

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
"CHANDIGARH BENCH, CHANDIGARH"**

**CP No.169/Chd/Hry/2017**

**Under Section 621A of  
the Companies Act, 1956.**

**In the matter of:**

A2Z Infra Engineering Limited  
Having its registered office at  
O-116 1st floor, DLF Shopping Mall,  
Arjun Marg, DLF Phase-1, Gurgaon-122002

...Petitioner/Applicant No.1

And

Amit Mittal  
Managing Director  
TG-2B/4 Garden Estate Mehrauli  
Gurgaon Road, Gurgaon-122002

..Petitioner/Applicant No.2

**Order delivered on: 21.07.2017**

**Coram: Hon'ble Mr. Justice R.P. Nagrath, Member(Judicial)**

For the petitioner : Mr. Pankaj Jain, Advocate for petitioners

For Registrar of Companies NCT of Delhi and Haryana : Dr. Raj Singh, Registrar of Companies, Punjab & Chandigarh and Himachal Pradesh

**Order (Oral)**

This is a *suo moto* petition filed by the Petitioner No.1 company and its Managing Director Mr.Amit Mittal [Anil Mittal (*sic*)] for composition of the offences for which the Dy.Registrar of Companies, NCT of Delhi and Haryana has

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issued a Show Cause Notice dated 08.07.2016 (Annexure A-2) which is reproduced as under: -

*WHEREAS, during the course of inspection it has been observed that the Company is not maintaining the proper books of account under section 209(1) of the Act in view of the statement attached with Balance sheet as at 31.03.2011, 31.03.2012, 31.03.2013 and 31.03.2014 that "the has committed to provide continued operational and financial support to its subsidiary companies for meeting their working capital and other financial requirements and based upon approved future projections of the subsidiaries, believes that diminution (if any) is temporary in nature and accordingly, no provision is required to be created" and the accounts are not maintained on accrual basis and books of accounts are also not showing true and fair view of affairs of the Company as per the requirement of the Act. Hence, there is violation of AS-29 r/w Section 211(3A), 209(3)(b), 209(1), 211(1) of the Act for which the company and officers in default are liable for penal action.*

*AND WHEREAS, the matter was taken up with the company by inspecting officer but the reply of the company was not satisfactory.*

*NOW THEREFORE, you are hereby called upon to show cause within 15 days from the date hereof as to why penal action as provided under Section 211(7) and 209(7) of the Companies Act, 1956 should not be initiated against you."*

Notice of this petition was issued to the Registrar of Companies, NCT of Delhi and Haryana and report dated 16.01.2017 has been sent by the Deputy Registrar of Companies, NCT of Delhi and Haryana. I have heard the learned counsel for petitioner, Dr. Raj Singh, Registrar of Companies Punjab, Chandigarh and Himachal Pradesh who is representing Registrar of Companies, NCT of Delhi and Haryana and perused the record.

The petitioner-company was incorporated on 07.01.2002 and with its Registered Office at Gurgaon (now Gurugram) and therefore, the matter falls

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within the territorial jurisdiction of this Tribunal. As per report of the Deputy Registrar of Companies, NCT of Delhi and Haryana, the Paid-up Capital of the company is ₹1,29,62,19,800/- and the opening revenue as per the Profit & Loss Account for the year 2015 is ₹45,67,16,44,999/-. The petitioner is a listed company

The petitioner-company did not comply with the provisions of sections 211(3A), 209(3)(b), 209(1), 211(1) of the Companies Act, 1956 read with AS-29 issued by ICAI. However, Deputy Registrar of Companies has reported that the company has since filed Balance Sheets and Annual Returns as on 31.03.2015 and the compliance with regard to the defaulting years have been made. Along with this petition, the company has also attached audited Annual Accounts for the years in question i.e. from the years 2010-11 to 2013-14 and this fact is not disputed in the report sent by the Deputy Registrar of Companies.

