

DIRECTOR IDENTIFICATION NUMBER



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INTRODUCTION

The idea of a Chief Recognizable proof Number (Noise) has been presented interestingly with the inclusion of Segments 266A to 266G of Organizations (Revision) Act, 2006. the addition of new sections 266A, 266B, 266C, 266D, 266E, 266F, and 266G to the Companies (Amendment) Act, 2006. The purpose of the Amendment Act is to add new sections 266A, 266B, 266C, 266D, 266E, 266F, and 266G to the Act in order to, among other things, make it possible to issue a one-of-a-kind Director Identification Number (D A person who is appointed as a director of a company is given a unique 8-digit number known as a Director Identification Number (DIN). This kind of

ABSTRACT

As indicated by the arrangements of Segment 152(3) of the Organizations Act, 2013, no individual will be delegated as overseer of an Organization except if he has been dispensed the Chief Distinguishing proof Number under Area 154. The incorporation of Sections 266A to 266G of the Companies Amendment Act, 2006 marked the first time in India that the concept of a Director Identification Number (DIN) was made official. In response to the phenomenon in which businesses raise capital from the public and then vanish, their directors were made impossible to trace. On account of a One Individual Organization, an individual being a part will be considered to be its most memorable chief until the director(s) are properly designated by the part as per the arrangements of Segment 152. 1. Besides as given in the Demonstration, each chief will be named by the organization in comprehensive gathering. The Clamor number is assigned by the Focal Government and is substantial for the lifetime of the chief. For an individual to be appointed as a director in any company, they must possess a valid DIN number, according to the Companies Act of 2013.

KEY WORDS: Listed Company, Women Director, Paid up capital, One third Independent Director, Companies Act, 2013.

SHORT PROFILE

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number has lifetime validity. In accordance with Sections 153 and 154 of the Companies Act of 2013, he must submit a Form DIR-3 application for an existing business. What is a Director Identification Number (DIN)? DIN is a one-of-a-kind identification number given to a person who is appointed as a director of a company after filling out form DIR-3 in accordance with sections 153 and 154 of the Companies Act of 2013.

A DIN is an eight-digit number that a company's new or potential directors and current directors must obtain. The Chiefs should record a Racket application inside the

predetermined time span with the MCA. The first directors of the companies can be appointed in accordance with the Act's Section 152(1). From

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the time the companies are founded, the first directors hold office. The companies appoint the first directors through provisions in Section 152(1) of their Articles of Association. In reality, Clamor numbers don't have an expiry date and no further consistence customs are expected for keeping up with the legitimacy of a Commotion number. It is apportioned via hint through Racket allocation letter and no different archives are given.

AIM OF THE ACT;

It was introduced by the Indian government to regulate business operations in India. The Companies Act of 2013 aims to safeguard investors from fraud and enhance the quality of corporate governance. The Demonstration additionally looks to advance contest in the commercial center and increment corporate straightforwardness. The Companies (Amendment) Act of 2015's Key Changes Evacuation of least settled up share capital [Section 2(68) and Area 2(71)]: The private and public organizations can now be set up without sorting out for any base capital.

THE OBJECTIVES OF A COMPANY

General organization targets could be to increment productivity, help efficiency, further develop client support and client experience, lower worker turnover, impart and maintain a positive corporate culture, or in any event, arriving at a greater amount of the right clients. Making a profit is any business's primary goal. Similarly as a plant can't get by without water, comparably a business can't support without benefit. Profit is necessary for expanding and growing a business. Goals can be better defined, activities that are at odds with them can be found, aspects of the decision-making process can be guided by objectives, and employees in an organization can be held accountable. Without obviously characterized objectives and supporting targets, objective removal frequently happens. Objective and goal setting are impacted by values.

Targets or the objectives of the association are the closures towards which each movement of the association is focused on. Subsequently, objectives or targets are the outcomes that the association attempts to accomplish. Targets are thought of as an essential

for planning. choose an action word that matches the ideal degree of information or expertise (see data on Blossom's Scientific categorization underneath). Action words ought to demonstrate explicit, quantifiable, and perceptible ways of behaving. 3. Audit every goal to ensure it is a result.

