



WEB COPY



W.P.Nos.13600 & 13613 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 28.04.2023

CORAM:

THE HON'BLE MR.JUSTICE M. DHANDAPANI

W.P.Nos. 13600 & 13613 of 2023

and

W.M.P.Nos.13276, 13278, 13288 & 13289 of 2023

Lakshminarayanan Girija

.....Petitioner
in W.P.No.13600 of 2023

Karthik Lakshminarayanan

.....Petitioner
in W.P.No.13613 of 2023

Vs

1. Union of India
Represented by its Secretary
Ministry of Corporate Affairs,
Shastri Bhawan, Dr.Rajendra Prasad Road,
New Delhi – 110 001.

2. The Registrar of Companies
Chennai, Tamilnadu,
Block No.6, B Wing 2nd Floor,
Shastri Bhawan, 26, Haddows Road,
Chennai 600 006.

... Respondents
(in both petitions)



W.P.Nos.13600 & 13613 of 2023

Prayer in W.P.No.13600 of 2023 : Writ petition filed under Article 226 of the Constitution of India praying for a writ of certiorarified mandamus calling for the records of the 2nd respondent relating to the impugned orders of the 2nd respondent dated 08.09.2017, read with the updated list dated 01.11.2017 uploaded and hosted on the website of the 1st Respondent and impugned order dated 17.12.2018, in so far as the petitioner herein is concerned and quash the status “***Disqualified under Section 164(2)***” against her Director Identification Number (DIN No:03494361) as illegal, arbitrary and devoid of merits and consequentially direct the Respondents herein to permit the petitioner to get reappointed as Director of any Company or appointed as Director in any Company or to act as Director in any Active Company without any hindrance.

Prayer in W.P.No.13613 of 2023 : Writ petition filed under Article 226 of the Constitution of India praying to issue Writ, Order or Direction more particularly a Writ in the nature of Writ of Certiorarified Mandamus calling for the records of the 2nd respondent relating to the impugned orders of the 2nd respondent dated 08.09.2017, read with the updated list dated 01.11.2017 uploaded and hosted on the website of the 1st Respondent and impugned order dated 17.12.2018 uploaded and hosted on the website of the 1st respondent on 18.12.2018, in so far as the petitioner herein is concerned and quash the status “***Disqualified under Section 164(2)***” against her Director Identification Number (DIN No:03013070) as illegal, arbitrary and devoid of merit and consequentially direct the Respondents herein to permit the petitioner to get reappointed as Director of any Company or appointed as Director in any Company or to act as Director in any Active Company without any hindrance.

For Petitioner
(in both Petitions) : M/s.Pawan Jhabakh

For Respondents : Mr.V.Ashok Kumar,
(in both Petitions)



WEB COPY



W.P.Nos.13600 & 13613 of 2023

COMMON ORDER

The prayer made in these Writ Petitions are to issue a writ of certiorarified mandamus calling for the records of the 2nd respondent relating to the impugned orders of the 2nd respondent dated 08.09.2017, read with the updated list dated 01.11.2017 uploaded and hosted on the website of the 1st Respondent and impugned order dated 17.12.2018, in so far as the petitioners herein is concerned and quash the status “***Disqualified under Section 164(2)***” against her Director Identification Number (DIN No:03494361) as illegal, arbitrary and devoid of merits and consequentially direct the Respondents herein to permit the petitioner to get reappointed as Director of any Company or appointed as Director in any Company or to act as Director in any Active Company without any hindrance.

2. According to the petitioners, the second respondent released a list of disqualified directors, who have been disqualified under Section 164(2)(a) of the Companies Act, 2013, as directors with effect from



W.P.Nos.13600 & 13613 of 2023

WEB COPY

01.11.2016 wherein their names are also mentioned. (DIN Nos:03494361 & 03013070). In other words, the second respondent, by including the name of the petitioner, has disqualified him as Director under Section 164(2)(a) of the Companies Act, 2013 for non-filing of financial statements or annual returns for continuous period of three financial years by the defaulting companies on whose board, the petitioners is also a Director, due to which, he is prohibited from being appointed or reappointed as director in any other company for a period of 5 years. Stating that the action so taken by the second respondent is arbitrary and unreasonable, the petitioners has filed these present writ petitions with the aforesaid prayer.

