

CA Inter Law

PUNISHMENT & PENALTIES

Should I study
all Penalties?

Is it
Worth the
Time?

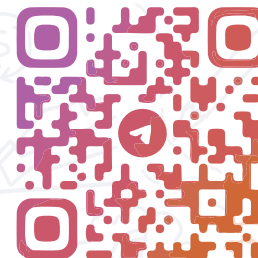
How to Remember
these Penalties?

For more content



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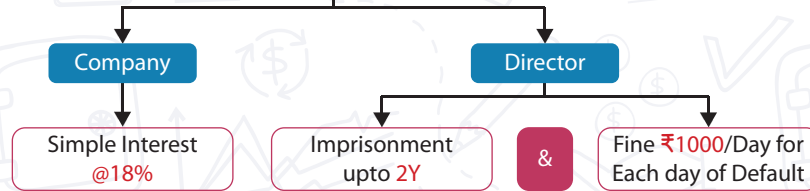


- CA CS CMA Pruthvi Kothapudi

PUNISHMENT & PENALTIES

PUNISHMENT FOR FAILURE TO DISTRIBUTE DIVIDENDS WITHIN 30 DAYS [SECTION 127]

In case a Co. fails to pay declared dividends or fails to post dividend warrants within 30d of declaration, following punishments are applicable:

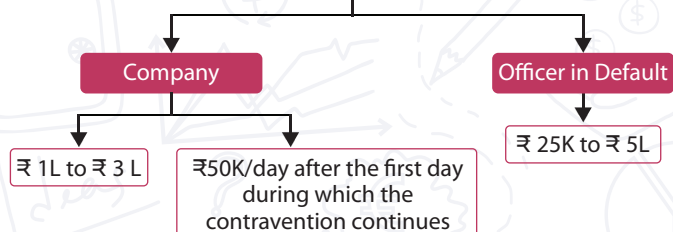


Exemption from Punishment

- 01** Where the dividend could not be paid by reason of the operation of any law.
- 02** Where there is a dispute regarding the right to receive the dividend.
- 03** Where a shareholder has given directions to the co. regarding the payment of dividend and those directions cannot be complied with and the same has been communicated to him.
- 04** Where the dividend has been lawfully adjusted by the co. against any sum due to it from the shareholder.
- 05** Where for any other reason the failure was not due to any default on the part of the co.

PUNISHMENT FOR CONTRAVENTION [SECTION 392]

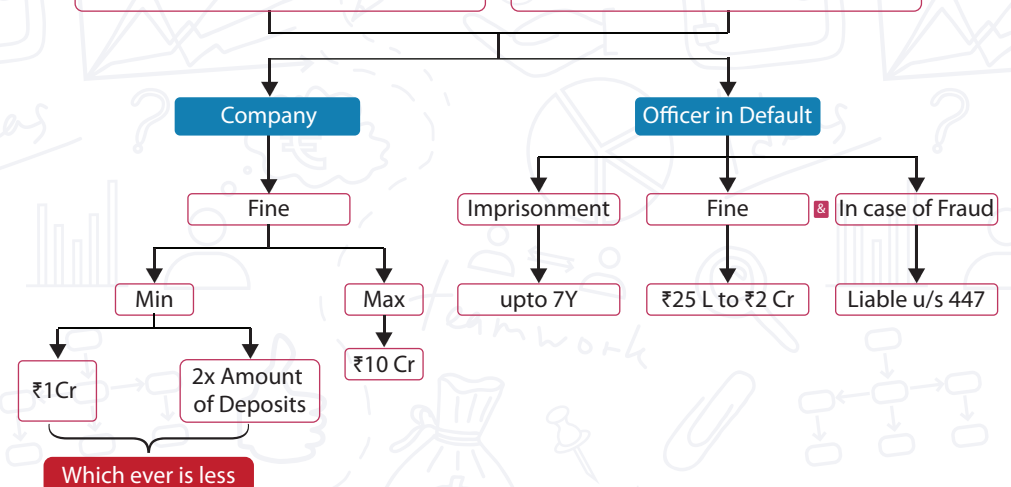
If a foreign Co. Is in default in complying with any of the provisions of this chapter (Companies Incorporated O/s India)