DIN NUMBER OR DIRECTOR IDENTIFICATION NUMBER

The DIN Number, also known as the Director Identification Number, is a one-of-a-kind eight-digit number that must be presented by each prospective or current Company Director. The Companies Amendment Act, 2006 SPICe Form established the Director Identification Number (DIN) system in India. if the applicant is applying for the first time or if the company for which he or she is applying is brand-new. DIR-3 Structure: When the applicant is making an appeal to an existing business, this form must be completed. DIR-3C Structure: This structure is presented by the Organization to Recorder for insinuation of Commotion. 149 individuals. The EU Prospectus Law requirements that govern the public offering of shares are the basis for the upper limit of 149. current regulation by which each organization should have two records - an Update of Affiliation, and separate Articles of Affiliation. The members who will sign the proposed company's Memorandum of Association are the responsibility of the promoters. Individuals marking the notice are the primary Overseers of the Organization.

The first initiative in the Indian industry was launched in 1996 by the CII, and it was a crucial step toward corporate governance. The term "director" refers to any individual holding the position of director of a corporation, regardless of their name. It also includes an alternate or substitute director, a person whose directives or instructions the majority of directors of a corporation are accustomed to following. The Director Identification Number that is given to the applicant is valid for the applicant's entire life and cannot be given to anyone else.

DIN PROVIDES THE FOLLOWING ADVANTAGES TO THE TAXPAYERS:

- The Income Tax Department's service delivery is improved and more transparent.
- Keeping a thorough record of responses to any communication sent by the Income Tax Department.
- Ensures that taxpayer rights are safeguarded.

The team of directors of a company, collectively referred to as the company's Board of Directors, has ultimate authority over the management and operations of the business. In accordance with the Companies Act of 2013, a director is a person appointed to carry out the responsibilities and responsibilities of a director. Just an individual can be head of organization. (The Board must be made up of individuals, not businesses, LLPs, companies, or other legal entities.) Segment 149 of the Organizations Act, 2013 draws out the accompanying changes with respect to Directorate of an organization. In this article the writer examined about the technique and conditions to choose ladies chief, autonomous chief, extra chief, candidate chief and elective chief and so forth

TYPE OF DIRECTORS:

- Chief. A leader chief is engaged with the day to day running of the association. ...
- Non-executive director A non chief isn't engaged with the everyday running of the firm. ...
- The director of operations...
- Director de facto.
- Shadow chief.

Every DIN holder whose DIN has been "Deactivated due to Non-filing of DIR-3 KYC" must first file an electronic form of DIR-3 KYC or perform KYC through a web-service with the appropriate fee. When the structure (DIR-3 KYC) is documented, it is endorsed on STP premise. The DIN will be "reactivated" by the system automatically upon approval. A resolution of the Board containing the terms and conditions of the appointment, including the compensation, is used to appoint each company's permanent key managerial personnel. There are no restrictions to the most extreme number of chiefs you can designate to your board. Nevertheless, a clause establishing a maximum number of directors for a company is commonplace in a shareholder

agreement. The newest director in history: NDTV's Kishan on March 24, 2008 Kishan Shrikanth receives the TIE Young Achiever Award, as reported by the New York Daily News on September 22, 2012.

The method used to plan and write this book was well explained by the author. Since the publication of his 1984 book, "Tricker," in which he first coined the term "corporate governance," Sir Adrian Cadbury¹ has referred to him as "the father of corporate governance." In relation to the e-governance system in company law, the Companies (Amendment) Act, 2006 (see page 975) makes significant changes to the existing laws. An overview of the various amendments is provided below: Editor The Ministry of Company Affairs made the decision to implement an e-Governance initiative through a project called MCA-21 in order to provide the general public, corporate entities, and other parties with simple and protected online access to corporate information, including document filing. This would make it possible for the public to access the information that is required to be in the public domain by law at any time and from any location, as well as make the Companies Act, 1956 (the Act)'s statutory supervision of corporate procedures and professional services more effective.

Following the Companies (Amendment) Bill, 2006, which was passed by the Rajya Sabha on March 21, 2006, and by the Lok Sabha on March 21, 2006, and is now enacted as *[Companies (Amendment) Act, 2006] (the Amendment Act), amendments to the Companies Act, 1956 were proposed in light of the aforementioned broad perspective in the interest of all for providing services that are both efficient and effective through electronic processes. The following is a succinct description of the Amendment Act's new provisions. Sections 266A, 266B, 266C, 266D, 266E, 266F, and 266G: According to the Act, a person can be a director of up to 15 companies, and these companies can be in any of the Registrars of Companies' jurisdictions. As a result, people who want to be directors of businesses need to know who they are. Considering the possibility of fraud by companies and the phenomenon of businesses that raise funds from the public and then vanish,

this would make it easier to take legal action against the directors of such companies.

