



**PLANNING AND ECONOMIC AFFAIRS (BPE)  
DEPARTMENT**

**No. 17070/BPE-2/91/Plg., Thiruvananthapuram,  
dated 10<sup>th</sup> February 1992**

**CIRCULAR**

*Sub.-* Arrears in finalisation of annual accounts of Government Companies-Penal action against companies defaulting provisions of Companies Act-Clarification issued.

*Ref.-* Govt. Circular No. 21295/BPE-2/90 Plg., dated 6<sup>th</sup> May 1991.

Annual accounts have not been finalised in a number of Government Companies for periods varying up to the past 8 years. Repeated instructions to the defaulter companies to close their accounts within one month of the end of the financial year and to get the Auditors to complete their work within two months thereafter so that supplementary audit can also be completed to enable the presentation of the accounts before the Annual General Meeting in time, have produced no results. Circulars from Bureau of Public Enterprises, D.O. letters from Secretaries have followed one after the other without generating any improvement in clearing areas in the finalisation of accounts.

As per the provisions of section 166 read with section 210 of the Companies Act final accounts have to be presented to the Annual General Meeting within six months of the end of every financial year. An extension of three months for holding Annual General Meeting is allowed under very special circumstances. Company Law does not provide for any further extension of time. Default beyond the specified period is an offence under the Companies Act, every officer of the company in charge of the correct conduct of the Annual General Meeting being liable for a flat fine of Rs. 5,000 and a fine of Rs. 250 per day for every day of continuing default. If any person, who is a Director of the company, fails to take all reasonable steps to comply with the provisions relating to presentation of annual accounts and Balance Sheet shall also be punishable with imprisonment for a term which may extend up to six months or with fine upto one thousand rupees or with both.

Government of India have indicated that these defaulter companies are not being provided only because they are Government Companies. All Public Sector Companies are informed that, in the event of prosecution under the Companies Act, the State Government will not intervene and that the delinquent officers will be liable to pay the fine and suffer the punishment themselves.

**S. PADMAKUMAR**  
*Chief Secretary*