

## Companies Act 2013 - Penalties, Prosecution and Appeals

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### Penalties and prosecution:

Companies have a moral responsibility towards the society in the pursuit of their growth and development. The stakeholders of the Company expect a responsible behaviour from it in terms of compliance with laws applicable to it and also expect it to make disclosures as required by law.

The Companies Act 2013 lays down various punishments for non-compliance with the Act and corresponding rules -be it on the directors, employees or even on the company itself.

The provisions that specify punishments under the Act are mentioned below:

Sl.no.	Section	Matters	Fines/ Penalties/Prosecutions
1	Section 4(5)(ii)(a)	Where after reservation of name under clause (i), it is found that name was applied by furnishing wrong or incorrect information, if the company has not been incorporated	the reserved name shall be cancelled and the person making application under sub-section (4) of Sec 4 shall be liable to pay <b>one lakh rupees</b> ;
2	Section 4(5)(ii)(b)	(b) if the company has been incorporated, the Registrar may, after giving the company an opportunity of being heard	i) direct the company <b>to change its name within a period of three months</b> , (ii) take action for <b>striking off</b> or (iii) make a <b>petition for winding up</b> .
3	Section 8	If a company makes any default in complying with any of the requirements laid down in this section, ,	Shall be punishable with fine For Company- <b>10 lakh to 1 crore and</b> , For officer in default fine shall be <b>25000/- to 25 lakh</b>
4	Section 15(2)	If a company makes any default in complying with the provisions of sec 15 (1)	Penalty for company and officer in default- <b>one thousand rupees for every copy of the memorandum or articles issued without such alteration</b> .
5	Section 16(3)	If a company makes default in complying with any direction given under Section 16 (1)	the Central Government shall allot a new name to the company and issue a fresh certificate of incorporation.
6	Section 17(2)	If a company makes any default in complying with the provisions of this section.	Penalty for company and officer in default- <b>one thousand rupees for each day up to one lakh</b> .
7	Section 26(9)	If a prospectus is issued in contravention of the provisions of this section	For company- <b>fifty thousand to three lakh</b>

			And, Every person who is knowingly a party to the issue be punishable with <b>fine</b> not less than <b>fifty thousand rupees which may extend to three lakh rupees.</b>
8	Section 36	Punishment for Fraudulently Inducing Persons to Invest Money	Shall be liable for action under <b>section 447</b> of the Companies Act, 2013.
9	Section 38(1)	Punishment for Personation for Acquisition, etc., of Securities.	Shall be liable for action under <b>section 447</b> of the Companies Act, 2013.
10	Section 38(3)	Where a person has been convicted under this section i.e. Section 38 of the Companies Act, 2013	The Court may also order disgorgement of gain, if any, made by, and seizure and disposal of the securities in possession of, such person.
11	Section 39(5)	In case of any default under sub-section (3) or sub-section (4), i.e. If the company has not returned the application money received. Or If a company having a share capital has not filed return of allotment with Registrar.	The company and its officer who is in default shall be liable to a penalty, for each default, of <b>one thousand rupees for each day during which such default continues or one lakh rupees, whichever is less.</b>
12	Section 40(5)	If a company is making public offer and it fails to inform to inform stock exchange and also fails to follow the provisions there under.	For company- five lakh to fifty lakhs rupees. For officer in default- fifty thousand to three lakh rupees.
13	Section 42(10)	If the Company or director or promoter has not followed the provisions of Private Placement.	the company, its promoters and directors shall be liable for a penalty- <b>amount raised through the private placement or two crore rupees, whichever is lower</b> , and the company shall also <b>refund all monies with interest @12% p.a.</b>
14	Section 53	Where any company fails to comply with the provisions of this section,	such company and every officer who is in default shall be liable to a penalty of amount equal to the <b>amount raised through the issue of shares at a discount or five lakh rupees, whichever is less</b> , and

