

NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
NEW DELHI

C. P. NO.
CA. NO. 16/33/14

PRESENT: SMT. INA MALHOTRA
Hon'ble Member (J)

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NEW DELHI BENCH OF
THE NATIONAL COMPANY LAW TRIBUNAL ON 01.02.2017**

NAME OF THE COMPANY: M/s. Star Wire India Ltd.

SECTION OF THE COMPANIES ACT: 621A

S.NO.	NAME	DESIGNATION	REPRESENTATION	SIGNATURE
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Present: Ms. Rekha Sharma, Company Secretary

ORDER

The petitioners, as Directors of M/s. Star Wire (India) Ltd., have filed for compounding of the offence of Section 211(1) & (3C) of the Companies Act, 1956. Upon scrutiny of the Balance Sheet for the Financial year ending March 2012, it was observed that the complete disclosure of the aggregate value of the quoted and unquoted investments were not given, resulting in diminution in the value of their investment. This is in contravention of Part I Schedule VI of the Companies Act, 1956 r/w Accounting Standards-20 issued by ICAI.

Contd/-.....

2. As per the provision of Section 211(1) & (3C) of the Companies Act, 1956:

"Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set out in Part I of Schedule VI, or as near thereto as circumstances admit or in such other form as may be approved by the Central Government either generally or in any particular case; and in preparing the balance sheet due regard shall be had, as far as may be to the general instructions for preparation of balance sheet under the heading "Notes" at the end of that Part.

(3C) For the purposes of this section, the expression "accounting standards" means the standards of accounting recommended by the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 (38 of 1949), as may be prescribed by the Central Government in consultation with the National Advisory Committee on Accounting Standards established under sub-section (1) of section 210A."

3. The petitioner's offence relates to one year i.e the financial years ending from 2008-09. The fine and penalty envisaged under the Act has been provided in Section 211(7) of the applicable Act, which is punishable with imprisonment

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4. Accordingly the RoC has recommended the imposition of the maximum fine upon the petitioners viz Mr. Mohinder Kumar Gupta and Ms. Rekha Sharma for the two aberrations which tantamounts to Rs.20,000/- each for the one year of default.

5. The petitioners have submitted that the aforesaid default was neither intentional nor malafide. Their accounts had been audited by reputed Statutory Auditors who did not highlight any adverse omissions. The balance sheets had reflected that the investments were unquoted since the company did not have any quoted investments. However, since they do not wish to face protracted litigation, they have prayed for compounding of the offence.

6. Given the facts of the case that there is no legal impediment in compounding of this offence, the petitioner/applicants' prayer can be granted. Accordingly, this Bench deems it fit to impose an aggregate fine of Rs.5000/- on each of the defaulting parties for the financial years ending 2008-09.

For	Amount (Rs.)
Mr. Mohinder Kumar Gupta	5000/-
Ms. Rekha Sharma	5000/-

7. Subject to the remittance of the aforesaid fine within two weeks, the offence shall stand compounded. Upon compliance, the Bench Officer shall communicate the same to the office of the RoC for taking appropriate steps for withdrawal of the prosecution against the petitioners.

8. Petition disposed off in terms of the above.

5d/-
(Ina Malhotra)
Member Judicial