A spiral-bound notebook with a purple marbled cover. A white rectangular sticky note is attached to the left side with two pieces of yellow tape. The text on the note is in red and purple.

List Of Penalties Under Companies Act 2013 & 0 LLP Act 2008

Compiled By CA Deepika Rathi

Chapter -2 Incorporation of Company & Matters Incidental Thereto

Section No.	Particulars	Penalty
Companies Registered Under Section 8	Penalty on contravention of conditions of Section 8	Company : Varying Rs. 10lakhs to Rs. 1Crore OID : Varying Rs.25000/- to Rs.25 Lakhs
	If Company has not incorporated	Reserved Name : Cancelled Person who made application : Liable to Fine Maximum Rs.1Lakh
<u>Section 4 Memorandum</u> If Company name is reserved by giving incorrect information	If Company has incorporated	Register may either direct the company <ul style="list-style-type: none"> To Change its name within a period of 3 months by passing ordinary resolution. OR <ul style="list-style-type: none"> Strike off : Name from register of companies OR ROC may make petition for winding up of company

Section No.	Particulars	Penalty
<u>Section 14 & 15</u> Alteration of MoA & AoA to be noted in every copy	If alteration made in the MoA or AoA of a company is not noted in every copy of MoA & AoA	Company & OID : Rs. 1000/- for every copy of MoA or AoA issued without alteration
<u>Section 17</u> Copies of memorandum articles, etc. to be given to members	If on request of members company has not provided them a copy within 7 days of the request on the payment of fees <ul style="list-style-type: none"> • MoA • AoA • Every agreement and resolution referred in section 117 	Company & OID (for each default) : Rs.1000/- for each day during which the default continues or Rs1Lakh whichever is less.
<u>Section 10A</u> Commencement of business etc.	<ul style="list-style-type: none"> • Company commenced business or • Exercise any borrowing power without filing required declaration within 180days or • Failed to file with the Registrar a verification of its registered office 	Company : Rs.50000/- OID : Rs.1000 per day during which such default continues but not exceeding an amount of Rs.1 Lakh.

Section No.	Particulars	Penalty
	In the opinion of CG the name is identical or too nearly resembling an existing company	CG may order the company to change the name within 3 months by passing ordinary resolution.
Section 16 Rectification of name of company	Application made to CG by registered proprietor of Trade Mark (under Trade Mark Act 1999) within 3 years of incorporation or change the name or registration stating the name of company is identical or nearly resembling their trademark	CG may order the company to change new name within 3 months by passing ordinary resolution . If company default in complying with any direction given <ul style="list-style-type: none"> CG shall allot new name to the company and Registrar shall enter the new name in register of company and Issue a fresh certificate of incorporation with new name

Chapter -3 Prospectus and Allotment of Securities

Section No.	Particulars	Penalty	
Section 26 Matters to be stated in prospectus	If prospectus is issued in contravention of provision of section 26	Company & Person Knowingly a party to issue of such prospectus : Fine : Rs. 50 Thousand to Rs. 3 Lakhs	
Section 40 Securities to be dealt within Stock Exchange	If Company is making public offer and it fails to inform to one or more stock exchange and/or fails to follow other related provision of section 40	Company	Minimum : Rs. 5 Lakhs Maximum : Rs. 50Lkajs
		OID	Minimum : Rs. 50000/- Maximum : Rs. 3 Lakhs
Section 39 Securities to be dealt within Stock Exchange	<ul style="list-style-type: none"> If the company has not returned the application money received (When Minimum subscription is not received) If a company having a Share Capital has not filed return of allotment with Registrar. 	Company : Rs. 1000/- for each day during which such default continues or Rs.1Lakh whichever is less.	

Section No.

Particulars

Penalty

Section 42

Offer or Invitation for subscription of securities on private placement

If a company makes an offer or accepts monies in contravention of section 42

Company Promoters & Directors : Penalty

- May extend to amount raised through the private placement or 2 Core Rupees whichever is lower and
- The company shall also refund all monies with interest as specified in section 42(6) to subscribers within a period of 30 days of order of imposing penalty.