			the company shall also be liable to <b>refund all monies received with interest at the rate of twelve per cent per annum.</b>
15	Section 56(6)	Where any default is made in complying with the provisions of sub-sections (1) to (5) of Sec 56	For company and every officer of the company who is in default <b>fifty thousand rupees.</b>
16	Section 57	If a person deceitfully personates as owner of any security or interest etc. in a Company,	punishable with imprisonment of <b>one year to three years. and Fine of Rupees one lakh to five lakhs.</b>
17	Section 60(2)	If any default is made in complying with the requirements of sub-section (1) of Sec 60	For company <b>ten thousand rupees</b> and every officer in default <b>five thousand rupees, for each default.</b>
18	Section 64(2)	If a company and any officer of the company who is in default contravenes the provisions of subsection (1).	For such company and every officer who is in default <b>five hundred rupees for each day during which such default continues. Subject to a maximum of five lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.</b>
19	Section 67(5)	If a company contravenes the provisions of this section.	For company- <b>One lakh to twenty-five lakhs rupees</b> and For Every officer in default <b>imprisonment up to three years</b> and Fine- <b>one lakh rupees to twenty-five lakh rupees.</b>
20	Section 68(11)	If a company makes any default in complying with the provisions of this section or any regulation made by the Securities and Exchange Board, for the purposes of clause (f) of sub-section (2).	For company fine of one lakh to three lakhs and for Every officer in default <b>one lakh rupees to three lakh rupees.</b>
21	Section 76A	Punishment for contravention of section 73 or section 76 which provides for the acceptance of deposits by the company.	For Company -In addition to the amount of payment of deposit and interest , punishable with fine which shall not be less than rupees one crore or twice the amount of deposit whichever is lower

			upto Rs 10 crores. <b>Every officer in default-</b> imprisonment up to seven years <b>and</b> with fine of <b>twenty-five lakh to two crore rupees.</b> [Wilful contravention would be leading to Section 447]
22	Section 86(1)	If any company contravenes any provision of this Chapter i.e. Registration of Charges	For company <b>five lakh rupees</b> and for every officer in default <b>fifty thousand rupees.</b>
23	Section 86(2)	If any person wilfully furnishes any false or incorrect information or knowingly suppresses any material information, required to be registered in accordance with the provisions of section 77,	he shall be liable for action under <b>section 447.</b>
24	Section 88(5)	If a company does not maintain a register of members or debenture-holders or other security holders or fails to maintain them in accordance with the provisions of section 88 (1) or sub-section (2)	For company <b>three lakh rupees</b> and for every officer in default <b>fifty thousand rupees.</b>
25	Section 91(2)	If the register of members or of debenture-holders or of other security holders is closed without giving the notice,	The company and every officer in default <b>five thousand rupees for every day up to one lakh rupees.</b>
26	Section 92(5)	If a company fails to file its annual return under sub-section (4) of Sec 92, before the expiry of the period specified therein	such company and its every officer in default <b>ten thousand rupees</b> and in case of continuing failure, with further penalty of <b>one hundred rupees</b> for each day, subject to a maximum of <b>two lakh rupees</b> in case of a company and <b>fifty thousand rupees in case of an officer in default.</b>
27	Section 94(4)	If any inspection or the making of any extract or copy required under Sec 94 is refused	the company and every officer in default <b>one thousand rupees for every day up to one lakh rupees</b>
28	Section 99	If any default is made in holding a meeting of the company in accordance with section 96 or section 97 or section 98 or in complying with any directions of the Tribunal	the company and every officer in default <b>one lakh rupees and in the case of a continuing default, five thousand rupees for every day.</b>

