

**In the National Company Law Tribunal**  
**New Delhi Bench**

**C.P No- 16/146/2017**

**In the Matter of**  
**M/s Dharampal Satyapal Limited**

**Order Delivered on -26.09.2017**

**CORAM:**

**SMT. INA MALHOTRA, HON'BLE MEMBER (J)**

**SH. S. K. MOHAPATRA, HON'BLE MEMBER (T)**

Present- Mr. Rakesh Kumar AR, Advocate

Ms. Preeti Kashyap, Advocate

Mr. P.K Sachdeva, Advocate

Ms. Megha Aggarwal, PCS

**ORDER**

**Per Ms. Ina Malhotra Member (J)**

This petition has been filed u/s 441 of the Companies Act, 2013 praying for compounding of the offence u/s 209(1) and 211(1) of the Companies Act, 1956. Upon scrutiny of the Books of Accounts as under section 209A of the 1956 Act, it was observed by the office of RoC that the Balance Sheet for the Financial year ending 2010-2011 the company did not maintain proper books of accounts as expenses had been booked by simply allocating the amounts to different units, whereas the Company had to furnish complete details of



expenses, vouchers, bills and the names of the beneficiary dealers. The company had therefore not maintained the proper books of accounts as required u/s 209(1), nor reflected the true and fair affairs of the company as required u/s 211(1) of the Act. This is in contravention of AS 9 of the Accounting Standards issued by the ICAI.

2. The petitioner was issued a Show Cause Notice by the RoC. In response the petitioner had stated that the company during the inspection period was producing different products like Rajanigandha Pan Masala, Tulsi Zards, Pass Pas Mouth Freshner, Catch Spices, Catch Mineral Water etc. at units located in various parts of the country, distributed through a wide network of Depots located in all major states of the country and to maintain the Distribution channel, to facilitate working of units, expenditure was done by the Corporate Office which was then allocated to the respective units on sale basis. The Vouchers relate to such allocations made to this units. The Supplier's accounts and the related original bills were maintained by the corporate office in its Books of accounts and are properly debited/ credited for payment made, bills received, TDS deducted. Thus proper Books of Accounts are being maintained in accordance with the provision of Sec 209(1) of the Act.

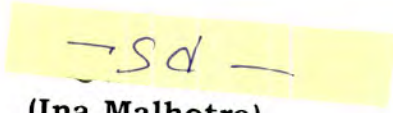
3. As the office of the RoC did not accept this explanation, the petitioner, who is the Whole Time Director in terms of Section 209(6) of the 1956 Act, prefers to pray for compounding rather than face prosecution which may be initiated at a later stage.

4. The petitioner's offence relates to 1 year i.e the financial year ending from 2010 to 2011. The fine and penalty envisaged under the Act has been provided in Section 209(7) and Section 211(7) of the applicable Act, which is punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees, or with both.

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5. The said petition has been routed through the office of the RoC along with their comments. There is no repudiation by the department of the applicant's assertion that all objections have been removed by making necessary disclosures in its Balance Sheet for the year ending 31.03.2015. Accordingly the office of the RoC has recommended a fine of **Rs. 10,000/-** on the applicant for each of the defaults as per the provisions of Section 209(7) and Section 211(7) of the Act.
6. As due rectification has been made in the financial statements for the subsequent years, the petitioner/applicant's prayer for compounding can be granted. Accordingly, it would suffice to impose a fine of **Rs. 4,000/-** on the applicant u/s 209(7) and 211(7) for the year 2010-2011.
7. Fine imposed on the applicant shall be paid out of his personal account.
8. Subject to the remittance of the aforesaid fine within 30 days, the offence shall stand compounded. Copy of the order be sent to the office of the RoC. Compliance Report be placed on record.
9. Petition stands disposed off in terms of the above and be consigned to Record Room.

  
(S.K Mohapatra)  
Member Technical

  
(Ina Malhotra)  
Member Judicial