

In the National Company Law Tribunal

New Delhi Bench

C.P No- 16/114/ND/2017

In the Matter of

Ms. Ranjana Garg

Order Delivered on – 07.12.2017

CORAM:

SMT. INA MALHOTRA, HON'BLE MEMBER (J)

SH. S. K. MOHAPATRA, HON'BLE MEMBER (T)

ORDER

Per Ms. Ina Malhotra Member (J)

The petitioner, Ms. Ranjana Garg, was a Director in more than 20 Companies. This being in gross violation of Section 165 of the Companies Act 2013 which limits any individual from being a Director in more than 20 companies, prosecution has been initiated. It was only then that the applicant took steps to resign from the directorship of some companies so as to adhere to the provisions of Section 165. As per the said provision, every any person who was on the Board of directors of more than 20 Companies was required to resign from companies in excess of twenty by 31st March 2015.

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2. With a view not to face a protracted criminal prosecution and face penal consequences, the applicant who admits this default on account of ignorance, has filed the present petition under section 441 of the Act, after due permission from the prosecuting Court i.e Court of the Ld. ACMM (Central Distt) Delhi.
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 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. 75,00,000/-** on the petitioner.
4. 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. Seventy Five Lakhs.
5. Since the applicant has taken remedial measures of resigning as a Director in Companies in excess of 20, 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 after a prolonged trial at the time of sentencing, This Bench deems it just, fit and proper to direct compounding of the default on payment of a fee of **Rs. 5 Lakhs** for perpetuation of the offence for about 300 days.
6. Fine imposed on the applicant shall be paid out of her personal account.

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7. Subject to the remittance of the aforesaid fine within 30 days, the offence shall stand compounded. Copy of the order be sent to the office of the RoC. Compliance Report be placed on record.

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

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(S. K. Mohapatra)
Member Technical

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(Ina Malhotra)
Member Judicial