Section No.

Nature of Default

Penalty

(i) Fraud involving less than 10 lakh or 1% of Turnover whichever is lower (public interest not involved)

Fine : Up to Rs. 50 lakhs
or/ and
Imprisonment : Up to 5 Years

(ii) Fraud involving at least 10 lakh Rupees or 1 % of Turnover whichever is lower (public interest in not involved)

Fine : Minimum : Fine equal to amount of fraud **and**
Maximum: Fine 3 times of amount of fraud

AND

Imprisonment :
Minimum 6 months and
Maximum 10 Years

(iii) Fraud involving at least 10 lakh Rupees or 1 % of Turnover whichever is lower (public interest involved)

Fine : Minimum : Fine equal to amount of fraud **and**
Maximum: Fine 3 times of amount of fraud

AND

Imprisonment :
Minimum 3 Years and
Maximum 10 Years

Section 447

Punishment for Fraud

Chapter -4 Share Capital and Debentures

Section No.	Particulars	Penalty
<u>Section 46</u> Certificate of Shares	Duplicate certificate of shares issued with intent to defraud	Company : Fine : not less than 5 times the face value of shares involved which may extend to 10 times the face value of shares or Rs. 10 Crores whichever is higher AND OID : Liable for action U/s 447
<u>Section 53</u> Prohibition on issue of shares at discount	If Company does not comply with section 53 i.e. issue shares at discount [Except as provided in Section 54 or Section 53(2A)]	Company & OID : Fine : May extend to an amount equal to the amount raised through the issue of shares at a discount or 5 Lakhs Rupees whichever is less. + Company also liable to refund all monies received with interest at the rate of 12% per annum from the date of issue of such shares .

Section No.	Particulars	Penalty
<u>Section 56</u> Transfer & Transmission of Securities	If a company make any default in the provisions of transfer of securities Sub-Section (1) to (5)	Company & OID : Fine : Rs. 50000/-
	Default is made by depository or depository participate with intention to defraud	Liabe Under Section 447
<u>Section 57</u> Punishment for Personation of Share Holder	If a person deceitfully personates as owner of any security or interest etc. in a company.	Such person shall liable to Fine : Rs.1 Lakh to 5 Lakhs AND Imprisonment : 1 Years to 3 Years
<u>Section 58</u> Refusal of Registration and Appeal Against Refusal	Contravention of the order of the Tribunal for registration or refusal of registration of shares	Any Person Imprisonment : 1 year to 3 Years AND Fine : Rs 1 Lakh to 5 Lakh

Section No.	Particulars	Penalty
<u>Section 64</u> Notice to be given to registrar for alteration of share capital	If a company fails to file notice to registrar after alteration of share capital	Company : Rs. 500/- per day during such default continues or Rs. 5 Lakhs whichever is less
		OID : Rs. 500/- per day during such default continues or Rs. 1 Lakhs whichever is less
<u>Section 67</u> Restrictions on purchase by company or giving of loans by it for purchase of its shares	Contravention of the provisions of section 67	Company : Fine Rs. 1Lakhs to Rs.25Lakhs
		OID : Fine Rs. 1 Lakhs to Rs. 25Lakhs AND Imprisonment which may be extend to 3 years

Section No.	Particulars	Penalty
<u>Section 68</u> Power of company to purchase its own securities	If a company does not follow the provision of buy back of securities as provided in Section 68 or any made by SEBI	Company : Fine Rs. 1 Lakh to Rs.3 Lakh
		OID : Fine Rs. 1 Lakh to Rs. 3 Lakh

Chapter -5 Acceptance of Deposits by Companies

Section No.	Particulars	Penalty
<u>Rule 21</u> Companies (Acceptance of Deposits) Rules 2014	If company inviting deposits or any other person contravenes any of the 'deposit rule ' for which no punishment is provided in the Act	Company & Every OID: Fine : Extendable to Rs.5000/- and In case of continuing one with a further fine up to Rs.500/- per day during which such contravention continues.
<u>Section 74</u> Repayment of deposits, etc. accepted before commencement of this Act.	If Company fails to repay deposit or interest thereof, within the time specified or such further time as allowed by Tribunal	Company : Fine : Rs.1Crore to 10Crore. <u>OID :</u> Fine : Rs 25 Lakhs to Rs. 2Crores Imprisonment: May extent to 7 Years or Both The Company is also liable to pay the amount of deposit or part thereof and the interest due.

