

The offence of not holding Annual General Meetings on time can be compounded, and NCLT is permitted to compound such an offence with a fine

The National Company Law Tribunal (NCLT), Mumbai, in the case of **NVENT Thermal India Pvt Ltd vs Registrar of Companies, Mumbai [Company Petition No. 7/MB/2025] dated July 15, 2025**, has held that since the punishment under Section 99 of the Companies Act, 2013 is only a fine, and as per Section 441 of the Act there is no bar on the Tribunal to compound an offence punishable only with a fine, the offence of not holding Annual General Meetings on time can be compounded.

Since the Applicant submitted that the Petitioner Company was undergoing restructuring of its business, and it was unable to carry out the requisite financial, legal and operational due diligence activities, and the alleged offence of the default under section 96 of the Companies Act for failing to hold Annual General Meetings within the stipulated time, did not cause any prejudice to the interest of the members, creditors, the NCLT observed that the compounding fee will act as a deterrent to prevent frequent occurrence of admitted default.

Further, noting that the petitioner has acknowledged the default and rectified the default by subsequently conducting the AGMs on time, the NCLT observed that a fine is the only punishment which can be imposed under section 99 of the Companies Act, and there is no impediment in compounding the offence under section 441 of the Companies Act. The Tribunal, therefore, directed the Petitioner to pay the compounding fee.