3. Today, when the matter was taken up for consideration, the learned counsel appearing for the parties jointly submitted that the issue involved herein is no longer *res integra*. Earlier, this Court by order dated 03.08.2018 in WP.No.25455 of 2017 etc. batch, in **Bhagavan Das Dhananjaya Das case reported in (2018) 6 MLJ 704**, allowed those writ petitions and set aside the orders dated 08.09.2017, 01.11.2017, 17.12.2018, etc. passed by



W.P.Nos.13600 & 13613 of 2023

the Registrar of Companies, disqualifying the petitioners therein to hold the office of directorship of the companies under Section 164(2)(a) of the Companies Act, which came into effect from 01.04.2014. Thereafter, yet another set of disqualified directors approached this court by filing WP.No.13616 of 2018 etc. batch **(Khushru Dorab Madan v. Union of India)** which were dismissed by order dated 27.01.2020. The said order of the learned single judge was challenged by some of the petitioners therein before the Division Bench of this Court in W.A.No.569 of 2020, etc. batch **(Meethelaveetil Kaitheri Muralidharan v. Union of India, 2020 SCC OnLine Mad 2958 : (2020) 6 CTC 113)**, which after elaborately dealt with the issue as to whether the RoC is entitled to deactivate the Director Identification Number (DIN), allowed those writ appeals on 09.10.2020, the relevant passage of which, are profitably, extracted below:

"41. As is evident from the above, Rules 9 and 10 deals with the application for allotment of DIN. Rule 10(6) specifies that the DIN is valid for the life time of the applicant and shall not be allotted to any other person. Rule 11 provides for the cancellation or surrender or deactivation of the DIN. It is very clear upon examining Rule 11 that neither cancellation nor



W.P.Nos.13600 & 13613 of 2023

deactivation is provided for upon disqualification under Section 164(2) of CA 2013. In this connection, it is also pertinent to refer to Section 167(1) of CA 2013 which provides for vacating the office of director by a director of a Defaulting Company. As a corollary, it follows that if a person is a director of five companies, which may be referred to as companies A to E, if the default is committed by company A by not filing financial statements or annual returns, the said director of company A would incur disqualification and would vacate office as director of companies B to E. However, the said person would not vacate office as director of company A. If such person does not vacate office and continues to be a director of company A, it is necessary that such person continues to retain the DIN. In this connection, it is also pertinent to point out that it is not possible to file either the financial statements or the annual returns without a DIN. Consequently, the director of Defaulting Company A, in the above example, would be required to retain the DIN so as to make good the deficiency by filing the respective documents. Thus, apart from the fact that the AQD Rules do not empower the ROC to deactivate the DIN, we find that such deactivation would also be contrary to Section 164(2) read with 167(1) of CA 2013 inasmuch as the person concerned would continue to be a director of the Defaulting Company.



W.P.Nos.13600 & 13613 of 2023

42. *In light of the above analysis, we concur with the views of the Delhi High Court in **Mukut Pathak**, the Allahabad High Court in **Jai Shankar Agrahari** and the Gujarat High Court in **Gaurang Balvantlal Shah** to the effect that the ROC is not empowered to deactivate the DIN under the relevant rules. In **Yashodhara Shroff**, the Karnataka High Court upheld the constitutionality of Section 164(2) and proceeded to hold that a prior or post decisional hearing is not necessary. For reasons detailed in preceding paragraphs, we disagree with the view of the Karnataka High Court that prior notice is not required under Section 164(2) of CA 2013.*

43. *In the result, these appeals are allowed by setting aside the impugned order dated 27.01.2020. Consequently, the publication of the list of disqualified directors by the ROC and the deactivation of the DIN of the Appellants is hereby quashed. As a corollary to our conclusion on the deactivation of DIN, the DIN of the respective directors shall be reactivated within 30 days of the date of receipt of a copy of this order. Nonetheless, we make it clear that it is open to the ROC concerned to initiate action with regard to disqualification subject to an enquiry to decide the question of attribution of default to specific directors by taking into account the observations and conclusions herein. No costs. Consequently, connected miscellaneous petitions are closed."*



WEB COPY



W.P.Nos.13600 & 13613 of 2023

M. DHANDAPANI, J.

NHS

4. Therefore, following the aforesaid decision, these writ petitions are allowed, in the terms as indicated in the judgment in **Meethelaveetil Kaitheri Muralidharan's case**. No costs. Consequently, connected miscellaneous petitions are closed.

28.04.2023

Index : yes/no
Internet : yes/no

NHS

To

1. The Secretary
Union of India
Ministry of Corporate Affairs,
Shastri Bhawan, Dr.Rajendra Prasad Road,
New Delhi – 110 001.

2. The Registrar of Companies
Chennai, Tamilnadu,
Block No.6, B Wing 2nd Floor,
Shastri Bhawan, 26, Haddows Road,
Chennai 600 006.

W.P.No. 13600 & 13613 of 2023