Section No.

Particulars

Penalty

Company : In addition to payment of the amount of deposit or part thereof and interest due, be punishable with
Fine : Ranging Rs.1Crore or twice the amount of deposit accepted by the company, whichever is lower but which may be extend to Rs.10crore

Section 76A

**Punishment for
contravention of section 73
or Section 76**

Punishment for Contravention of
Section 73 or 76

OID :

Imprisonment : May extend to 7 years
and

Fine : Not less than Rs.25 Lakhs but
which may extend to Rs.2 Crore.

Also if it is proved that the OID has contravened such provisions Knowingly or willfully with intention to deceive Co. or its shareholders or depositors or creditors or tax authorities , shall be liable for action
U/s 447

Chapter -6 Acceptance of Deposits by Companies

Section No.	Particulars	Penalty
	If company contravenes the provisions of registration of Charge	Company : Fine Rs.5 Lakhs OID : Fine Rs. 50000/-
Section 86 Punishment for contravenes the provisions of registration of Charge.	If any person willfully furnishes any false or incorrect information or knowingly suppresses any material information, required for registration u/s 77	He shall be liable for action under section 447

Chapter -7 Management and Administration

Section No.	Particulars	Penalty	
Section 88 Register of Members etc.	If a company fails to maintain register of members, debenture holders other security holders or other provision of section 88	Company : Fine Rs.3 Lakhs OID : Fine Rs. 50000/- Offence under this section is a compoundable offence U/s 441	
Section 89 Declaration in respect of beneficial interest in any share	The person 89(5) who fails to make declaration under section 89(1) (2) & (3) of the Act	Penalty : Rs.50000/- and in case of continuing failure further penalty of Rs.200 each day after the first during which such failure continues maximum up to Rs.5 lakhs	
	Company fails to file the return to ROC within 30 days.	Company	Fine: Rs 1000/- per day maximum upto Rs.5 lakhs.
		OID	Fine: Rs 1000/- per day maximum upto Rs.2 lakhs.

Section 90

Register of Significant Beneficial Owners in company

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to	
SBO	Fails to make declaration under section 90 (1) of the Act.	Rs.50,000/-	Further penalty of Rs. 1,000/- for each day after the first day during which the failure continues	Rs. 2 lakhs.	
Company	Reporting company fails <ul style="list-style-type: none">to maintain register of SBO [Sec-90(2)] or	Rs. 1 lakh	Further penalty of Rs.500/ each day after first day during which such failure continues	Rs. 5 lakhs.	Contravention by Company and Officer in Default of provisions of Section 90 and SBO Rules is compoundable
Every officer in default	<ul style="list-style-type: none">file return of SBO with ROC[Sec-90(4 & 4A)] ordenies inspection.	Rs. 25000/-	Further penalty of Rs.200/ each day after first day during which such failure continues	Rs. 1 lakhs.	

Note: Where the SBO or the Officer in Default intentionally furnishes any false or incorrect information or suppresses any material information, then they will be liable for fraud under section 447.

