

CHAPTER III
FINANCIAL POLICIES

Holding Annual General Meeting and filing Annual Accounts with the Registrar of Companies—strict compliance of provisions of the Companies Act, 1956 regarding.

As per the Provisions of Section 166 of the Companies Act, 1956, the Annual General Meeting (AGM) of a Company is required to be held once in every calendar year and not more than 15 months shall elapse between the date of one AGM and that of the next. Further, the Section 210 of the Act stipulates that the audited Annual Accounts for the period ending with the day, which shall not precede the day of the AGM by more than 6 months, have to be placed in the said AGM. Thereafter, the Companies are required to file the Annual Accounts with the Office of the concerned Registrar of Companies within 30 days. However, it is observed that many of the Central Government companies are not fully complying with the above provisions of the Companies Act, 1956.

2. The Comptroller & Auditor General of India (C&AG) has impressed the need to ensure necessary legal action under Companies Act, 1956 in cases of such delays. In view of this, the Department of Company Affairs has already issued necessary orders to the Registrar of the Companies to file prosecution against such defaulting State Government undertakings. In one of such cases, filed by the Registrar of Companies against M/s Kerala Ceramics Ltd., the Hon'ble High Court of Kerala has held that the offences were continuing offences, thereby the offences committed day by day by the Managing Directors, who have joined the company subsequent to the commencement of first offence till the offences were remedied, are also liable for offences.

3. All the administrative Ministries/Departments are, therefore, requested to bring this to the notice of the Government Companies falling under their administrative control and advise them to strictly comply with the relevant provisions of the Companies Act, 1956 in the spirit of the above judgement.

(DPE O.M. No. 13/9/99-Fin.G-VI dated 21st April, 1999)