

Rare conviction for failure to file audit, MD jailed

U.Sudhakarreddy
@timesgroup.com

Hyderabad: Economic Offences wing court, Hyderabad, has convicted Ameya Laboratories and its managing director for failing to file a cost audit report to Registrar of Companies (ROC), in one of the rarest cases of conviction for Companies Act violation. The firm conducted ₹269 crore of sales or supply of products, but didn't file the report. The same judgment was pronounced in two cases separately before a special judge for economic offences, Hyderabad.

Both prosecutions were filed by ROC, Hyderabad, for non-filing of cost audit reports to the central government within a stipulated period as per Companies Act, 1956, under Section 233(b) for 2012-13 and 2013-14 fiscals.

As per the preceding fiscal filed with ROC, the turnover of the company from sales or aggregate value of the turnover from sale or supply of products as evident from profit and loss on March 31, 2011, was ₹269 crore. This made the company eligible for filing of cost audit report to the central government. ROC officials said, "Both cases



NON-COMPLIANCE

- Ameya Labs & its MD convicted for non-filing of cost audit reports
- Firm did not file report for ₹269cr worth sales
- Ameya Laboratories at accused No. 1
- MD Hari Babu Kosaraju accused No. 2

were proved by the prosecution and these are the 4th and 5th such successful prosecutions by obtaining convictions with imprisonment of the accused. But this is a rarest of rare case, where an accused has been given rigorous imprisonment under Companies Act for non-compliance.

The company was found guilty and sentenced to pay a fine of ₹3,000. Kosaraju was sentenced to rigorous imprisonment for five months, and told to pay ₹2,000 as fine. "If he has to undergo any sentence imposed by other courts, prison authorities shall take custody of the accused," the court stated.