The alterations made by the Organizations (Revision) Act, 2006 to the Organizations Act, 1956, are not exclusively to serve the worldwide need yet truly in light of a legitimate concern for all stakeholders to the extent that the organizations in which enormous public ventures are made will not be evaporating anything else as the chiefs having Commotion Nos. will constantly be recognized and the records of organizations kept and saved in electronic structure will be accessible for brief assessment and fitting activities by the concerned specialists. As a result, the 2006 Amendment Act, which aims to provide effective professional services and implement an e-Governance system, will be beneficial to the growth of the Indian capital market and of great assistance to all stockholders. All the more essentially, the records documented and kept up with in electronic structure in regard of each and every organization (recorded or unlisted) can be seen by any one worldwide to empower him to quickly pursue choice. It will provide complete transparency regarding the disclosures made by businesses via the newly implemented e-filing system. This will make it possible to quickly address investor complaints and create a centralized database of Indian businesses. Every DIN holder whose DIN has been "Deactivated due to Non-filing of DIR-3 KYC" must first file an electronic form of DIR-3 KYC or perform KYC through a web-service with the appropriate fee. The DIR-3 KYC form is approved on a STP basis once it is submitted. The DIN will be "reactivated" by the system automatically upon approval.

WOMEN DIRECTORS

Each recorded organization and each open organization having a settled up share capital of Rs.100 crores or more OR turnover of Rs.300 crores or more will compulsorily select one Lady Chief. The following is stated in Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014: Given that an organization, which has been integrated under the Demonstration and is covered under arrangements of second stipulation to sub-segment (1) of segment 149 will conform to such

arrangements inside a time of a half year from the date of its consolidation: There must be at least three directors for every public company, whereas private companies only need two. The base number of chiefs on account of one individual organization is one. The Board's maximum number of directors has been increased to fifteen from twelve. On the off chance that an organization wanted to have more number of chiefs past the fifteen chiefs it can do as such in the wake of passing extraordinary goal at the comprehensive gathering of the organization and dependent upon the endorsement of the Focal Government. Just an individual can be head of organization. (The Board will comprise of individual not of different people like firms, LLP, organizations, divine beings or other lawful people.). Segment 149 of the Organizations Act, 2013 draws out the accompanying changes with respect to Directorate of an organization.

RESIDENT DIRECTOR

Every business must have at least one director who has spent at least 182 days in India during the previous year, as stipulated in Section 149(3) of the Companies Act, 2013. The day Section 149 of the Act went into effect, which was April 1, 2014. The main past schedule year, for consistence with these arrangements would, subsequently, be schedule year 2014. The remainder of 2014, from April 1 to December 31, will be taken into consideration for compliance with these provisions. During Schedule year 2014, will surpass 136 days. Regarding newly formed businesses, those founded between 1.4.2014 and 30.09.2014 should employ a resident director either at the time of incorporation or within six months. Companies that were founded after September 30, 2014 must have a resident director from the day of incorporation.

Each recorded organization will have something like 33% of the absolute number of chiefs as free chiefs. This is in contrast to the listing agreement, which specifies various levels of independent directors—either one third or half—based on whether the Chairman is an Executive Director or Non-Executive Director and whether or not the Non-Executive Chairman is a promoter. Would it not have been exceptional to have determined that "each recorded organization will

have free chiefs as are determined in posting understanding'.

Two independent directors must be appointed to the Board of Directors of any public company with a paid-up share capital of at least Rs. 10 crore, a turnover of at least Rs. 100 crore, or an aggregate of outstanding loans, debentures, and deposits exceeding Rs. 50 crore. Existing businesses that are affected by the aforementioned provision have one year to comply with the requirement to appoint independent directors to their Board.

ADDITIONAL DIRECTORS

The articles of an organization might give on its Governing body the ability to name any individual, other than an individual who neglects to get designated as a chief in a comprehensive gathering, as an extra chief whenever. An extra chief will hold office up to the date of the following AGM or the keep going date on which the AGM ought to have been held, whichever is prior. According to section 160 of the Companies Act of 2013, an additional director appointed by a private company must be regularized at the subsequent AGM. Section 257 of the former Companies Act of 1956 had a similar provision for the regularization of additional directors, but it did not apply to the private company. A private company can use Section 160 of the Companies Act of 2013 to regularize an additional director.

NOMINEE DIRECTOR

pursuant to Section 161(3). The Board may appoint any person as a director nominated by any institution in accordance with the provisions of any law currently in effect, any agreement, or by the Central Government or the State Government based on its shareholding in a Government company, subject to the AOA of the company. based on the term: Dependent upon AOA of organization mean there ought to be arrangements in Articles of Relationship of Organization for arrangement of Chosen one Chief, in the event that there is no arrangement in Articles of organization, change the arrangement in AOA).