PUNISHMENT FOR CONTRAVENTION OF SECTION 73 / 76 [SECTION 76A]

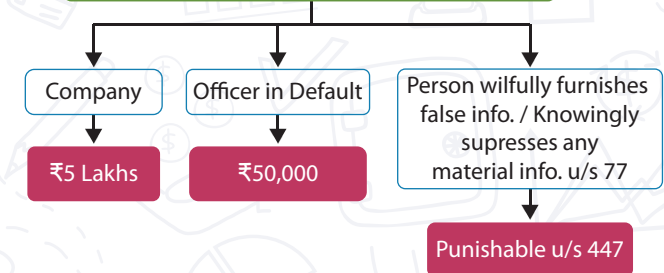
Where a co. Accepts or Invites or Allows or cause any other person to accept or invite any deposit in contravention of Section 73/76 or rules; or

Where a co. Fails to Repay the deposit or any interest within the time specified u/s 73 or u/s 76 or Rules.



PUNISHMENT FOR CONTRAVENTION [SECTION 86]

If any Co. Is in default in complying with any of the provisions of this chapter (Charges)



PUNISHMENT & PENALTIES

CRIMINAL LIABILITIES FOR MISSTATEMENT IN PROSPECTUS [SECTION 34]

Where a Prospectus is Issued or Circulated or Distributed with or without Intention that includes-

Any Statement which is Untrue or Misleading

Or

Where any Inclusion or Omission of any matter is likely to Mislead

Every Person who Authorises issue of such Prospectus shall be liable for Punishment u/s 447.

Exception

Such Mis-Statement or Omission was Immaterial

Or

He had Reasonable Grounds to believe, and did up to the time of issue of the prospectus, that the statement was
 ➤ True; or
 ➤ The Inclusion or Omission was Necessary.

SECTION 35

Where Prospectus has been issued with an intent to Defraud or for any Fraudulent Purpose

Company

Director

A Person who has Agreed to Become Director

A Person who has Authorized himself to be Named as Director & is named as such in the Prospectus;

A Promoter

An Expert

Any Other Person Authorizing the Issue of the Prospectus

Every Person referred above shall be Personally Responsible (Unlimited Liability) for all the Losses/ Damages that have been incurred by Subscribers on the basis of such Prospectus.

Exception

He Withdrew his Consent to be a Director of company.

Where Prospectus was issued without his Consent and Knowledge upon being aware of such, he has given a Reasonable Public Notice that Prospectus was issued without his Knowledge and Consent.

He made the Statement on the authority of an Expert whom he believed to be Competent.

Note

- Such Expert had given his consent & had not withdrawn it.
- The Person had reasonable ground for believing the statement to be true and that he did believe it to be true up to the Time of Allotment.
- Such Statement was a correct copy of some extract from an official document.

PRIVATE PLACEMENT [SECTION 42]

Filing of Return of Allotment

Co.

Within 15 Days from the Date of Allotment

ROC

Return of Allotment

- 1) Full name;
- 2) Address;
- 3) Permanent account number;
- 4) E-mail Id;
- 5) Class of security held;
- 6) Date of allotment of security;
- 7) Number of securities held;
- 9) Nominal value;
- 10) Amount paid;
- 11) Particulars of consideration received issued for consideration other than cash.

