

**In the National Company Law Tribunal**

**New Delhi Bench**

**C.P No- 16/71/17**

**In the Matter of**

**Sh. Dheeraj Pahwa**

**Order Delivered on -19.07.2017**

**CORAM: SMT. INA MALHOTRA**

**HON'BLE MEMBER(J)**

**Present:** Mr. Shashank Shekhar, Company Secretary

**ORDER**

The petitioner Mr. Dheeraj Pahwa was a Director in more than 20 Companies. This being in gross violation of Section 165(1) of the Companies Act 2013 which limits any individual being a Director in not more than 20 companies, prosecution has been initiated. It was only then that the applicant took steps to resign from the directorship of the companies so as to adhere to the provisions of Section 165. As per the said provision, every director was required to resign from companies in excess of twenty by 31<sup>st</sup> March 2015. The period of default is therefore stated to be from 01.04.2015 to 05.07.2016.

2. With a view not to face a protracted criminal prosecution and penal consequences, the applicant who admits this default on account of ignorance, has filed the present petition under section 441 of the Companies Act, 2013.

3. The offence is punishable u/s 165(6) of the Companies Act, 2013 which provides for an imposition of a fine which shall not be less than Rs.5,000/- but

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which may extend to Rs.25,000/- for every day after the first during which the contravention continues. Accordingly the office of the RoC has recommended the imposition of a fine of **Rs. 1,15,25,000/** -(Max.) and **Rs. 23,05,000/**-(Min.) on the petitioner.

4. The calculation recommended by the RoC is by way of imposition of penalty on prosecution holding the defaulter guilty. Under such circumstances, the sentencing provided under the act cannot be below the minimum. However, the principle of imposing minimum fine on compounding matters is not mandatory, as compounding of an offence can be accepted by a Court even by admonishing the defaulter or issuing a warning. The petitioner submits that the said omission was inadvertent and not on account of any malafide intentions. Though ignorance of law is no excuse, one cannot shy away from the fact that the technicalities of law are complicated and adherence to several statutory provisions very complex. The said restriction of a limit to being a Director of Companies to twenty has been incorporated in the new Act. It would be prudent to accept that no one would deliberately violate this provision so as to attract such a draconian fine, which in the present circumstances may extend upto Rs. One Crore Fifteen Lakhs twenty five thousand only.

5. Since the applicant has taken remedial measures and has prayed for compounding, the fees imposed for the inadvertent default should be of a just and equitable parameter.

6. Under the circumstances, notwithstanding what would be the minimum quantum of fine imposed by the prosecuting court at the time of sentencing, I deem it just, fit and proper to direct compounding of the default on payment of a fee of **Rs. 1 Lakh** for perpetuation of the offence.

7. Fine imposed on the applicant shall be paid out of his personal account.

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8. Subject to the remittance of the aforesaid fine within two weeks, the offence shall stand compounded. Copy of the order be sent to the office of the RoC. Compliance Report be placed on record.

9. Petition stands disposed off in terms of the above and consigned to Record Room.

Sd-

**(Ina Malhotra)**  
**Member Judicial**