ALTERNATE DIRECTOR

According to Segment 161(2) An organization Might designate, on the off chance that the articles give such power on organization or a goal is passed (assuming a Chief is missing from India for atleast three months).An substitute Chief can't hold the workplace longer than the term of the Chief in whose place he has been selected Furthermore, he should empty the workplace, if and when the first Chief re-visitations of India. The Alternate Director will not be affected by any changes to the term of office that are made while the original Director is absent. According to section 163 of the Companies Act of 2013, the mandate for optional proportionate representation, which was previously restricted to public companies and private companies that provide subsidies to public companies, has now been extended to all private companies as well. Additionally, private businesses are now subject to the restrictions on directors' appointment and reappointment. Consequently, under Section 164 of the New Act, a company must tick off the various disqualifications for appointment as a director before appointing a director.

Have you ever considered the decision-making processes of a business or corporation? How does a computer-generated person make decisions and carry them out? The board of directors is the brains behind the company's plans, ideas, and decisions. Any company-related decisions are the responsibility of directors. He is the individual who has the expected information and the goal to run an organization. Directors are appointed and given responsibility for the concerned business because an artificial person cannot possess all of these characteristics. An organization appoints directors to oversee its operations. The name given to the group of directors is the Board of Directors. The Governing body is endowed with the organization's administration and prosperity. The supreme executive authority in charge of overseeing the management of the business is the Board of Directors. They are the Vital Administrative Staff (KMP) of the organization and are given significance in an organization. Key Administrative Staff (KMP) alludes to the full-time representatives of the organization who are

vested with the main jobs and obligations. They also have to manage multiple tasks and make difficult decisions. They are essentially a group of people entrusted with protecting the company's and shareholders' interests.

In this article, we will discuss a number of the roles that directors play in a company. According to the law, a company is not a real person because it is an artificial person. Neither a sole nor its very own body. So there must be some organization of people to control and oversee it. Individuals who do so and comprise an organization are known as the Directorate. They are in charge of managing the affair. The place of chiefs has consistently stayed confounded in view of its temperament. Since directors essentially manage and control a company, the next question that comes to mind is: if directors govern the company, then who manages and governs the directors? Exists a law? To whom would they say they are responsible and what lawful position do they hold in an organization? All things considered, this multitude of inquiries and their responses will be examined in this article itself.

COMPANY DIRECTOR

A professional hired by a company to run its operations is known as a director. According to Section 2(34) of the Companies Act of 2013, a director is a person appointed to a company's Board. A company cannot choose an artificial person or entity to be a director. A company director can only be appointed by an individual. The directors are essentially referred to as the company's mind and will if we consider a company to be a separate legal entity. This is because they have control over the company's actions and behavior in the business environment. To work in a proficient and successful way, chiefs need to work in various limits ordinarily. The Companies Act of 2013 attempts to clarify the roles and responsibilities of a company's directors. The Act's provisions provide clarification regarding a director's roles, conduct, powers, responsibilities, and duties. Segment 149 of Section XI of the Organizations Act, 2013 examines a few legitimate prerequisites of a chief in an organization. They are as per the following-

1. Public company: A minimum of three and a maximum of fifteen directors (of which at

least one-third must be independent) must be appointed.

2. Private company: There must be between two and fifteen directors.
3. One person company: There should only be one director at the very least.
4. There ought to be something like 1 lady chief and at least 1 chief priority remained in India for a base time of 182 days in the past schedule year.
5. In accordance with the first provision of Section 149(1) of the Companies Act of 2013, a special resolution may be passed to increase the number of directors in certain circumstances.
6. The Ministry of Corporate Affairs (MCA) issued a notification on 05/06/2015 under Section 462 of the Companies Act of 2013 stating that government-owned businesses are exempt from the 15-director board limit.
7. According to MCA's notification dated 05/06/2015 (amended 13/06/2017) issued in accordance with Section 462 of the Companies Act of 2013, licensed non-profit businesses subject to Section 8 of the Act are exempt from having a maximum of 15 directors.
8. According to the Organizations Act, 2013, the Directorate is the essential specialist of the organization. They are additionally legal administrators for the properties and resources held by the organization in its control. This shows that the chiefs need to play multi-layer jobs in the organization's development and government assistance. For the most part, the Directorate needs to follow up for the benefit of the organization on undeniably related matters aside from on the off chance that it is expressed in any case (in the cases explicitly saved for the organization).