29	Section 102(5)	If any default is made in complying with the provisions of section 102	Officer in default <b>fifty thousand rupees or five times the amount of benefit accruing whichever is higher.</b>
30	Section 105(3)	If default is made in complying with sub-section (2) of Sec 105	liable to penalty of <b>five thousand rupees.</b>
31	Section 111(5)	If any default is made in complying with the provisions of section 111	For company and every officer in default <b>twenty-five thousand rupees.</b>
32	Section 118(12)	If a person is found guilty of tampering with the minutes of the proceedings of meeting	<b>Imprisonment up to two years</b> And Fine <b>twenty-five thousand rupees to one lakh rupees.</b>
33	Section 119(3)	If any inspection under sub-section (1) of Sec 119 is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein	For company <b>twenty-five thousand rupees</b> and for Every officer in the company <b>five thousand rupees for each such refusal or default</b>
34	Section 121(3)	If the company fails to file the report under sub-section (2) of sec 121 before the expiry of the period specified under section 403 with additional fees	For company <b>one lakh rupees and in case of continuing failure, five hundred rupees for each day up to five lakh rupees</b> and for every officer in default <b>twenty-five thousand rupees and in case of continuing failure, five hundred rupees for each day up to one lakh rupees.</b>
35	Section 127	Where a dividend has been declared by a company but has not been paid or the warrant in respect thereof has not been posted within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend	For director <b>imprisonment up to two years</b> and fine <b>one thousand rupees for every day with simple interest at the rate of eighteen per cent. per annum.</b>
36	Section 128(6)	If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of section 128, contravenes such provisions	For officer in default <b>fifty thousand rupees but which may extend to five lakh rupees.</b>
37	Section 129(7)	If a company contravenes the provisions of Sec 129	the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board with the duty of

			complying with the requirements of this section and in the absence of any of the officers mentioned above, all the directors shall be punishable with <b>imprisonment for a term which may extend to one year</b> or with fine which shall not be less than <b>fifty thousand rupees but which may extend to five lakh rupees, or with both.</b>
38	Section 134(8)	If a company contravenes the provisions of Sec 134 i.e. Financial statement, Board's report, etc.	For company <b>three lakh rupees</b> and for officer in default <b>fifty thousand rupees.</b>
39	Section 136(3)	If any default is made in complying with the provisions of section 136 i.e. Right of member to copies of audited financial statement	<b>For company twenty-five thousand rupees</b> and for officer in default- <b>five thousand rupees.</b>
40	Section 137(3)	Failure to file the copy of financial statements with the registrar.	For company <b>ten thousand rupees</b> and in case of <b>continuing failure, one hundred rupees for each day</b> up to <b>two lakh rupees</b> , and for officer in default <b>ten thousand rupees</b> and for <b>continuing failure, one hundred rupees for each day up to fifty thousand rupees.</b>
41	Section 147(1)	If any of the provisions of sections 139 to 146 (both inclusive) is contravened	For company <b>twenty-five thousand rupees to five lakh rupees</b> and For every officer in default <b>ten thousand rupees up to one lakh rupees</b>
42	Section 147(2)	If an auditor of a company contravenes any of the provisions of section 139, section 143, section 144 or section 145	For Auditor <b>twenty-five thousand rupees to five lakh rupees or four times of the remuneration of auditor, whichever is less.</b>  [in case of wilful misrepresentation <b>imprisonment up to one year</b> and fine <b>fifty thousand rupees to twenty-five lakh rupees or eight times</b>

			<b>the remuneration of the auditor, whichever is less.]</b>
43	Section 147(3)	Where an auditor has been convicted under sub-section (2), he shall be liable to—	i) refund the remuneration received by him to the company; and ii) pay for damages to the company,
44	Section 147(5)	Where, in case of audit of a company being conducted by an audit firm, it is proved that 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, the liability, whether civil or criminal as provided in this Act or in any other law for the time being in force	For such act shall be of the partner or partners concerned of the audit firm and of the firm jointly and severally.
45	Section 157(2)	If a company fails to furnish Director Identification Number under sub-section (1), before the expiry of the period specified under section 403 with additional fee	For company <b>twenty-five thousand rupees and in case of continuing failure, one hundred rupees for each day up to maximum of one lakh rupees</b> , and for every officer in <b>twenty-five thousand rupees and in case of continuing failure, one hundred rupees for each up to one lakh rupees.</b>
46	Section 159	If any individual or director of a company, contravenes any of the provisions of section 152, section 155 and section 156	For such individual or director of the company <b>fifty thousand rupees and where the default is a continuing one, five hundred rupees.</b>
47	Section 172	If a company is in default in complying with any of the provisions of this Chapter and for which no specific penalty or punishment is provided therein,	For company and every officer in default <b>fifty thousand rupees, and in case of continuing failure, five hundred rupees</b> for each day up to <b>three lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.</b>
48	Section 173(4)	Every officer of the company whose duty is to give notice under this section and who fails to do so	Shall be liable to a penalty of <b>twenty-five thousand rupees.</b>
49	Section 178(8)	In case of any contravention of the provisions of section 177 and this section, i.e. Audit Committee	For company <b>five lakh rupees</b> and every officer in default <b>one lakh rupees.</b>

