company has to spend Rs. 11,11,871 (Rupees Eleven Lakh Eleven Thousand Eight Hundred and Seventy One Only) towards Corporate Social Responsibility (CSR) activities / contributions on or before September 30th 2021. The Corporate Social Responsibility (CSR) amount Rs. 11,11,871 has to be spent within 31/03/2021 or the amount has to be transferred by the company to such fund specified in Schedule VII within September 30, 2021.



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e. As per the provisions of section 135 (5) of the Companies Act 2013, if the company fails to spent the amount (at least 2% (Two) of the average Net Profits), then Board shall disclose the fact along with reason for not spending the same in its report and unless the unspent amount shall be transferred to a fund specified in Schedule VII as per section 135 (6) of the Companies Act 2013, within a period of six months from of the expiry of the financial year.

f. The Corporate Social Responsibility (CSR) Amounting Rs. 11,11,871 (Rupees Eleven Lakh Eleven Thousand Eight Hundred It Seventy One Only) for the FY 2020-21 was contributed to "PRIME MINISTER'S NATIONAL RELIEF FUND" as per Schedule VII of Companies Act 2013 on 20/12/2021 and thereby, there was a delay of 80 (Eighty) days. The Applicant company voluntarily filed this application admitting violation and pray for Compounding / Adjudication.

g. The company has created provisions towards Corporate Social Responsibility (CSR) spending. Due to the outbreak of Covid-19, necessitating back-to-back lockdowns and local shutdowns, the company has provided the option of working from home to all the employees and officers. During the due course the company has implemented ERP module and the balance requirements has to be migrated to the new tool. For further course of action Et complying the process of internal requirements of the company there was delay in transferring the Corporate Social Responsibility (CSR) amount by the company to the Fund specified in Schedule VII of Companies Act 2013.

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 and taking in to consideration the above facts, I deem it would meet the end of justice if the penalty imposed by Registrar of Companies is reduced for the Company to Rs.4,00,000/- and for 2 officers i.e., Mr. Shinya Tamaoka, Director and Mr. Siddeshwara Rao, Company Secretary amounting to Rs.50,000/- each (total aggregating to Rs.5,00,000/-) and 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.

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5. Accordingly, penalty was paid by the Company amounting to Rs.4,00,000/- and by 2 officers i.e., Mr. Shinya Tamaoka, Director and Mr. Siddeshwara Rao, Company Secretary amounting to Rs.50,000/- each (total aggregating to Rs.5,00,000/-) vide SRN's X53539946, X55094627 and X55889000 dated 21.09.2023, 06.10.2023 & 14.10.2023 respectively. 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 15th day of November 2023.

✓ M/s. Toyota Tsusho Systems India Private Limited
#34, Level -2, Embassy Diamante, Vittal
Mallya Road, Bangalore, Karnataka- 560001.



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

Copy for information and necessary action to :

1. Mr. Shinya Tamaoka, Director
#34, Embassy Diamante, Vittal Mallya Road,
Bangalore, Karnataka- 560001
2. Mr. Siddeshwara Rao, Company Secretary
43, 3rd cross, Amruthnagar, Sahakarnagar
post, Bangalore, Karnataka- 560092
3. Registrar of Companies, Ministry of Corporate Affairs,
Karnataka, Bangalore.
4. The Joint Secretary, E-Governance Cell, Ministry of Corporate Affairs, New Delhi.

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