

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH AT HYDERABAD**

**CA No.42/621A/HDB/2016**

Date of Order: 07.10.2016.

Between:

1. Jain Sons Finlease Limited,  
Registered Office at 8-2-682/1,  
4<sup>th</sup> Floor, Road No.12, Banjara hills,  
Hyderabad – 500 023  
Telangana and Andhra Pradesh
2. Mr. Vineet Chandra Rai,  
Director of Jain Sons Finlease Ltd.,  
Residing at Flat No.1601, 101-D Wing,  
BLDG No.6, EMP 48, Halley,  
Evershine, Thakur Village,  
Kandivali (E)  
Mumbai – 400 101,  
Maharastra.

...Applicants

**AND**

The Registrar of Companies,  
2<sup>nd</sup> Floor, Corporate Bhawan,  
GSI Post, Bandlaguda,  
Thattil Annaram Village, Nagole,  
Hyderabad – 500 068.

... Respondent

Counsel for the Applicant:

Sri Manoj Kumar,

Authorized Representative of the Applicants

**CORAM:**

HON'BLE Mr. RAJESWARA RAO VITTANALA, MEMBER (JUDL)

HON'BLE Mr. RAVIKUMAR DURAISAMY, MEMBER (TECH)



**ORDER**

**(As per Rajeswara Rao Vittanala, Member (Judicial))**

1. This application was initially filed before the Hon'ble Company Law Board Chennai Bench, Chennai. Since the NCLT Hyderabad Bench has been constituted for the cases pertaining to the States of Andhra Pradesh and Telangana, the case is transferred to Hyderabad Bench, Hence, we have taken the case on records of NCLT, Hyderabad Bench and deciding the case.
2. The present Company Application No.42 of 2016 has been filed by the Applicants U/s 621A R/w Section 295 of Companies Act 1956, seeking permission to compound the offence committed by the Applicants on payment of nominal fee.
3. The brief facts of the present Application is that the Company was incorporated as a Public Company on 5<sup>th</sup> day of February 1998, and the main object of the Company is to carry on business of leasing, financing and hire purchase etc. The applicants submit that they have committed offence U/s 295 of the Companies Act, 1956 for the period from 20.12.2013 to 19.12.2014 in which the Applicant Company extended loan to Electronic payments and Services Pvt. Ltd. for an amount of Rs.1,00,00,000 (one Crore).



- i) As per provisions of Section 295 of the Companies Act 1956, every company has to obtain the prior approval of the Regional Director before making any loan, or give any guarantee or provide any security in connection with a loan made.
- ii) The applicant most respectfully submits that the noncompliance with the provisions of Section 295 of the Companies Act, 1956 for the period commencing from 20<sup>th</sup> day of December, 2013 to December 19<sup>th</sup>, 2014 was due to the circumstances beyond the control of the Company.
- iii) There was no intention of noncompliance with the provisions of Section 295 of the Companies Act, 1956 on the part of the Company and nobody's right has been prejudicially affected due to it. Moreover, neither the Company nor anyone else has derived any benefit and no one has been put to any loss due to noncompliance. The applicants submits that it would be in the interest of the justice to compound the matter.

4. The present Application has been filed by seeking to compound the offence without approaching the Central Government for prior approval. As per law, aggrieved party can approach the Court of



Law, after exhausting the available remedy under the relevant law and, he cannot by-pass the authorities before approaching this Tribunal. Admittedly, there is an alternative remedy available for the Applicants to approach the Central Government before coming to this Tribunal.

5. In the above circumstances, the present application is **disposed of**, by granting liberty to the applicants to approach the Central Government for necessary approval and subsequently, they are at liberty to approach this Tribunal in accordance with law.



Sd/-

RAVIKUMAR DURAISAMY

MEMBER (TECH)

Sd/-

RAJESWARA RAO VITTANALA

MEMBER (JUDL)

V. Annapoorna  
V. ANNA POORNA  
Asst. DIRECTOR  
NCLT, HYDERABAD - 68