50	Section 182(4)	If a company makes any contribution in contravention of the provisions of section 182 i.e. Prohibitions and restrictions regarding political contributions.	For company <b>five times the amount so contributed</b> and for every officer in default <b>imprisonment to six months</b> and fine up to <b>five times the amount so contributed</b> .
51	Section 185(4)	If any loan is advanced or a guarantee or security is given or provided or utilised in contravention of the provisions of section 185	(i) For company <b>five lakh to twenty-five lakh rupees</b> ; (ii) For every officer in default <b>imprisonment up to six months or fine five lakh to twenty-five lakh rupees</b> ; and (iii) for the director or the other person to whom any loan is advanced or guarantee or security is given with imprisonment up to <b>six months or with fine five lakh rupees to twenty-five lakh rupees, or with both</b> .
52	Section 186(13)	If a company contravenes the provisions of Sec 186 i.e. Loan and investment by company.	For company <b>twenty-five thousand rupees to five lakh rupees</b> and for every officer in default <b>imprisonment up to two years</b> and fine <b>twenty-five thousand to one lakh rupees</b> .
53	Section 187(4)	If a company contravenes the provisions of sec 187 i.e. Investments of company to be held in its own name.	For company <b>five lakh rupees</b> and for every officer in default <b>fifty thousand rupees</b>
54	Section 188(5)	Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of section 188	(i) in case of listed company <b>twenty-five lakh rupees</b> ; and (ii) in case of any other company <b>five lakh rupees</b> .
55	Section 189(6)	Every director who fails to comply with the provisions of section 189 i.e. Register of contracts or arrangements in which directors are interested.	Shall be liable to a penalty of <b>twenty-five thousand rupees</b> .
56	Section 190(3)	If any default is made in complying with the provisions of sub-section (1) or sub-section (2) of sec 190,	For company <b>twenty-five thousand rupees</b> and for every officer in default <b>five thousand rupees for each default</b> .
57	Section 203(5)	If a company contravenes the provisions of section 203,	For company <b>five lakh rupees</b>



			and for director/KMP <b>fifty thousand rupees, in case of continuing one, one thousand rupees for each day up to five lakh rupees.</b>
58	Section 204(4)	If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section 204 i.e. Secretarial audit for bigger companies.	The company, every officer of the company or the company secretary in practice, who is in default, shall be liable to a penalty of <b>two lakh rupees.</b>
59	Section 206(7)	If a company fails to furnish any information or explanation or produce any document required under section 206 i.e. Power to call for information, inspect books and conduct inquiries.	For company and every officer in default <b>one lakh rupees</b> and in the case of a continuing failure, <b>five hundred rupees for every day.</b>
60	Section 207(4)(i)	If any director or officer of the company disobeys the direction issued by the Registrar or the inspector under section 207 i.e. Conduct of inspection and inquiry.	The director or the officer shall be punishable with <b>imprisonment up to one year</b> and fine <b>twenty-five thousand rupees to one lakh rupees.</b>
61	Section 207(4)(ii)	If a director or an officer of the company has been convicted of an offence under section 207, the director or the officer shall, on and from the date on which he is so convicted, be deemed to have vacated his office as such and on such vacation of office	Shall be <b>disqualified</b> from holding an office in any company.
62.	Section 229	Where a person who is required to provide an explanation or make a statement during the course of inspection, inquiry or investigation, or an officer or other employee of a company or other body corporate which is also under investigation, — (a) destroys, mutilates or falsifies, or conceals or tampers or unauthorisedly removes, or is a party to the destruction, mutilation or falsification or concealment or tampering or unauthorised removal of, documents relating to the property, assets or affairs of the company or the body corporate; (b) makes, or is a party to the making of, a false entry in any document concerning the company or body corporate; or	He shall be punishable for fraud in the manner as provided in <b>Section 447</b>