Section No.	Particulars	Penalty
<u>Section 91</u> Power to close Register of members or debenture holders or other security holders	If the register of members/ debenture-holders/ other security holders is closed without giving notice as provided in section 91(1) or after giving shorter notice or for a continuous or an aggregate period in excess of the limits specified in section 91(1)	Company & OID : Fine : Rs.5000 for every day subject to maximum of Rs.1lakh. However the offence is a compoundable offence under section 441 of the Act.
<u>Section 92</u> Annual Returns	If company fails to file copy of Annual Return within prescribed time of 60 days from the date of AGM	Company & OID : Fine Rs.10000/- and in case of continuing failure with further penalty of maximum Company : Rs.2lakhs OID : Rs.50000/-
	If a CS in practice certifies the annual return otherwise than in conformity with the requirement of section 92	Company Secretary in practice Liable to penalty of Rs. 2 lakhs

Section No.	Particulars	Penalty
<u>Section 94</u> Place of keeping and Inspection of Registers, Return, etc.	Refusal for inspection or making of any extract or copy	Company & OID : Rs 1000/- per day during which the default/ refusal continues, subject to maximum of Rs. 1 Lakhs.
<u>Section 99</u> Punishment for default in complying with the provisions of sections 96 to 98	If company defaults in holding meeting in accordance with section 96, 97 and 98 or the directions of Tribunal.	Company & OID : Fine ; May extend to Rs.1Lakh In case of continuing default : With a further fine which may extend to Rs.5000/- per day during which default continues
<u>Section 102</u> Statement to be Annexe to notice	If default is made in complying with the provision of Section 102	Every promoter, director, manager or other KMP of the company who is in default : Penalty: Rs. 50000 or 5 times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives whichever is higher.

Section 105

Proxies

Person Liable	Nature of contravention	Penalty	continues failure	Non Applicability of penalty
Every Officer in default	If the notice does not state the proxy may be appointed [Section 105(2)]	Rs. 5,000/-	N/A	N/A
Every officer of the company who issue invitation as aforesaid or authorizes or permit their issue	If an invitation to appoint as proxy and specified person is sent to any member of the company entitled to attend and vote thereat proxy [Section 105(5)]	Rs. 50,000/-	N/A	Officer shall not be liable by reason only of the issue to member at his request in writing of a form of appointment naming the proxy or of a list of persons willing to act as proxies, if the form or list is available on request in writing to every member entitled to vote at the meeting by proxy.
Company and Officer in default	If inspection of proxy is refused to any member during business hours	Rs. 10,000/-	Rs. 1,000/- per day	N/A

Section No.	Particulars	Penalty
Section 111 Circulation of Members' resolution	Violation of provisions in regard to circulation of member's resolution	Company & OID : Fine Rs 25000/-
Section 117 Resolutions and agreements to be filed	Company fails to file the resolution or the agreement in prescribed time.	Co. Penalty Rs.10000/- In case of continues failure Rs.100/- per day maximum up Rs. 2 lakhs
		OID Penalty Rs.10000/- In case of continues failure Rs.100/- per day maximum up Rs. 50000/-

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Section No.	Particulars	Penalty	
<u>Section 118</u> Minutes of proceedings of general meeting, meeting of Board of Directors and other meeting and resolution passed by postal ballot	Company is not complying with the provisions of Section 118 .	Company : Rs.25000/- OID : Rs.5000/-	
	If a person tempers with the minutes of proceedings of meeting	Fine Rs.25000/- to Rs.1 Lakh Imprisonment : Up to 2 years	
<u>Section 119</u> Inspection of minute-books of General Meeting	Company refuses for inspection or to take copy of minutes of general meeting	Company	Penalty Rs.25000/-
		OID	Penalty Rs. 5000/-

Section 121

Report on Annual General Meeting

Company fails to file the report on AGM with ROC within 30 days of conclusion of AGM

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to
Company	Company fails to file the report within 30 days of conclusion of AGM.	Rs. 1,00,000/-	Rs.5,00/-each day after the first during which the failure continues	Rs. 5 lakhs.
Every officer in default		Rs. 25,000/-		Rs.1 lakh.