LEGAL POSITION OF DIRECTORS

It is extremely challenging to explain the precise legal standing of a company's directors. There are sure clarifications given by the adjudicators for characterizing chiefs, once in a while as specialists, at times as legal administrators, and in some cases as overseeing accomplices. They are the individuals appointed

by the company to direct and manage the company's operations. All of the terms used to refer to directors, such as agents, trustees, etc., aren't the only things they can do and have to do. In the case of *Ram Chand & Sons Sugar Mills Pvt., Ltd. v. Kanhayalal Bhargava* (1966), it is truly hard to make sense of the lawful place of chiefs in an organization precisely. Despite the fact that these terms do not have the same legal meaning, judges have summed it up as a multifaceted position held by an agent, trustee, or manager.

DIRECTORS AS AN AGENT

As previously mentioned, a company cannot operate independently. It would always require someone to represent it. An organization can act through chiefs, and this thus makes it a head and specialist relationship. This relationship enables the chiefs to act and settle on choices for the organization. The company, not the directors, is liable for any company-sponsored contract or transaction. No risk happens upon the chiefs, they just sign and make contracts for the organization's benefit. It was established in *Ferguson v. Wilson* (1904) that the directors are the company's agents. According to the law, a business cannot function as an artificial person on its own; therefore, it requires an agent to operate. On account of *Beam Chambers and Compartments v. Hindustan General Businesses Restricted* (1998), it was seen that chiefs are the specialists of the organization however not of the individuals from the organization. This implies that the chiefs are the specialists of the organization and not its singular individuals, besides for the situation where the connection between the two emerges out of exceptional realities. A company is a separate legal entity from its shareholders, or members.

DIRECTOR AS AN EMPLOYEE/OFFICER

Investors choose chiefs in a regular gathering held by the organization. After being elected, the director is entitled to the powers and rights outlined in the Act. Shareholders cannot revoke these rights or powers, nor can they influence the directors' actual decision-making. Directors are not employees of the company because they have these powers and rights. This is

due to the fact that employees have limited authority, always work under the employer's direction, and cannot influence the employer's decisions. On account of *Lee Behrens and Co., Re* [1932], it was seen that the investors choose their delegates who will take part in coordinating the undertakings of the organization for their sake. This implies that they are acting in the limit of a specialist in this situation. It can likewise be seen that they are not the workers or workers of the organization. Notwithstanding, on account of *R.R. Kothandaraman v. CIT* (1957), was held by the Madras High Court that since there isn't anything referenced in the law, nobody can keep the chief from tolerating his situation as a representative under a unique agreement made with the organization.

CONCLUSION

The new idea of having ID is a welcome step for corporate administration in India. The Demonstration, 2013 has presented more noteworthy strengthening upon ID's to guarantee that the administration and undertakings of an organization is being run reasonably and easily. However, they have also been held to greater responsibility at the same time. The Demonstration, 2013 enables the ID's to have a clear 'say' in the administration of an organization, which would in this manner hugely reinforce the corporate administration. However, it is also essential to keep in mind that effective ID selection and management are only two components of good corporate governance. Each director plays a distinct role in the company's operation, whether they are independent or not, executive or not. Good corporate governance and long-term benefits to minority and majority shareholders are only achieved when the entire board functions effectively, maintaining a positive market image. From the perspective of gender equality, the new idea of having women serve as directors is a welcome development. However, it should not be abused by appointing well-known female directors for compliance reasons. The government should make sure that the women appointed as directors receive training in corporate governance, which will raise their quality. As an improvement in corporate governance, rather than as a statutory

requirement, this will raise the demand for female directors.

Directors are individuals who are required by law to act in a fair and reasonable manner in carrying out their responsibilities and achieving the objectives of the company. A director has a fiduciary relationship with the business and acts as an agent. This multitude of jobs of the chief remain forever inseparable. Although the exact legal position of directors has not been made clear, they are bound by the law if they misuse or exceed their authority. Nonetheless, chiefs really do have their own autonomous abilities in specific cases, not at all like specialists who just need to follow up on the guidelines as given by the head. The company's assets and management are also the responsibility of the directors. They must exercise their authority wisely, act honestly, and act in the company's best interest. Eventually, it can likewise be said that the chiefs have their very own character also. It is only that they have specific attributes of specialists, legal administrators, and overseeing accomplices, yet they are not the entire of it. As a result, it can be said that they are not managing partners, trustees, or agents of the company. The Companies Act of 2013 provides a precise definition of the duties and responsibilities of the director.

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