

**Penalties Under Indian Companies Act  
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Indian Companies Act 1956 provides a range of obligations to be discharged by every company registered under this act and also on the part of its Directors / Managers / Secretaries, etc. The law relating to penalties arising from non-compliance of various legalities is provided in tabulated format here in below. The basic knowledge of the Company Law is essential for every company director to avoid superfluous annoyance arising from lack of knowledge of the law.

Sr. No	Section	Nature of Default	Penalty	Persons to be held responsible for offence
1	168	Failing to hold AGM in accordance with section 166	50,000/- +2,500 per day.	The company and every officer of the company who is in default.
2	220(3)	Failure to file Annual Accounts with MCA	Rs.500/- per day	The company and every officer of the company who is in default.
3	210(5) (6)	Default in laying Accounts at the AGM	Imprisonment up to 6 months or fine up to 10,000 or both.	Any person, not being a director of the company.
4	218	Improper issue, circulation or publication of Balance sheet or Profit and Loss Account	Fine up to Rs 5,000/-	The company and every officer of the company who is in default.
5	219(3)	Failure to sent members Annual Accounts / Auditors Report 21 days before meeting.	Fine up to Rs.5,000/-	The company and every officer of the company who is in default.
6	219(4)	Default in complying with certain demands for copies of Annual Accounts within 7 days	Fine up to Rs.5,000/-	The company and every officer of the company who is in default.
7	162(1)	Non compliance with the provisions of section 150, 160 or 161 wrt Annual Return.	Fine up to Rs.500/- Per day.	The company and every officer of the company who is in default.
8		Failure to file with MCA certain Resolutions or Agreements entered in accordance with section 192 (1)	Fine up to Rs.200/- Per day.	
9	217(5) (6)	Default in complying with the provisions of subsection (1) to (3) regarding Boards report.	Imprisonment up to 6 months or fine up to Rs.20,000/-or with both	
10	171(1) (2)	Contents & manner of service of notice in contravention of the provisions of the Act.	Fine up to 5,000/-& further 500 for each day or default.	
11	193(6)	Noncompliance with provisions of 193 regarding minutes of proceedings of General Meeting.	Fine up to Rs.500/-	The company and every officer of the company who is in default.
12	176(2)	Omitting to state in notice that a member is entitled Appoint a proxy	Fine up to Rs.5,000/-	Every officer of the company who is in default.

		and that the proxy need not be a member.		
13	211(7) (8)	Failure to prepare Annual Accounts in the form & contents specified in the section.	Imprisonment up to 6 months or Rs.10, 000 or both.	
14	142	Non-Filing of registration of any charge created by the company, the payment or satisfaction of a debt in respect of which a charge has been registered under this part, or of the issue of debentures of a series.	Fine upto Rs. 5,000/- for every day during which the default continues.	The company and every officer of the company who is in default.
15	143	Wilfully omission of any entry in the Registrar of charges.	Fine upto Rs. 5,000/-	Any officer of the company
16	144	Refusal for inspection of Register of Charge.	Fine upto Rs. 500 which may extend to Rs. 200 for every day during which the refusal continues.	The company and every officer of the company who is in default.
17	146	Failure to intimate Registrar about change of Registered Office.	Fine upto Rs. 500/- for every day during which the default continues.	The company and every officer of the company who is in default.
18	147(1) (a)	Failure to paint or affix the name and the address of the company or to keep the same painted or affixed outside the office	Fine upto Rs. 500/- for every day during which its name not so kept painted or affixed.	The company and every officer of the company who is in default.
19	147(1) (b)&(c)	Failure to print its name on the seal or on letter heads, notices, hundies, promissory notes, cheques etc.	Fine upto Rs. 5,000/-	The company
20	148	Failure to publish Authorised, Subscribed and Paid - up Capital simultaneously.	Fine upto Rs. 10,000/-	The company and every officer of the company who is in default.
21	150	Failure to maintain Register of members	Fine upto Rs. 500/- for every day during which the default continues	The company and every officer of the company who is in default.
22	151	Failure to maintain Index of members.	Fine upto Rs. 500/-	The company and every officer of the company who is in default.
23	152	Failure to maintain Index of Debenture holders.	Fine upto Rs. 500/-	The company and every officer of the company who is in default.
24	25	Failure to renew the license of maintaining the words "Chambers of Commerce" in its name.	Fine upto Rs. 5000/- for every day during which the default continues.	
25	44(3)	Failure to intimate the Registrar about any alteration in Article	Fine upto Rs. 5000/- for every day during which the default continues.	The company and every officer of the company who is in default.
26	44(4)	Untrue statement filed in any prospectus or statement in lieu of prospectus filed	Fine upto Rs. 50,000/- and imprisonment upto 2 years.	Any person who authorized the filing of such prospectus.
27	40	Default in alteration is made in memorandum or articles in each copy after the alteration in MOA and AOA	Rs. 100/- for each copy so issued.	The company and every officer of the company who is in default.
28	49	Investments of company to be held in its own name.	Fine upto Rs. 50,000/-	

