



CASE: CARPET EXPORT PROMOTION COUNCIL

Facts of the case:

Carpet Export Promotion Council (Petitioner Company) is a non-profitable organisation incorporated on 26/05/1982 under section 25 of Companies Act, 1956.

As per the Article of Association of the Company, it was decided that the control of the company shall be vested in “**Committee of Administration**”. For the financial year 2014-2015, the petitioner Company couldn't file its annual return within 60 days from the date of AGM.

The reason for delay given by the Company was that the member of Committee of Administration was elected on 10.09.2014 and hence the annual return was filed on 26.02.2015. Petitioner Company said that reason for delay was because the elected member did not have a DIN and DSC and the procedure for obtaining a DIN took 4 months.

On the above basis, the petitioner had prayed for compounding of offence under section 92 of Companies Act, 2013.

Final Decision of NCLT (National Company Law Tribunal):

1. NCLT observed that it took considerable amount of time to complete the procedural formalities for obtaining DIN and DSC. Hence the petitioner did not have a deliberate intention for delaying the filing of annual returns and cause statutory violations.
2. The annual return was filed along with the late fees.
3. NCLT relied on Apex court ruling in the case of **V.L.S. Finance Limited Vs UOI** (Union of India) where it was held that an offence committed by an accused under the Act, not being an offence punishable with imprisonment or imprisonment along with fine – then it is permissible to compound an offence before or after prosecution.

Accordingly, NCLT decided that the reasons explained by the petitioner company are reasonable and NCLT has sufficient cause to grant leave for compounding of offence under section 441 of Companies Act, 2013.