PENALTY

Default in Filing the Return of Allotment

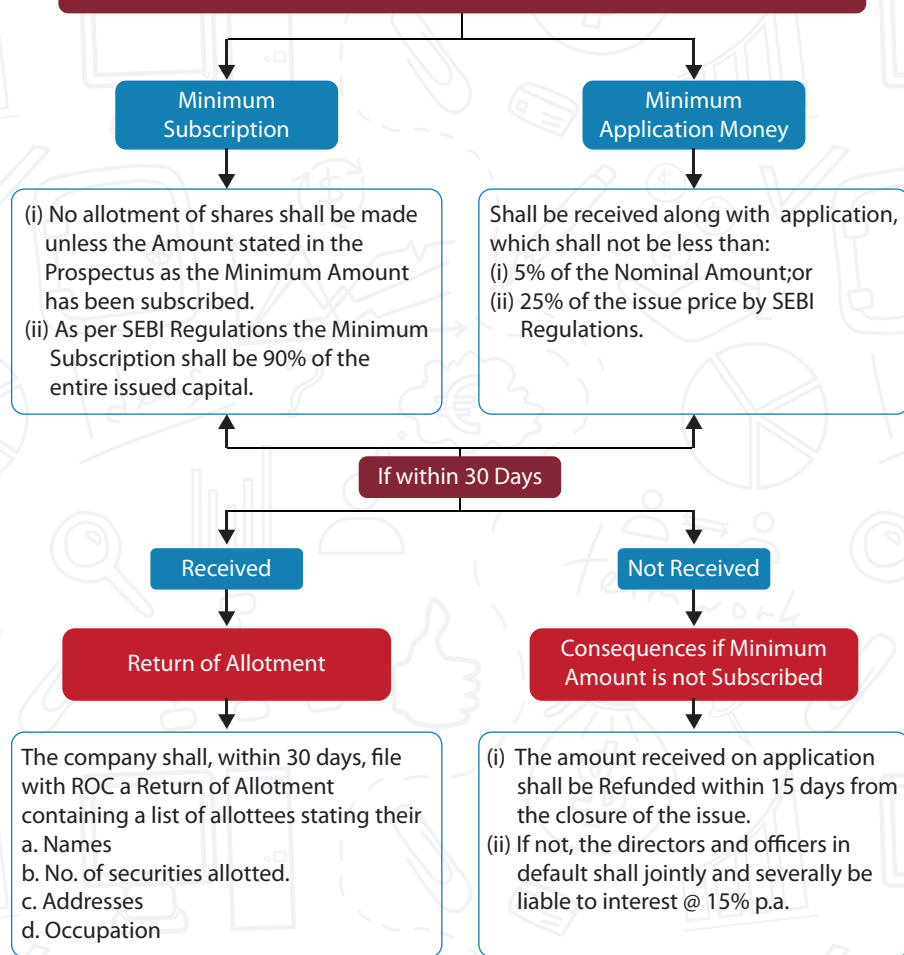
The company, its promoters and directors shall be liable to a penalty for each default of

➤ ₹1000/day during continuation of default (or)

➤ ₹25 lakh.

PUNISHMENT & PENALTIES

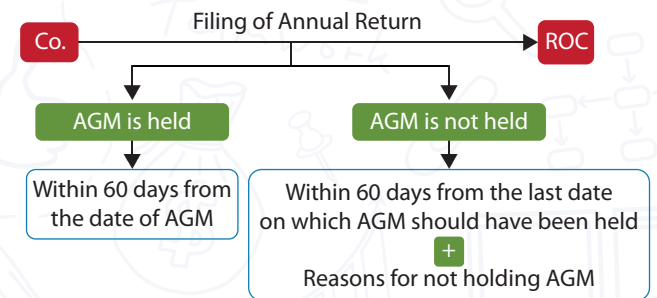
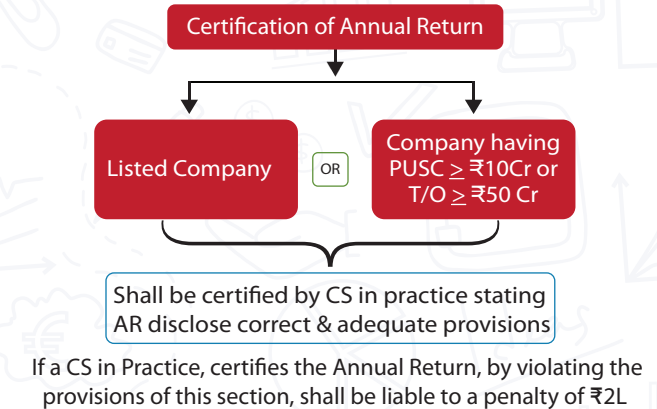
ALLOTMENT OF SECURITIES BY COMPANY [SECTION 39]



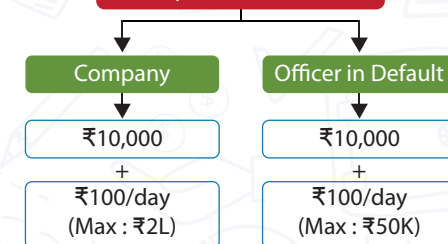
PENALTY

In case of any Default, the Co. and its officer in default shall be liable to a penalty for each default of
 ➤ ₹1000/day during continuation of default
 (or)
 ➤ ₹1lakh.