Section 211(7) of the Companies Act, 1956 (for short hereinafter to be referred to as 'Act') reads as under:-

*"If any such person as is referred to in sub-section (6) of section 209 fails to take all reasonable steps to secure compliance by the company, as respects any accounts laid before the company in general meeting, with the provisions of this section and with the other requirements of this Act as to the matters to be stated in the accounts, he shall, in respect of each offence, be 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."*

The person who committed default is referred to in section 209(6) of the Act. Sub-section (6) of section 209 prescribes the persons who can be found guilty for non-compliance. They are, -

- "a) where the company has a managing director or manager, such managing director or manager and all officers and other employees of the company; and
- b) \*\*\*
- c) \*\*\*
- d) where the company has neither a managing director nor manager, every director of the company.
- e)\*\*\* "

Deputy Registrar of Companies in his report has mentioned the person who defaulted as Mr. Anil Mittal but the Managing Director of the Company is Mr. Amit Mittal (P-2). The Deputy Registrar of Companies has proposed that for 4 years of default the total amount of penalty would be ₹80,000/- @ ₹20,000/- per year of default i.e. ₹40,000 for offence under section 209(5) and ₹40,000 for offence under section 211(7) of the Act. It is not disputed by Dr. Raj Singh, Registrar of Companies that for the offence under sections 209(5) and 211(7) of the Act, the company itself may not be liable, but only the Managing Director.

The offence under sub-section (7) of section 211 of the Act 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. The *suo moto* request has been made by filing this petition for composition of offence in terms of section 621A of the Act which reads as under : -

- "(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974 ), any offence punishable under this Act (whether committed by a company or any officer thereof), not being an offence punishable with imprisonment only, or with imprisonment and also with fine, may, either before or after the institution of any prosecution, be compounded by-



(a) \_\_\_\_\_ the Company Law Board; or

(b) where the maximum amount of fine which may be imposed for such offence does not exceed fifty thousand rupees, by the Regional Director, on payment or credit, by the company or the officer, as the case may be, to the Central Government of such sum as that Board or the Regional Director, as the case may be, may specify:

*Provided that the sum so specified shall not, in any case, exceed the maximum amount of the fine which may be imposed for the offence so compounded:*

*Provided further that in specifying the sum required to be paid or credited for the compounding of an offence under this sub-section, the sum, if any, paid by way of additional fee under sub-section (2) of section 611 shall be taken into account."*

The Hon'ble National Company Law Appellate Tribunal in **Shri Subhinder Singh Prem Vs. Union of India Through ROC in Company Appeals (AT) No.101 to 105 of 2017** decided on 17.05.2017 has held that such an offence can be lawfully compounded. In the said case, one of the appeals before the Hon'ble Appellate Tribunal was Company Appeal 103(AT)/2017 in which the offence alleged against the company was 211(7) of the Act. The Hon'ble Appellate Tribunal held that such an offence was compoundable.

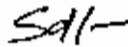
However, a very low amount of composition fee cannot be permitted in this case because the company is a listed company having huge turn over. In any case, the learned counsel for petitioner contended that for all these years there was a net loss to the company as per the audited Balance Sheets filed along with the petition as at Annexure A-3.

Keeping in view the report of the ROC and that this is a *suo moto* petition there being no prosecution launched so far, the offence is compounded

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on deposit of ₹28,000/- i.e. ₹7,000/- for each year as the Composition Fee against Petitioner No.2. The amount be deposited within a period of 30 days from the date of receipt of certified copy of this order, with the Pay & Accounts Officer of Ministry of Corporate Affairs. It is made clear that the amount shall be deposited from the personal account of the defaulter and not from the Company's account. Failing to deposit the amount aforesaid within the stipulated period, the Registrar of Companies will be at liberty to launch prosecution against the defaulter(s).

The petition is therefore disposed of on these terms.

  
(Justice R.P. Nagrath)  
Member(Judicial)

July 21, 2017  
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