ROC imposes penalty on Company and its Directors for non-filing of board resolution approving the financial statements

The Registrar of Companies (ROC) imposed penalties on a company and its directors for failing to file the Board Resolution approving the financial statements with the ROC as required under the Companies Act, 2013.

Key Findings

- The Board of Directors had approved the company's financial statements through a board resolution.
- However, the company failed to file the prescribed form and resolution with the ROC within the stipulated time.
- Filing of such resolutions is a statutory compliance requirement, and non-compliance constitutes a violation of the Companies Act.
- The ROC held the company and every officer in default (including directors) responsible for the lapse.
- Monetary penalties were imposed on both the company and its directors/officers for the default.

Key Takeaway

Companies must ensure timely filing of board resolutions and other prescribed documents with the ROC. Failure to file resolutions approving financial statements can attract penalties on both the company and its directors/officers in default, even if the financial statements were duly approved by the Board.

Penalties for Non-Compliance

In cases where a company fails to file **Form MGT-14** for the Board Resolution approving the financial statements and Board's Report (required under **Section 117(1) read with Section 179(3)(g) of the Companies Act, 2013**), the penalty under **Section 117(2)** is:

- **Company:** ₹10,000 plus ₹100 per day of continuing default, subject to a maximum of **₹2,00,000**.
- **Every officer in default (including directors):** ₹10,000 plus ₹100 per day of continuing default, subject to a maximum of **₹50,000** per officer.

Penalty in the ROC Case Referred

The ROC, Patna found that the company had failed to file MGT-14 for the Board Resolution approving the financial statements within the prescribed 30-day period and imposed the **maximum penalty**:

- **Company:** ₹2,00,000
- **Each defaulting director:** ₹50,000

Key Takeaway

Board resolutions approving financial statements and the Board's Report are among the matters specified under **Section 179(3)** and must be filed with the ROC through **Form MGT-14 within 30 days** of passing the resolution. Failure to do so can result in significant penalties on both the company and its directors/officers in default