

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

**CA No. 07/621A/HDB/2016**

**Date of Order: 08.03.2017**



**In the matter of:**

1. Deccan Chronicle Holdings Limited  
36, Sarojini Devi Road,  
Secunderabad – 500003, Telangana
2. Mr. Tikkavarapu Venkatram Reddy,  
Chairman  
Plot No. 54, H.No-8-2-703/A-6/C  
Road No.12, Banjara Hills  
Hyderabad- 500034, Telangana
3. Mr. Tikkavarapu Vinayak Ravi Reddy,  
Vice chairman and Managing Director  
Plot No. 53, H.No-8-2-703/A-6/C  
Road No.12, Banjara Hills  
Hyderabad- 500034, Telangana
4. Mr. Karthik Iyer Parasuram,  
Vice Chairman  
H.No-8-2-283/B/5, Plot No.2  
Road No. 3, Banjara Hills  
Hyderabad – 500034, Telangana

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OF THE ORIGINAL**

.... Applicants

Counsel for the Applicants

....Mr. Siva. K. Gopinathan

Mr. A.S.Prashanth

Mr. Amir Ali Bavani



**CORAM:**

Hon'ble Mr. Ravikumar Duraisamy, Member (Technical)

Hon'ble Mr. Rajeswara Rao Vittanala, Member (Judicial)



**ORDER**

**(As per Ravikumar Duraisamy, Member (Tech))**

1. The present application is filed before the then Hon'ble Company Law Board, Chennai (CLB). Since the National Company Law Tribunal (NCLT), Hyderabad has been constituted for the cases pertaining to the states of Telangana and Andhra Pradesh, the case is transferred to this Bench. Hence, we have taken it on records of NCLT, Hyderabad Bench and deciding the case.
2. The present application is filed by the Applicants under Section 621A of the Companies Act, 1956 for compounding of the offences under Section 209(1)(c) of the Companies Act, 1956 before the Hyderabad Bench of NCLT, praying the Tribunal to take a lenient view in compounding the offences committed under the Companies Act, 1956.
3. The brief facts of the case as averred in the Application are as follows:
  - a. Deccan Chronicle Holdings Limited (hereinafter referred to as "Company") was incorporated on 16<sup>th</sup> December, 2002, under the provisions of the Companies Act, 1956 and registered as a Limited Company with the Registrar of Companies, Hyderabad (RoC) having CIN L22122AP2002PLC040110.





- b. The present Authorised Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crores only) divided into 35,00,00,000 (Thirty Five Crore) Equity Shares of Rs. 2/- each out of which Rs. 41,79,44,438/- (Forty One Crores Seventy Nine Lakhs Forty Four Thousand Four Hundred Thirty Eight only) divided into 20,89,72,219 (Twenty Crores Eighty Nine Lakhs Seventy Two Thousand Two Hundred and Nineteen only) Equity Shares of Rs.2/- each have been issued and have been fully subscribed and paid up.
- c. The main objects of the Applicant Company are to carry on business of printers and publishers of newspapers, magazines, periodicals, journals, books and pamphlets and other library works in different languages and to carry on all or any of the business of printers, publishers, stationers, lithographers, typefounders, stereotypers, electrotypers, off-set printing, photographic printers, photolithographers, chrome-lithographers, engravers, diesinkers, book binders, card printers, Calendar printers, translators, paper and ink and or other stationery goods, book sellers, advertising agents, Engineers, and dealers in or manufacturers of or importers and exporters of any other article, goods, finished or unfinished or other things of a character or kind similar or analogous to the forgoing of any of their connected directly or indirectly with them, etc.
- d. The Company availed short term loan of Rs.200 crores from Andhra Bank, Sultan Bazar, Hyderabad vide sanction letter No.209/1/DC/1025 dated 10.12.2008 without passing the specific



resolution and hence it is submitted that, they have contravened the provisions of Section 292(1)(c) of the Companies Act, 1956.

e. It is further submitted that a resolution was passed in the meeting of the Board of Directors held on 20.03.2009 mentioning about the availment of loan from Andhra Bank and completed the documentation and complied with the provisions of Section 292 of the Companies Act, 1956. The Applicants also submit that the said default was committed inadvertently and without any malafide intentions on their part and that it is not likely to cause any prejudice to either the Company or to its members or creditors. Accordingly, the Applicants filed the present application for compounding of offence under Section 621A of the Companies Act, 1956.