ANNUAL RETURN [SECTION 92]

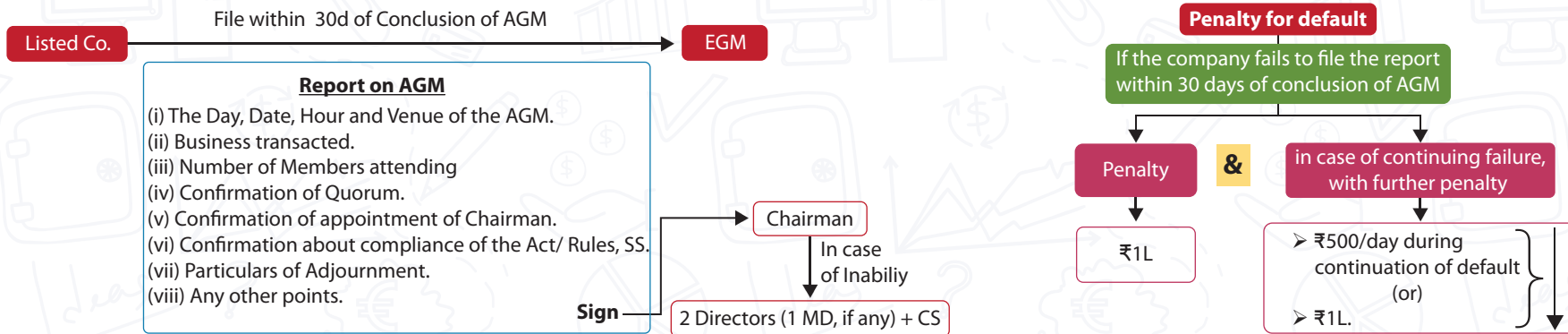


Penalty for Contravention

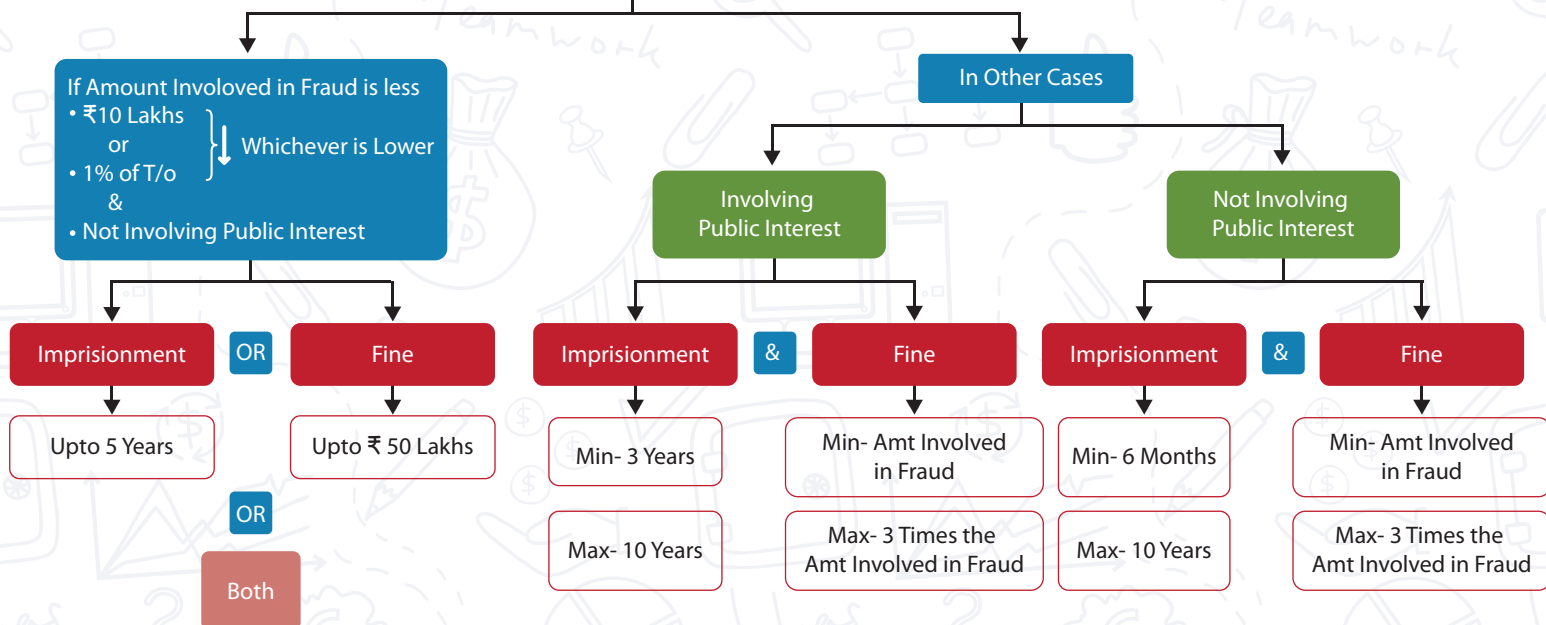


PUNISHMENT & PENALTIES

REPORT ON AGM [SECTION 121]



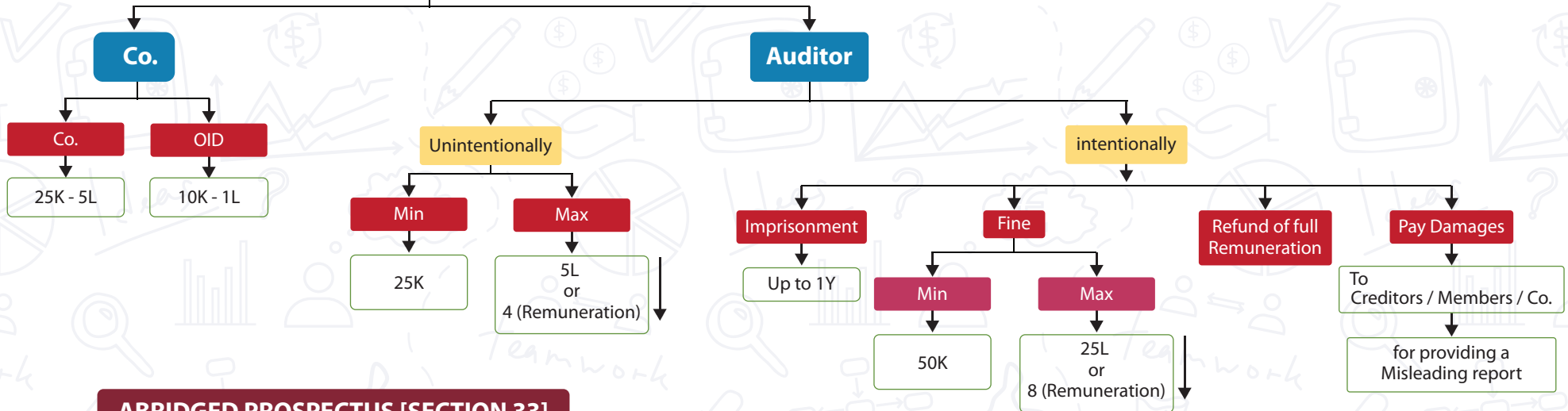
PUNISHMENT FOR FRAUD [SECTION 447]



PUNISHMENT & PENALTIES

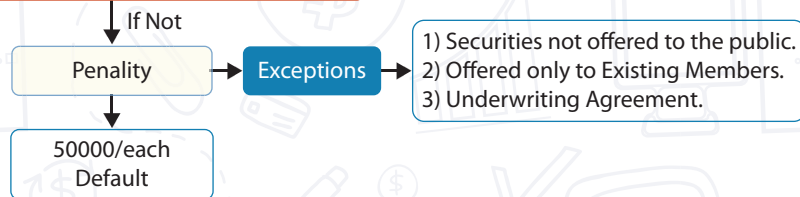
PUNISHMENT FOR CONTRAVENTION [SECTION 147]

If any Co. Is in default in complying with any of the provisions of this chapter (Audit & Auditors)



ABRIDGED PROSPECTUS [SECTION 33]

Every Application form has to be accompanied with the Abridged Prospectus



Happy LAWrning

