



भारत सरकार / Government of India
कारपोरेट कार्य मंत्रालय / Ministry of Corporate Affairs
कंपनी रजिस्ट्रार, कर्नाटक / Registrar of Companies, Karnataka
केन्द्रीय सदन, 2 मंजिल, ई विंग / Kendriya Sadan, 2nd Floor, 'E' Wing,
कोरमंगला, बंगलूरु - 560 034 / Koramangala, Bengaluru - 560 034
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**MINISTRY OF
CORPORATE
AFFAIRS**
GOVERNMENT OF INDIA

F.NO.ROCB/Adj.454-143(Monisha Parikh)/Stanley OEM/Co.No.084973/2025 /261 Date: 28.04.2025

ORDER OF ADJUDICATION OF PENALTY IN THE MATTER OF STANLEY OEM SOFAS LIMITED UNDER SECTION 454 OF COMPANIES ACT, 2013 READ WITH RULE 3 OF THE COMPANIES (ADJUDICATION OF PENALITIES) RULES, 2014 FOR VIOLATION OF PROVISIONS OF SECTION 143 OF THE COMPANIES ACT, 2013 READ WITH RULES (AS AMENDED FROM TIME TO TIME)

1. Ministry of Corporate Affairs vide its Gazette Notification No. A-42011/112/2014-Ad.II dated 24.03.2015 has appointed the undersigned as Adjudicating Officer in exercise of the powers conferred by section 454 of the Companies Act, 2013 (hereinafter referred to as Act) read with Companies (Adjudication of Penalties) Rules, 2014 for adjudging penalties under the provisions of Companies Act, 2013.

2. The company, **Stanley OEM Sofas Limited** (hereinafter referred to as Company) having CIN **U74900KA2015PLC084973** was incorporated on **30.12.2015** and is presently registered under the jurisdiction of Registrar of Companies, Karnataka and the registered office as per MCA record is situated at Plot No. 52, 66 & 67, Bommasandara Jigani, Link road, Jigani Ind. Area, Anekal Taluk, Bangalore, Karnataka, India, 562106.

3. As per the financial statements filed by the company, Deloitte Haskins & Sells, Chartered Accountants were the statutory auditors of the company for the financial year 2020-21 and the Audit Report was signed by Ms. Monisha Parikh, with Membership No. 47840 as Statutory Auditor for the Financial year 2020-21.

4. The provisions of Section 143 of the Act provides the power and duties of Auditors. Further, as per the provisions of section 143(3) of the Act,



(3) the auditor's report shall also state:

(a) whether he has sought and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof, and the effect of such information on the financial statements.

(b) whether, in his opinion, proper books of accounts as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him;

(c) whether the report on the accounts of any branch office of the company audited under sub-section (8) by a person other than the company's auditor has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report.

(d) whether the company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns.

(e) whether in his opinion, the financial statements comply with the accounting standards.

(f) the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company.

(g) whether any director is disqualified from being appointed as a director under sub-section (2) of section 164.

(h) Any qualification reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

(i) Whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls

(j) Such other matters as may be prescribed.

5. During the course of inquiry under section 206(4) r/w Sec 208 of the Act, it was reported that the Auditor has failed to comment/qualify or provide any adverse remark in his reports on the violation noticed during the year 2020-21.

a) The company had Rs.57.05 Lacs as amount payable to MSME as at 31/03/2020 and Rs.52.04 Lacs as at 31.03.2021. However, no details of interest, due and payable accrued interest etc., have been disclosed in the financial statement for the year 2019-2020 and 2020-2021.

b) It was noticed that Mr. Sunil Suresh and Shubha Sunil are the directors and having controlling stake in the below mentioned companies. However, the names of the entities have not been disclosed in the AS-18 statements for the year 2019- 20 and 2020-21.

