

ADJ – DG - 03

## ADJUDICATION PENALTY FOR NON-COMPLIANCE OF DIN

Date: 22.07.2023

### SHORT SUMMARY:

According to Section 155 (Prohibition to Obtain More than One Director Identification Number): No individual, who has already been allotted a Director Identification Number under section 154, shall apply for, obtain, or possess another Director Identification Number.

Every Director must comply with the above provision in order to preserve good governance. DIN Holders having their DIN associated with the MCA (Ministry of Corporate Affairs) do not follow this clause of the Company Act 2013.

### **Ministry of Corporate Affairs appointed undersigned as Adjudicating Officer in exercise of the powers conferred by Section 454 of the Act, 2013**

According to MCA ROC Chennai data, a Director has received an adjudication order for failing to Comply with provisions of DIN.

One of those orders will be discussed in this editorial:

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### **“Adjudication Order in the Matter of Shri Thiagarajan Parthasarathy”**

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#### **1. FACTS OF THE CASE:**

- 1) On Processing of DIR-5 by the Regional Director w.r.t. surrender of second DIN the applicant has applied for and obtained two DINs on MCA portal, namely Din 03191514 dated 23.08.2010 (old DN) and DIN 09018479 dated 04.01.2021 (Second DIN).

- 2) Further, applicant himself has admitted and the same has been verified in e-records that the DIN being surrendered has been /is still associated with a company namely SPS Hyundai Private Limited and new DIN was applied, while forming the new company SPS Motors Private Limited.
- 3) Whereas the Regional Director vide letter dated 05.09.2022 has requested ROC to take necessary action for violation of Section 155 of Companies act 2013.
- 4) ROC issued Show Cause Notice on 19.10.2022 for violation of the provisions.
- 5) Whereas the adjudicating officer has reasonable cause to believe that the provisions of the Act have not been complied with. Therefore Adjudication Hearing Notice issued to the company vide letter dated 15.06.2023 to Shri Thiyagarajan Parthasarathy.
- 6) Whereas Company Secretary has appeared and admitted the violation of Section 155 of Companies act 2013.

## 2. ORDER:

As per Section 159, If any individual or director of a company makes any default in complying with any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be liable to a penalty which may extend to fifty thousand rupees and where the default is a continuing one, with a further penalty which may extend to five hundred rupees for each day after the first during which such default continues

**ROC Carefully Perused the Reply Made by the Company and found that Provisions of Section 155 have been contravened.**

The Adjudicating Officer do hereby impose a penalty under Section 159 on the Directors as per Table below for violation of Section 155 of the Companies Act, 2013.

S.No	Name of the Officer deault	Amount of Penalty for 1 <sup>st</sup> default	Additional Penalty for Continuing Offence	Total amount of Penalty Imposed
1	<b>Shri. Thiyagarajan Parthasarathy - Director</b>	Rs. 50,000/-	Delay days 907 (500*907) = Rs. 4,53,500/-	<b>Rs. 5,03,500/-</b>

Company/ Officers to whom Penalty imposed	Total Period of Default	Penalty for defaults (Rs.) as per section 159 of the company act 2013	Additional penalty continuing default	Penalty for Imposed (Rs.)
<b>On Shri. Thiyagarajan Parthasarathy</b>	907 Days	Rs. 50,0000+  Rs. 500 each day for continuing default	500*907=4,53,500	5,03,500
			<b>Total</b>	<b>5,03,500</b>

### **3. CONCLUSION:-**

As per Companies act, DIN will be allocated to every director of the Company and as per the provisions only one DIN is allowed.

Director are required to comply with the DIN related provisions to avoid future penalties.

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