29	153B(3)(a)	Non-declaration by trustee of shares and debentures held in trust.	Fine upto Rs. 5,000/- which may extend to a further fine of Rs. 100 for every day during which the default continues.	Trustee
30	153B(3)(b)	False declaration by trustee.	Imprisonment for a term which may extend to two years and also with fine.	Trustee
31	154	If the register of members and debenture holders is closed without giving notice or giving a notice of less than 7 days.	Fine upto Rs. 5,000/- for every day during which the register is so closed.	The company and every officer of the company who is in default.
32	162(1)	Failure in complying with the provisions of section - 159, 160 and 161 (regarding filing of Annual Return)	Fine upto Rs. 500/- for every day during which the default continues.	Every officer of the company who is in default.
33	163	If any inspection, or the making of any extract u/s 163 is not sent.	Fine upto Rs. 500/- for every day during which the refusal or default continues.	The company and every officer of the company who is in default.
34	165	If default is made in complying with section 165 (holding of Statutory Meeting and preparation of Statutory Report)	Fine upto Rs. 5,000/-	Every Director or other officer of the Company who is in default.
35	168	If default is made in holding an AGM (Sec 166) or in complying with any directions of the CG (Sec 167).	Fine upto Rs. 50,000/- + Rs. 2,500 for every day after the first during which such default continues.	The company and every officer of the company who is in default.
36	176(2)	Default in giving the Proxy Form at the end of Notice for meeting.	Fine upto Rs. 5,000/-	Every officer of the company who is in default.
37	188	Default in complying with section 188 (regarding circulation of member's resolution)	Fine upto Rs. 50,000/-	Every officer of the company who is in default.
38	192A(5)	If a shareholder sends his assent or dissent under Sec-192A(2) in writing on a postal ballot and thereafter any person fraudulently defaces or destroys the ballot paper or declaration of identity of the shareholder.	Imprisonment for a term which may extend to six months or with fine or both.	
39	192A(6)	Default in complying with sec- 192A(1) to 192A(4) (Regarding passing of resolutions by postal ballot)	Fine upto Rs. 50,000/- in respect of each such default.	The company and every officer of the company who is in default.
40	193(6)	Default in complying with the provisions of sec-193 in respect of any meeting (Minutes of proceedings of General Meeting and of Board and other meetings).	Fine upto Rs. 5,000/-	The Company and every officer of the company who is in default.
41	196(4)	If inspection of minute books is refused or any copy of minutes, if demanded, is not furnished.	Fine upto Rs. 5,000/- in respect of each offence.	The Company and every officer of the company who is in default.
42	202	If an undischarged insolvent discharges any of the functions of a Director.	Imprisonment for a term which may extend to two years or with fine of upto Rs. 50,000/- or with both.	