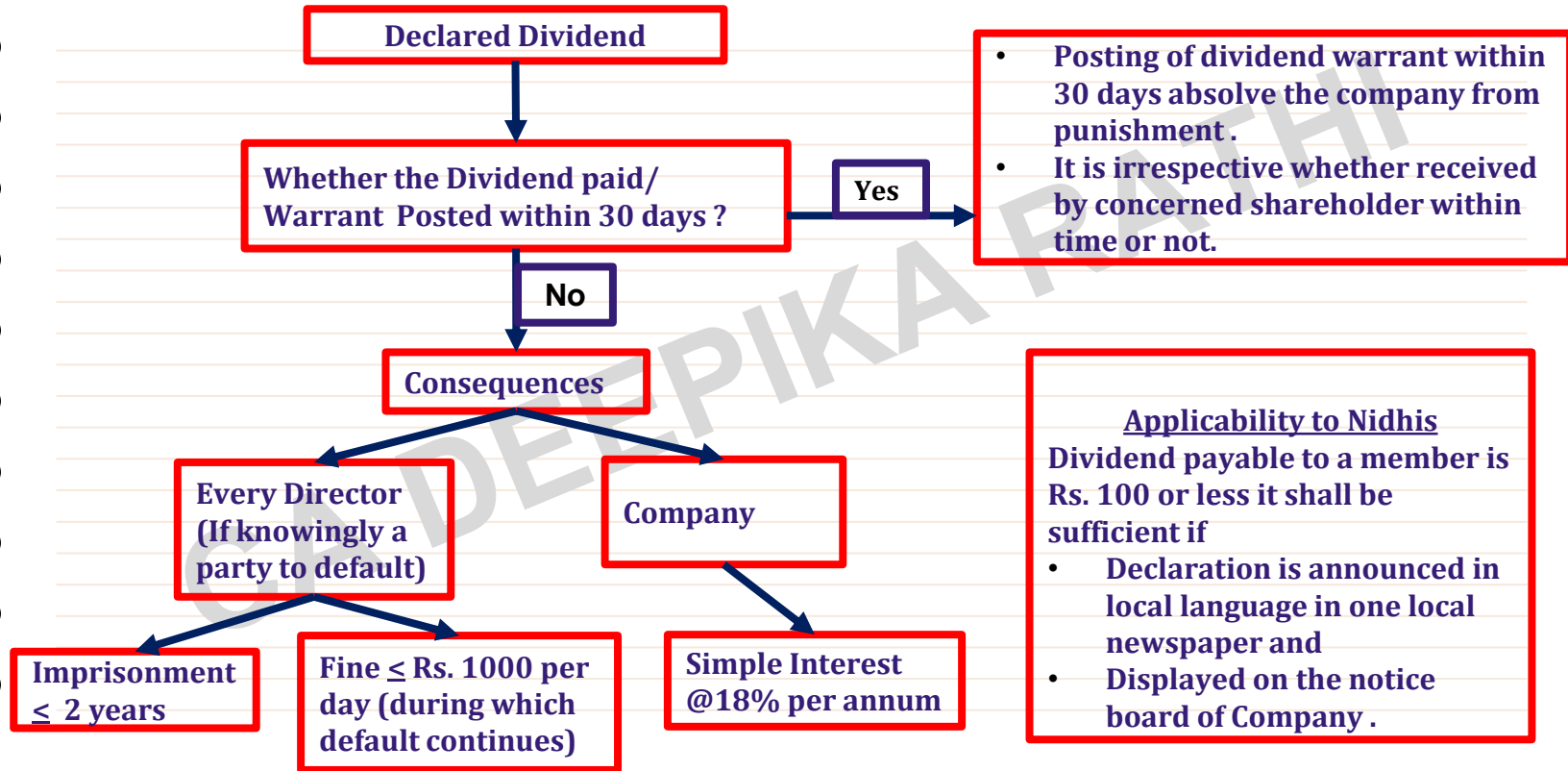
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Chapter -8 Declaration and Payment of Dividend

Section No.	Particulars	Penalty
<u>Section 124</u> Unpaid Dividend Account	Company fails to comply with requirement of section 124	Company : Penalty Rs.1,00,000/- Continuing Failure : After first day during which such failure continues Rs.500 for each day maximum up to Rs. 10,00,000/-
		OID : Penalty Rs.25000/- Continuing Failure : After first day during which such failure continues Rs.100 for each day maximum up to Rs. 2,00,000/-

