NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD

TP No. 153/621A/NCLT/AHM/2016 (New)
CA No. 9/621A/CLB/MB/2013 (Old)

Coram: **Present: Hon'ble Mr. BIKKI RAVEENDRA BABU**
MEMBER JUDICIAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 23.09.2016

Name of the Company: Adarsh Plants Protect Ltd.

Section of the Companies Act: Section 297 of the Companies Act, 1956

S.NO.	NAME (CAPITAL LETTERS)	DESIGNATION	REPRESENTATION	SIGNATURE
1.	DINESH G. BHIMANI	CS (Practice)	Petitioners.	
2.				

ORDER

This application is filed by

1) Adarsh Plant Protect Ltd., Udyognagar, Anand, Gujarat.
2) Mr. Naishadkumar Naginbhai Patel
3) Mr. Atish Naishadkumar Patel

under section 621 A of the Companies Act, 1956 for violation of section 297 of the Companies Act, 1956.

First applicant is company. Second applicant and Third applicants are Managing Director and Executive Director respectively of the first applicant company.

The applicants entered into one labour contract with Anjars Harihar Pvt. Ltd. in which company second and third applicants are Directors.

The applicants entered into contract with Mini Sarvodaya Sira and Metal Pack Engineers to carry out certain labour job for seed dressing drums in which partnership firm second and third applicants are partners.

The above said contracts were entered into after obtaining approval in the board meeting of first applicant company. But no prior approval of Central Government i.e. Regional Director has not been obtained although paid up share capital of applicant no. 1 company is more than one crore.

The following are the transaction for job works with related parties during the years 2007-2008 to 2011-2012 which amounts to violation of provisions of section 297 of the Companies Act, 1956:

Financial Year	Particulars	Anjars Harihar Pvt. Ltd.	Mini Sarvoday Sira	Metal Pack Engineers	Nippon Appliances Pvt. Ltd.
2007-08	Job work	4262475	00	00	00
2008-09	Job Work Expenses Job Work Income	7850958 0	0 93750	502100 0	0 0
2009-10	Job Work Income	0	256000	00	00
2010-11	Job work Expense Job Work Income Purchase	0 0 3898738	0 91500 0	90000 0 0	465300 0 0
2011-12	Job work Expense Job Work Income Purchase	1154500 0 1349569	601650 64393 816825	783750 0 0	0 0 0

This Tribunal in view of standing order 1936(E) notification dated 01.06.2016 issued by Ministry of Corporate Affairs can dispose of matters in accordance with provisions of Companies Act, 2013 or Companies Act, 1956. The violations in this case were committed before the coming into force of the Companies Act, 2013.

As per the report of the Registrar of Companies, Gujarat, Ahmedabad there are fifteen counts of transaction and there are three applicants. Section 629A of the Companies Act, 1956 provides sentence of fine which may extend to Rs. 5,000/- and where the contravention is continuing one, with a further fine which may extend to Rs. 500/- for every day after the first during which the contravention continues.

The Registrar of Companies, Gujarat, Ahmedabad in its report calculated the amount as follows:

3applicants X 5000/- X 15 = Rs. 2,25,000/-.
It comes to Rs. 75,000/- for each applicant.

A perusal of the application and report of the Registrar of Companies, Gujarat, Ahmedabad, the applicants contravened section 297 of the Companies Act, 1956 from 2007-2008 to 2011-2012 by entering into contract

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with related parties without approval of the Regional Director. As per the report of the Registrar of Companies, Gujarat, Ahmedabad no similar contravention under the section 297 of the Act, has been compounded during the last three years of the application. It is also stated by the Registrar of Companies, Gujarat, Ahmedabad in its report that the company has stopped all the transaction with all the related parties with 01.04.2012.

Ld. Company Secretary Mr Dinesh G. Bhimani appearing for applicants during the course of arguments requested the Tribunal to take a lenient view in awarding the amount for compounding the contravention, while admitting the contravention.

Hence I see no ground to reduce the amount to be deposited by the applicants for compounding the contravention of section 297 of companies Act, 1956, since the contraventions are here spreading over for five financial years.

Hence contravention committed by the applicants one to three is compounded by this Tribunal on payment of Rs. 75,000/- each by way of Demand Draft drawn on Nationalized Bank in favour of Pay and Account Office, Ministry of Corporate Affairs, Mumbai within 3 weeks from the date of this order and file the original Demand Draft before the Registry of this Tribunal by 21.10.2016.

In case applicants fail to pay the amount as ordered above, the Registrar of Companies, Gujarat, Ahmedabad shall take appropriate action including prosecution of applicants as per applicable law under intimation to this Tribunal forthwith.

The application is disposed of accordingly.

For reporting compliance of the order by the applicants, list the matter on 26.10.2016.

23.9.16

(BIKKI RAVEENDRA BABU)
MEMBER JUDICIAL

Dated this 23rd day of September 2016