43	203(7)	If any person acts in contravention of an order made under sec-203.	Imprisonment for a term which may extend to 2 years or with fine upto Rs. 50,000/- or with both.	
44	58A(5)	Default in repayment of amount of deposit.	Fine not less than twice the amount in relation to which the repayment of deposit has not been made and imprisonment for a term which may extend to 5 years.	The company and every officer of the company who is in default.
45	58A(6)(a)(i)	If a company accepts any deposit in excess of the limits prescribed.	Fine which shall not be less than an amount equal to the amount of deposit so accepted and imprisonment for a term which may extend to 5 years.	The company and every officer of the company who is in default.
46	58A(6)(a)(ii)	If a company invites any deposit in excess of the limits prescribed.	Fine which may extend to Rs. 10,00,000/- but shall not be less than Rs. 50,000/- and imprisonment for a term which may extend to 5 years.	The company and every officer of the company who is in default.
47	58A(10)	Failure in compliance with the order of Company Law Board passed under Sec-58A(9) regarding repayment of deposit.	Imprisonment which may extend to 3 years and fine of not less than Rs. 500 for every day during which such non-compliance continues.	Whoever fails to comply with the order.
48	58AA (9)	Failure in compliance with the order of Company Law Board passed under Sec-58AA(9).	Imprisonment which may extend to 3 years and fine of not less than Rs. 500 for every day during which such non-compliance continues.	Whoever fails to comply with the order.
49	59	If any prospectus is issued in contravention of sec- 57 & 58.	Fine which may extend to Rs. 50,000	Any person who is knowingly a party of the issue.
50	60(5)	If a prospectus is issued without a copy being delivered to the Registrar or without the copy so delivered having endorsed thereon and attached thereto the required consent or documents.	Fine which may extend to Rs. 50,000/-	The company and every person who is knowingly the party of the issue.
51	63	Mis-statement or untrue statement in prospectus.	Imprisonment for a term which may extend to 2 years or wit fine which may extend to Rs. 50,000/- or with both.	Every person who authorized the issue of prospectus.
52	68	Any person who knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading.	Imprisonment for a term which may extend to 5 years or with fine which may extend to Rs. 1,00,000/-or with both.	Any person.
53	68A	Any person who makes application in a fictitious name for acquiring shares, etc.	Imprisonment for a term which may extend to 5 years.	Any person.
54	69(4)	Contravention of the provisions of sec-69(4) regarding deposit and refund of application money received.	Fine which may extend to Rs. 50,000/-	Every Promoter, Director or other person who knowingly responsible for such contravention.

55	70(5)	Where a statement in lieu of prospectus delivered to the Registrar includes any untrue statement.	Imprisonment for a term which may extend to 2 years or with fine which may extend to Rs. 50,000/- or with both.	Every person who authorized the delivery of statement in lieu of prospectus for registration.
56	73(2B)	If default is made in complying with the provisions of Sec -73(2A) which states that where permission has been granted by the Recognised Stock Exchange for dealing in shares or debentures in such stock exchange and the moneys received from the applicants for shares or debentures are in excess of the aggregate of the application moneys relating to the shares or debentures in respect of which allotments have been made, the company shall repay the moneys to the extent of such excess forthwith without interest, and if such money is not repaid within eight days, from the days company liable to pay it.	Fine which may extend to Rs. 50,000 and where repayment is not made within 6 months from the expiry of eighth day, also with imprisonment which may extend to one year.	The company and every officer of the company who is in default.
57	73(3)	Failure in keeping the money received in a separate bank account maintained with a schedule bank.	Fine which may extend to Rs. 50,000/-	The company and every officer of the company who is in default.
58	79(4)	Every prospectus relating to the issue of the shares shall contain particulars of the discount allowed on the issue of the shares or of so much of that discount as has not been written off at the date of the issue of the prospectus.	Fine which may extend to Rs. 500/-.	The company and every officer of the company who is in default.
59	207	Failure to distribute dividends within thirty days.	Simple imprisonment for a term which may extend to three years and shall also be liable to fine of Rs. 1000/- for every day during which the default continues and the company shall also be liable to pay simple interest at the rate of 18% p.a. during the period for which such default continues.	Every Director of the Company, if he is knowingly a party to the default.
60	218	Improper issue, circulation or publication of Balance Sheet or Profit and Loss A/c.	Fine which may extend to Rs. 5000/-	The Company and every officer of the company, who is in default.
61	232	Default in complying with the provisions of Sec-225 to 231.	Fine which may extend to Rs. 5000/-	The company and every officer of the company who is in default.
62	233	Non-compliance by auditors with the provisions of Sec 227 and 229	Fine which may extend to Rs. 10,000/-	The Auditor concerned, and the person, if any, other than the auditor who signs the report or signs or authenticates the document.
63	272	If, after the expiry of the said period of two months, any person acts as a	Fine which may extend to Rs. 500 for every day between such	Any person who acts as a Director.