I. Stanley Properties and Hospitality Private Limited

II. Saasha Lifestyle Products Private Limited

III. SRL Home and Decors Private Limited

IV. Stanley Investments Private Limited

V. Gloworm Designs Private Limited.

c) As per AOC-2 and AS-18 statement attached for the year 2019-20 and 2020-21, the company had huge, related party transactions. On perusal of the statements, the company has stated that all the transactions was at arm's length basis by quoting resolution passed by the Board 5 years back or so. Further in AOC-2, no salient terms of the contract were given. As the Board has not given any omnibus approval, doing transactions with the related concerns by referring Board Resolution passed few years back are in violation of Section of 188 r/w section 184 of Companies Act, 2013. In spite of it, the Auditor has given a clean chit that the company has complied with Section 188 of the Companies Act, 2013".

6. As per section 450 of the Act, if a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any

matter has been accorded ,given or granted, and for which no penalty or punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be liable to a penalty of ten thousand rupees and in case of continuing contravention , with a further penalty of one thousand rupees for each day after the first during which the contravention continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand in case of an officer who is in default or any other person.

7. A reasonable opportunity was given to the statutory auditor vide notice under section 206(4) of the Companies Act, 2013 vide letter No. ROC(B)(CVS)/Inquiry/Co.No.044090/2022/2917 to 2922 dated 10.06.2022. The Inquiry identified violation and the same was accepted by the competent authority, directing ROC to initiate necessary penal action.

8. Accordingly, adjudication notice vide No. ROCB/S.143/AROC(NH)/1000065619/2024/1659 dated 15.03.2024 was issued to Mr.Monisha Parikh, Partner, Deloitte Haskins & Sells, Chartered Accountants. The Statutory auditor vide letter dated 06.05.2024 has submitted her detailed response and stated that there being no violation of section 143 of the Companies Act, 2013 no penal action may be initiated against her.

9. Thereafter, adjudication hearing notice was issued to Ms.Monisha Parikh Partner of M/s Deloitte Haskins & Sells, Chartered Accountants on 25.02.2025 and physical hearing was held on 06.03.2025. Ms.Monisha Parikh & Mr.Sathya Pramod Kaushik, Partners of M/s Deloitte Haskins & Sells, Chartered Accountant appeared and made their submissions before the adjudicating authority:

a) The submission made by the Auditor vide her letter dated 17.03.2025 states that the amount of interest calculated in accordance with the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 which was due as at 31.03.2021 on dues to MSME was Rs.13,000/- was stated to be "clearly trivial" has not been considered, as the disclosure pertaining to MSME in financial statements are borne

out of statutory obligation and not out of "Materiality". Hence, the Auditor is liable for penal action.

- b) The submission made by the Auditor vide her letter dated 17.03.2025 has been examined and it is observed that Gloworm Design Private Limited although did not have any transaction there existed control through one of the Director Mr. Sunil Suresh who had about 34% shareholding in Stanley Lifestyles Limited which is the Holding Company of the Company. By virtue of definition of control, Mr. Sunil Suresh being the majority shareholder had a substantial interest in the voting power and the power to direct the financial and operating policies of the enterprise. Hence, her submission made during inquiry as well as now vide letter dated 17.03.2025 has not been considered.
- c) In respect of violation of sec 188 of the Act, the Statutory auditor in his Audit Report at Annexure B para (xiii) has certified that " In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards." However, it is noticed from the IO's observation during inquiry as well as form AOC-2 attached to the Board Report, in the salient terms of the contracts or arrangements or transactions including the value, the Company has not disclosed the "salient terms" but has disclosed the dates of approval of the Board. Thus, the submission made by the Auditor now that the Company is a wholly owned subsidiary of Stanley Lifestyle Limited follows the Group's policy of pricing all related party transactions of sales and purchase on a cost plus a defined basis is not considered. Also, the submission that all the transactions entered during the financial year 2020-21 were in ordinary course of business and at arm's length basis which have already been disclosed by the Company in Form AOC-2 of the Board's report is also not considered. Since as per Section 188, the Board of Directors have to disclose their interest in the beginning of the financial year and a blanket resolution with respect of taking into account the status of related parties

to the "transaction" cannot be treated as Compliance for the reason that these transactions need review on a yearly basis depending on the "interest" disclosed by related parties. As the AOC-2 has not disclosed the salient terms of the transactions, there is no Compliance of Section 188 of the Act. Hence, her contention is not accepted.