		(c) provides an explanation which is false or which he knows to be false,	
63	Section 243(2)	Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of sub-section (1) or sub-section (1A) of section 243, and every other director of the company who is knowingly a party to such contravention,	shall be punishable with fine which may extend to <b>five lakh rupees.</b>
64.	Section 301	At any time either before or after passing a winding up order, if the Tribunal is satisfied that a contributory or a person having property, accounts or papers of the company in his possession is about to leave India or otherwise to abscond, or is about to remove or conceal any of his property, for the purpose of evading payment of calls or of avoiding examination respecting the affairs of the company, the Tribunal may cause-	(a) the contributory to be detained until such time as the Tribunal may order; and (b) his books and papers and movable property to be seized and safely kept until such time as the Tribunal may order.
65	Section 336(1)	Offences - Penalty by Officers of Companies in Liquidation.	<b>Imprisonment of three years to five years and fine of one lakh rupees to three lakh rupees.</b>
66	Section 336(2)	Where any person pawns, pledges or disposes of any property in circumstances which amount to an offence under sub-clause (viii) of clause (d) of sub-section (1) of sec 336, every person who takes in pawn or pledge or otherwise receives the property, knowing it to be pawned, pledged, or disposed of in such circumstances as aforesaid	imprisonment of <b>three years to five years and fine of three lakh rupees to five lakh rupees.</b>
67	Section 337	If any person, being at the time of the commission of the alleged offence an officer of a company which is subsequently ordered to be wound up by the, (a) has, by false pretences or by means of any other fraud, induced any person to give credit to the company; (b) with intent to defraud creditors of the company or any other person, has made or caused to be made any gift or transfer of, or charge on, or has caused or connived at the levying of any	He shall be punishable with <b>imprisonment for a term which shall not be less than one year but which may extend to three years and, with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees.</b>

		execution against, the property of the company; or (c) with intent to defraud creditors of the company, has concealed or removed any part of the property of the company since the date of any unsatisfied judgment or order for payment of money obtained against the company or within two months before that date-	
68	Section 338(1)	Where a company is being wound up, if it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is shorter	every officer of the company who is in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on, the default was excusable-be punishable with <b>imprisonment for a term which shall not be less than one year but which may extend to three years</b> and with fine which shall not be less than <b>one lakh rupees but which may extend to three lakh rupees.</b>
69	Section 347(4)	If any person acts in contravention of any rule framed or an order made under sub-section (3) of sec 347	The person shall be punishable with fine which may extend to fifty thousand rupees
70.	Section 392	Without prejudice to the provisions of section 391, if a foreign company contravenes the provisions of this Chapter, i.e. Companies incorporated outside India	For foreign company <b>one lakh rupees to three lakh rupees</b> and in the case of a continuing offence, <b>fifty thousand rupees for every day</b> and Every officer in default fine of <b>twenty-five thousand rupees to five lakh rupees.</b>
71.	Section 405(4)	If any company fails to comply with an order made under sub-section (1) or subsection (3) of section 405, or knowingly furnishes any information or statistics which is incorrect or incomplete in any material respect	For company and every officer in default <b>twenty thousand rupees and in case of continuing failure, one thousand rupees for each day</b> up to <b>three lakh rupees.</b>
72.	Section 447	Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is	<b>Imprisonment of six months to ten years</b> and Fine of <b>amount involved in the fraud, up to three times the</b>