		director of the company when he does not hold the qualification shares ( as referred in sec- 270)	expiry and the last day on which he acted as a director.	
64	279	If any person who holds office, or acts, as a Director of more than 15 companies in contravention of the provisions.	Fine which may extend to Rs. 50,000/- in respect of each of those companies after the first 20.	Any person who holds office or acts as a Director.
65	302(5)	Failure in disclosing to members of Director's interest in contract appointing manager, managing director.	Fine which may extend to Rs. 10,000.	The company and every officer of the company who is in default.
66	303(3)	Failure in maintaining the Register of director.	Fine which may extend to Rs. 500/- for every day during which the default continues.	The company and every officer of the company who is in default.
67	304(2)	Refusal for inspection of Register of director.	Fine which may extend to Rs. 500/-	The company and every officer of the company who is in default.
68	308	Duty of directors and persons deemed to be directors to make disclosure of shareholdings.	Imprisonment for a term which may extend to 2 years, or with fine which may extend to Rs. 50,000 or with both.	Any person who fails to comply.
69	322	If any director, manager or proposer makes default in adding a statement that the liability of the person holding the office will be unlimited.	Fine which may extend to Rs. 10,000/- and shall also be liable for any damage which the person so appointed may sustain from the default but the liability of the person appointed shall not be affected by the default.	Any director, manager or proposer.
70	371	Contravention to the provisions of sec - 370 or 370A including in particular any person to whom the loan is made, or in whose interest the guarantee is given or the security is provided.	Fine which may extend to Rs. 50,000/- or with simple imprisonment for a term which may extend to 6 months.	Every person who is a party to any contravention.
71	374	Contravention with the provisions of Sec - 372 or 373.	Fine which may extend to Rs. 50,000/-	Every officer of the company who is in default.
72	383A	Failure in having a whole time secretary.	Fine which may extend to Rs. 500/- for every day during which the default continues.	The company and every officer of the company who is in default.
73	404(4)	Failure in filing copy of every order altering, or giving leave to alter, a company's memorandum or articles, within 30 days.	Fine which may extend to Rs. 50,000/-.	The company and every officer of the company who is in default.
74	420	Contravention of the provisions of Section - 417, 418 and 419. (Regarding provident fund of employees)	Imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 10,000/-.	Any officer of the company, or any such trustee of a provident fund
75	423	Non compliance with sections 421 and 422. (Regarding filing of accounts of receivers and Invoices, etc. to refer to receiver where there is one)	Fine which may extend to Rs. 2000/-	The company and every officer of the company who is in default.
76	485	Failure in publication of resolution of winding up in the official gazette and	Fine which may extend to Rs. 500/- for every day during which	The company and every officer of the company who