“Success is the sum of small efforts repeated”

Section 127 : Punishment for failure to Distribute Dividends



Chapter -9 Accounts of Companies

Section No.	Particulars	Penalty
Section 128 Books of account, etc. to be kept by company	If the persons charged by BOD (MTD, WTD in charge of finance, CFO or any other person of a company charged by the Board with the duty of complying with the provisions of this section) with the duty of maintaining accounts of Company contravenes the relevant provisions.	Such designated persons Fine: Rs.50,000/- to Rs. 5 Lakhs
Section 129 Financial Statements	Company contravenes the provisions of section 129	MD, WTD in charge of finance, the CFO or any other person charged by the Board with the duty of complying with the requirements of this section and in directors shall be punishable. Fine : Rs.50,000 to 5 Lakhs Imprisonment : May extend to 1 Year or both

Section No.	Particulars	Penalty
<u>Section 134</u> Financial Statement Board's Reports etc.	If company violates the provisions of section 134	Company : Rs.3 lakh OID : Rs.50000/-
<u>Section 136</u> Right of member to copies of Audited Financial Statement	Company fails to send copy of FS, including CFS, if any auditor's report and every other document required to be attached to FS, which are to be laid before at General Meeting to member /trustee/other entitled person within the prescribed time or other provisions of section 136	Company : Rs.25,000/- OID : Rs. 5000/-

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Section No.

Particulars

Penalty

Section 135(7)
Impact Assessment

**Company Fails to comply impact
assessment u/s 135(5) & 135(6)**

Company: Twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or ₹ 1 crore, whichever is less

Every officer, who is in default :
1/10th of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or ₹ 2 lakhs , whichever is less.

Section No.	Particulars	Penalty	
Section 137 Copy of Financial Statement to be filed with Registrar	Company fails to file the copy of the FS with the Registrar	Company	Penalty Rs.10000/- Further penalty of Rs.100 for each day after the first during which failure continues Maximum upto Rs.200000/-
		Officers – <ul style="list-style-type: none"> • MD and CFO, if any • In their absence, other directors charged by BOD with responsibility • In its absence all the directors 	Penalty Rs.10000/- Further penalty of Rs.100 for each day after the first during which failure continues Maximum upto Rs.50000/-

Chapter -10 Audit & Auditors

Section No.	Particulars	Penalty
<u>Section 140</u> Removal Resignation of Auditor and giving of Special Notice	Auditor does not file with ROC or C&AG (as the case may be) a statement indicating the reasons and other facts as may be relevant with regards to his resignation.	Auditor Fine: Rs .50,000/ or an amount equal to remuneration of auditor whichever is less. In case of continuing failure further penalty of Rs.500/ per day after the first during which such default continues subject to maximum of Rs.2lakhs.
<u>Section 143</u> Powers and Duties of Auditors and Auditing Standards	Auditor, fails to report the matter to CG, Audit Committee or BOD (depending on the amount involved) regarding a fraud which being or has been committed in the company by its officers or employees (For which he has reason to believe)	Auditor, Cost Accountant or Company Secretary in Practice <i>In case of listed company : Rs.5Lakhs</i> <i>In case of Unlisted company : Rs.1Lakhs</i>

	Person Liable for Punishment	Nature of Contravention	Punishment
1	Company [Section 147(1)]	Contravention of any provisions of Sections 139 to Section 146	<ul style="list-style-type: none"> • Minimum Penalty : Rs. 25,000/- • Maximum Penalty: Rs. 5,00,000/-
2	Officer of the company in default [Section 147 (1)]	Contravention of any provisions of Sections 139 to 146	<ul style="list-style-type: none"> • Fine not less than Rs.10,000/- but which may extend to Rs.100000/-
3	Auditor [Section 147 (2) & (3)]	(A) Contravention of provisions of section 139,143 or 145	<ul style="list-style-type: none"> • Minimum fine : Rs.25,000/- • Maximum fine : Rs. 5,00,000/- or • 4 times the remuneration of the auditor, whichever is less.
		(B) Contravention of any provisions knowingly or willfully with the intention to deceive the company or its shareholders or its creditors or tax authorities	<ul style="list-style-type: none"> • Imprisonment which may extend to 1 Year AND • Fine not less than Rs.50,000/- but which may extend to Rs.25,00,000 or • 8 times the remuneration of the auditor, whichever is less.