4. We have heard the Learned Counsel for the Applicants, perused the RoC report dated 11.04.2016 and other connected case records available in the file.

5. The RoC, while affirming the contentions made in the petition, has stated that "the Applicants have not clearly mentioned in their Petition as to how the offences were made good and that while the Tribunal is considering the compounding application, the Applicants may be put to strict proof of the same." The RoC has mentioned that on 06.10.2014, vide SRN C24327827, the Company and its Directors have submitted an application under Section 621A of the Companies Act, 1956 for compounding the offence under Section 292(1)(c) of the Companies Act,





1956. It is also stated that the Company was ordered for inspection under Section 209A of the Companies Act, 1956 vide Ministry's letter No. F.No.7/345/2012-C:/II dated 13.09.2012.



While inspecting the books and records of the company, the Inspecting officers observed that the Company and its Directors have not complied with the provisions of Section 292(1)(c) of the Companies Act, 1956. Although the matter was taken to DCHL vide letter dated 17.05.2013, the reply of the company was not satisfactory. Accordingly, the Company and its officers rendered themselves liable for action under Section 292(1)(c) of the Companies Act, 1956.

The RoC has also mentioned that a show cause notice No. RAP/209A/DROC(SRD)/CK/DCHL/Sec.292.2014/1148/1 dated 05.08.2014 was issued to the Company and its directors.

In addition, the RoC report specifies that if a Company fails to comply with the provisions of Section 292, as per Section 629A of the Companies Act, 1956, the company and every officer of the Company who is in default shall be punishable with fine which may extend to five thousand rupees, and where the contravention is a continuing one, with a further fine which may extend to five hundred rupees for every day during which the contravention continues.

6. Though the Applicants have stated that the present Application is filed suo-motu under Section 621A of the Companies Act, 1956 but it is noted that they have come before this Tribunal only after a show cause notice



dated 05.08.2014 was issued by RoC. Further, para 9(d) of the Form No. GNL-1 states that the application is being filed in pursuance to the notice received from RoC.



7. The applicants have submitted extracts of the Minutes of the Meeting of the Board of Directors of Applicant Company held on 20.03.2009, wherein the Board resolved that the Board of Directors noted that the company has availed the short term loan of Rs.200 crores from Andhra Bank, Hyderabad as per the terms and conditions contained in Andhra Bank sanction letter No.205/1/DC/2015, dt.10.12.2008.
8. However, it is noted that completion of documentation is pending. It has now been considered by the Board to execute all such documents and create security which the Bank may require. The applicants have submitted a copy of the composite agreement executed on 26.03.2009 towards the short term loan amount of Rs.200 crores. The applicants further submitted that the default mentioned above was committed inadvertently and without any malafide intention and it is not likely to cause any prejudice to either the company or to its members or creditors. Since the resolution was passed on 20.03.2009, the applicants have made good the alleged violation/default committed under section 292(1)(c).



9. In view of the above submission, facts and steps taken to ensure future compliance we inclined to compound the applicants with following directions:

- a. We direct the Company to pay Rs.2 lakhs and the other three Directors one lakh each, totalling to Rs.5 lakhs towards compounding fee.
- b. All the Applicants are required to pay the compounding fee within a period of three weeks from the date of receipt of the copy of the order.
- c. The Applicants are directed to report compliance of the same to the Registry of NCLT.
- d. Further, the Applicants are warned to be careful in the future and not repeat the violations else serious view will be taken by this Tribunal.

In terms of above, the CA No. 07/621A/HDB/2016 is disposed of.

Sd/-

**RAVIKUMAR DURASAMY**

**MEMBER (T)**

Sd/-

**RAJESWARA RAO VITTANALA**

**MEMBER (J)**

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



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