10. In exercise of the powers conferred, the undersigned is entrusted to adjudicate penalties under section 450 of the Companies Act, 2013. Therefore, I do hereby impose a penalty on the statutory auditor under section 450 of the Act for the violation of section 143 as detailed hereunder:-

Name of the Auditors in default	Nature of Violations/ instances	Period and amount of Default under Section 450 (in Rs.)
	Section 143	2020-21
1)Ms.Monisha Parikh, Partner Membership No. 47840 - Deloitte Haskins & Sells, Chartered Accountants - Firm Registration No. FRN: 0080725	a) The company had Rs.57.05 Lacs as amount payable to MSME as at 31/03/2020 and Rs.52.04 Lacs as at 31/03/2021. However, no details of interest, due and payable accrued interest etc., have been disclosed in the financial statement for the year 2019-2020 and 2020-2021.	10,000
1)Ms.Monisha Parikh, Partner Membership No. 47840 - Deloitte Haskins & Sells, Chartered Accountants - Firm Registration No. FRN: 0080725	b) It was noticed that Mr. Sunil Suresh and Shubha Sunil are the directors and having controlling stake in the below mentioned companies. However, the names of the entities have not been disclosed in the AS-18 statements for the year 2018-19, 2019- 20 and 2020-21. I. Stanley Properties and Hospitality Private Limited II. Saasha Lifestyle Products Private Limited III. SRL Home and Decors Private Limited	10,000

	IV. Stanley Investments Private Limited V. Gloworm Designs Private Limited.	
1) Ms. Monisha Parikh, Partner Membership No. 47840 - Deloitte Haskins & Sells, Chartered Accountants - Firm Registration No. FRN: 0080725	c) As per AOC-2 and AS-18 statement attached for the year 2018-19, 2019-20 and 2020-21, the company had huge, related party transactions. On perusal of the statements, the company has stated that all the transactions was at arm's length basis by quoting resolution passed by the Board 5 years back or so. Further in AOC-2, no salient terms of the contract were given. As the Board has not given any omnibus approval, doing transactions with the related concerns by referring Board Resolution passed few years back are in violation of Section of 188 r/w section 184 of Companies Act, 2013. In spite of it, the Auditor has given a clean chit that the company has complied with Section 188 of the Companies Act, 2013".	10,000
TOTAL		30,000

11. Ms. Monisha Parikh, Partner of M/s Deloitte Haskins & Sells LLP, Chartered Accountants is hereby directed to pay the penalty amount as tabulated above within 90 days from the date of receipt of this Order and file Form INC-28 attaching a copy of the Order and payment challans. The noticee shall pay the said amount of penalty online by using the website www.mca.gov.in (Miscellaneous head) specifying the details of this Order and the noticee who is paying the penalty.

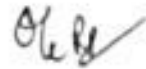
12. Appeal, if any, against this Order may be filed with the Regional Director (South East Region), Hyderabad within a period of 60 days from the date of receipt of this Order in Form ADJ setting forth the grounds of appeal and shall be accompanied by a certified copy of this Order.

13. Your attention is also invited to section 454(8) of the Companies Act, 2013 in case of non-compliance of this Order wherein necessary penal action will be initiated under 454(8) (ii) of the Companies Act, 2013 against the person without further notice in the matter.



(Sanjay Sood)
Registrar of Companies, Karnataka
and Adjudicating Officer

To



E.NO.ROCB/Adj.454-143(Monisha Parikh)/Stanley OEM/Co.No.084973/2025/261

Ms.Monisha Parikh, Partner (Membership No. 47840)
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