	Person Liable for Punishment	Nature of Contravention	Punishment
			<p>Also the auditor shall –</p> <ol style="list-style-type: none"> Refund the remuneration received by him to the company and Pay for damages to the <ul style="list-style-type: none"> - Company - Statutory Bodies or Authorities or - Members or - Creditors <p>For the loss arising out incorrect or misleading statements of particulars made in his audit report.</p>
4	Audit Firm [Section 147 (5)]	The partner or partners of the audit firm has or have acted in a fraudulent manner or abetted or colluded in any fraud by or in relation to or by the company or its directors or officers.	<ul style="list-style-type: none"> The liability for such act shall be of the partners concerned of the audit of the firm jointly and severally and shall also be liable U/s 447. In case of criminal liability of an audit firm, liability other than concerned partner(s) who acted fraudulently or abetted or colluded in any fraud.

Section No.	Particulars	Penalty
<u>Section 148</u> Central Government to Specify Audit of Items of Cost in Respect of Certain Companies	Default in complying with the provisions of Section 148	Company & Officer in default : As per section 147 Cost Auditor in default in manner as provided in subsection (2) to (4) of Section 147

**BE STRONGER
THAN YOUR EXCUSES**

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Chapter -11 Companies Incorporated Outside India

PUNISHMENT FOR CONTRAVENTION [SECTION 392]

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to
To Foreign Company [Sec -89(5)]	Contravenes the provisions of Chapter XXII .	₹ 1 lac to ₹ 3 lac	₹ 50000/- per day	₹ 5 lakhs.
Every officer in default	Contravenes the provisions of Chapter XXII .	₹ 25000/-		₹ 500000/-

Chapter -12 Limited Liability Partnership Act 2008

Punishment for Contravention of sections 7 and 9 [Section10]

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to
LLP and Every Partner	LLP contravenes the provisions of section 7(1) (meaning that the number of designated partners are less than two or none of the designated partner is a resident in India)	₹10000/-	₹ 100/- per day	LLP : ₹ 1 lakh.
				Every Partner : ₹ 50000/-
LLP and Every Designated Partner	LLP contravenes the provisions of section 7(4) (failure to file the consent of appointment of designated partner within 30 days of his appointment)	₹ 5000/-	₹ 100/- per day	LLP : ₹ 500000/-
				Every designated partner : ₹ 25000/-
LLP and Every Partner	LLP contravenes the provisions of sub-section (5) of section 7 or section 9	₹10000/-	₹ 100/- per day	LLP : ₹ 1 lakh.
				Every Partner : ₹ 50000/-

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to
LLP and Every Designated Partner	LLP contravenes the provisions of section 34(3) (Fail to file Solvency and Statement of Account with Registrar)		₹ 100/- per day	LLP : ₹ 1 lakh.
				Every Partner : ₹ 50000/-
LLP and Every Designated Partner	LLP contravenes the provisions of section 34(1,2& 4) (Fail to Prepare Books of accounts, Statement of Account and Solvency and Audit of Accounts)	LLP: ₹25000/-		LLP : ₹ 500000/-
		Every designated partner : ₹ 10000/-		Every designated partner : ₹ 1 lakh

Person Liable	Nature of contravention	Penalty	In case of continues failure	Maximum up to
LLP and Every Designated Partner	LLP contravenes the provisions of section 60(3) (Fail to file Tribunal's order within 30 days of receiving of such order with Registrar)	LLP: ₹10000/-	₹ 100/- per day	LLP : ₹ 1 lakh.
				Every Partner : ₹ 50000/-

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