		found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower	<b>amount involved in the fraud:</b> [Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.]
73.	Section 448	Save as otherwise provided in this Act, if in any return, report, certificate, financial statement, prospectus, statement or other document required by, or for, the purposes of any of the provisions of this Act or the rules made thereunder, any person makes a statement, — (a) which is false in any material particulars, knowing it to be false; or (b) which omits any material fact, knowing it to be material	The person shall be liable under <b>Section 447.</b>
74.	Section 449	Save as otherwise provided in this Act, if any person intentionally gives false evidence- (a) upon any examination on oath or solemn affirmation, authorised under this Act; or (b) in any affidavit, deposition or solemn affirmation, in or about the winding up of any company under this Act, or otherwise in or about any matter arising under this Act	The person shall be punishable with <b>imprisonment for a term which shall not be less than three years but which may extend to seven years</b> and with fine which may extend to <b>ten lakh rupees.</b>
75	Section 450	If a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act	For company and every officer in default of the company <b>ten thousand rupees</b> , and in case of <b>continuing contravention, one thousand rupees for each day up to two lakh rupees</b> in case of a company and <b>fifty thousand rupees</b> in case of an officer in default or any other person.
76.	Section 451	If a company or an officer of a company commits an offence punishable either with fine or with imprisonment and where the same offence is committed for the second or subsequent occasions <b>within a period of three years</b> , then	That company and every officer thereof who is in default shall be punishable with <b>twice the amount of fine for such offence in addition to any</b>

			<b>imprisonment provided for that offence.</b>
77.	Section 452(1)	If any officer or employee of a company— (a) wrongfully obtains possession of any property, including cash of the company; or 223 (b) having any such property including cash in his possession, wrongfully withholds it or knowingly applies it for the purposes other than those expressed or directed in the articles and authorised by this Act	He shall, on the complaint of the company or of any member or creditor or contributory thereof, be punishable with fine which shall not be less than <b>one lakh rupees but which may extend to five lakh rupees.</b>
78.	Section 452(2)	Punishment for withholding of property	The Court trying an offence under sub-section (1) may also order such officer or employee to deliver up or refund, within a time to be fixed by it, any such property or cash wrongfully obtained or wrongfully withheld or knowingly misappliedThe benefits that have been derived from such property or cash or in default, to undergo <b>imprisonment for a term which may extend to two years.</b>
79.	Section 453	If any person or persons trade or carry on business under any name or title, of which the word —Limited or the words —Private Limited or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated with limited liability, or unless duly incorporated as a private company with limited liability, as the case may be	Shall be punishable with fine which shall not be less than <b>five hundred rupees but may extend to two thousand rupees</b> for every day for which that name or title has been used.
80.	Section 454(8)(i)	Where company fails to comply with the order made under sub-section (3) or sub-section (7) of sec 454, as the case may be within a period of ninety days from the date of the receipt of the copy of the order	The company shall be punishable with fine which shall not be less than <b>twenty-five thousand rupees but which may extend to five lakh rupees.</b>
81.	Section 454(8)(ii)	Where an officer of a company or any other person who is in default does not pay the penalty within a	Such officer shall be punishable with <b>imprisonment up to six months</b> or fine

		period of ninety days from the date of the receipt of the copy of the order	of <b>twenty-five thousand rupees to one lakh rupees, or with both.</b>
82.	Section 464(3)	Every member of an association or partnership carrying on business in contravention of subsection (1) of section 464	Such member shall be punishable with fine which may extend to <b>one lakh rupees and shall also be personally liable for all liabilities incurred in such business.</b>

### ***Compounding of Offences:***

Compounding refers to the process of settling a particular non-compliance under the Act by payment of such sum as prescribed by the concerned authority. Section 441 of the Act deals with compounding of offences. Some offences under the Act are compoundable while some are not. An offence may be compounded by the Tribunal (i.e. NCLT) or by the Regional Director or any officer authorized by the Central Government.

### **Offence which cannot be compounded:**

- Any offence for which an investigation has been initiated or is pending.
- Any offence committed by the company or its officers within a period of three years from the date on which a similar offence was compounded.
- However, any second or subsequent offence committed after the expiry of a period of three years from the date on which the offence was previously compounded, shall be deemed to be a first offence;

Appeal may also be made under Sec 454(5) to the Regional Director having jurisdiction over the matter concerned against the order passed under Sec 454(3) by the adjudicating officer appointed by the Central Government.

Such appeal shall be made in **Form ADJ 1** within 60 days from the date on which the copy of the order of the adjudicating officer is received by the aggrieved person along with the necessary filing fee.

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