

IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

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CAPP-27-2011(O&M)
Date of decision: 28.07.2022

M/S U.S. WORLDWIDE SERVICES (P) LTD. & ORS ..Appellants

Versus

BALJIT SINGH JOHAL

..Respondent

CORAM: HON'BLE MR. JUSTICE ANIL KSHETARPAL

Present: Mr. Atul Nehra, Advocate
for the appellants.

Mr. Yash Pal Gupta, Advocate
for respondent.

ANIL KSHETARPAL, J(Oral)

This appeal under Section 10F of the Companies Act, 1956 (hereinafter referred to as 'the 1956 Act') has been preferred against the order passed by the Company Law Board (hereinafter referred to as 'the Board') on 18.08.2011. The operative part of the order reads as under:-

“(I) The petitioner continues to be a director of the R-1 Company, his removal being ab initio void is invalid and is hereby set aside. Form 32 filed with the Registrar of Companies is also held to be invalid. The petitioner is entitled to have proportionate representation on the Board and is also permitted to appoint alternate directors.

(II) The shareholding of the Petitioner is restored back to 51% as per status quo ante setting aside all subsequent allotments being ab initio void and invalid, all statements filed with the Registrar of Companies in this regard are hereby held to be invalid.

(III) The Board of the R-1 is hereby directed to appoint an auditor within one month of receipt of this order to ascertain siphoned off amounts within one month, the amounts so siphoned off are to be brought back to the account of the R-1 company by the Respondents (No.2 & 3) within one month of such determining of the amounts.”

It has come on record that the respondent was removed from the office of the Director in view of the provision of Section 283(1)(g)

of the 1956 Act. The Board has found that no notice of the meeting of the Board of Directors was issued to the respondent. The learned counsel representing the appellant contends that there is no requirement of the notice and he being the majority shareholder was required to attend the meeting without issuance of a formal notice.

On the other hand, the learned counsel representing the respondent draws the attention of the Court to Section 286 of the 1956 Act requiring issuance of notice.

The Board has also found that the respondent was a shareholder to the extent of 50% of the paid up capital of the Company which was reduced in order to prejudice his rights.

The Board has given elaborate reasons before granting the appropriate relief.

No other point was pressed.

Hence, no ground to interfere is made out.

Dismissed.

All the pending miscellaneous applications, if any, are also disposed of.

July 28th, 2022

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**(ANIL KSHETARPAL)
JUDGE**

Whether speaking/reasoned : *Yes/No*
Whether reportable : *Yes/No*