

## Offences and Penalties

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### Question 1

*Explain what is meant by (i) Compoundable Offences and (ii) Non-Compoundable Offences. State the authorities who can compound the said offences. Indicate whether the following offences are compoundable or non-compoundable:*

- (i) *Failure to hold the annual general meeting of the company.*
- (ii) *Failure to file copies of annual accounts with the Registrar of Companies.*
- (iii) *Acceptance of deposits in excess of the prescribed limits and*
- (iv) *Non-distribution of dividend to the members within the prescribed time.* **(May 2011)**

### Answer

#### Compoundable and Non Compoundable Offences

Compoundable offences are those offences under the Companies Act, 1956 which can be compounded by the Regional Director if the maximum amount of fine is upto ₹ 50,000 and by the Company Law Board if the maximum amount of fine exceeds ₹ 50,000. There are certain offences punishable with imprisonment or with fine or both, which can be compounded with the permission of the Court under Section 621A (6) (a) of the Companies Act, 1956. Non-compoundable offences are those punishable with imprisonment and fine under Section 621 A (7) (b) of the Act.

- (i) Failure to hold the annual general meeting of the company is compoundable u/s 168 of the Act because there is only a monetary penalty.
- (ii) Failure to file copies of annual accounts with the Registrar of Companies is also compoundable under Section 220 (3) because there is monetary penalty only.
- (iii) Acceptance of deposits in excess of the prescribed limits is a non-compoundable offence under Section 58A (6) (a)(i) because it is punishable with imprisonment and fine.
- (iv) Non distribution of dividend to the members within the prescribed time limit of 30 days under Section 207 is also non-compoundable because it is punishable with imprisonment and also fine.