		also in newspaper circulating in the district.	the default continues.	is in default.
77	493	Failure in giving the notice of appointment of liquidator to the registrar.	Fine which may extend to Rs. 1000/- for every day during which the default continues.	The company and every officer of the company who is in default. (including every liquidator or continuing liquidator)
78	496	Duty of liquidator to call general meeting at end of each year, in the event of the winding up continuing for more than 1 year.	Fine which may extend to Rs. 1000/-	Liquidator
79	497	Failure in sending a copy of account and return to the registrar and official liquidator.	Fine which may extend to Rs. 500/- for every day during which the default continues.	Liquidator
80	501	Failure in submitting with the registrar copy of resolution passed at a creditor's meeting.	Fine which may extend to Rs. 500/- for every day during which the default continues.	The company and every officer of the company who is in default.
81	508	Duty of liquidator to call meetings of company and of creditors at the end of each year.	Fine which may extend to Rs. 1000/-	Liquidator
82	513	If a body corporate is appointed as a liquidator.	Fine which may extend to Rs. 10,000/-	Every director or manager
83	514	Corrupt inducement affecting appointment as a liquidator.	Fine which may extend to Rs. 10,000/-	Any person.
84	516	Failure in giving the notice of appointment of liquidator by the liquidator.	Fine which may extend to Rs. 500/- for every day during which the default continues.	Liquidator
85	539	Falsification of books.	Imprisonment for a term which may extend to 7 years and shall also be liable to fine.	Any person, any officer or contributory of a company.
86	541	Default in keeping proper accounts.	Imprisonment for a term which may extend to 1 year.	Every officer of the company who is in default.
87	542	Fraudulent conduct of business with intent to defraud creditors or any person or for any fraudulent purpose.	Imprisonment for a term which may extend to 2 years or with fine which may extend to Rs. 50,000 or with both.	Every person who was knowingly a party to the carrying of the business.
88	551	Failure in filing of information as to pending liquidations.	Imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 10,000 or with both.	Liquidator
89	598	If any foreign company fails to comply with the provisions of companies act.	Fine which may extend to Rs. 10,000/- and in case of continuing offence, with an additional fine which may extend to Rs. 1000/- for every day during which the default continues.	Any foreign company.
90	606	Any person who is knowingly responsible for the issue, circulation or distribution of a prospectus for the issue of a form of application for shares, debentures or Indian Depository Receipts in contravention with the provisions of Sec-603, 604,	Imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 50,000/- or with both.	Any person.

		605 and 605A.		
91	615	Failure in complying with the order of the Central Government to furnish information or statistics or knowingly furnishing any information or statistics which is incorrect or incomplete.	Imprisonment which may extend to 3 months or with fine which may extend to Rs. 10,000/- or with both.	The company and every officer of the company who is in default.
92	621A (6)	Non-compliance with order made by CLB or the RD to file or register with, or deliver or send to, the Registrar any return, account or other document.	Imprisonment for a term which may extend to 6 months or with fine not exceeding Rs. 50,000/- or with both.	Any officer or other employee of the company.
93	628	Making a statement which is false in any material particular or which omits any material fact.	Imprisonment for a term which may extend to 2 years and shall also be liable to fine.	Any person
94	629	Giving false evidence.	Imprisonment for a term which may extend to 7 years, and shall also be liable to fine.	Any person
95	629A	Penalty where no specific penalty is provided elsewhere in the Act.	Fine which may extend to Rs. 5000/- and where the contravention is a continuing one, further fine which may extend to Rs. 500/- for every day after the first day during which the contravention continues.	Every officer of the company who is in default or such other person.
96	630	Penalty for wrongful withholding of property.	Fine which may extend to Rs. 10,000/-	Any officer or employee of the company.
97	631	Improper use of words "Limited" and "Private Limited"	Fine which may extend to Rs. 500/- for every day upon which that name or title has been used.	Any person

Note: The purpose of this article is to provide a brief overview of the penalties under Companies Act. It does not seek to critically examine the various provisions nor is it meant to a complete elaboration of all its provisions. We recommend that advice be sought before taking any action on specific issues.

**Queries & Discussions Welcome - I will highly appreciate your views on this article, which can be mailed to me.**

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