
(1995) 09 DEL CK 0024
In the Delhi High Court
Case No : Co. A. No. 6 of 1981

Rattan Chand Jain

APPELLANT

Vs

Uberoi Limited and others

RESPONDENT

Date of Decision : 22-09-1995

Acts Referred:

Citation : AIR 1996 Delhi 117 : (1998) 93 CompCas 906

Hon'ble Judges : M. Jagannadha Rao, J; D.K. Jain, J

Bench : Division Bench

Advocate : V.N. Koura, for the Appellant; J.N. Aggarwal, B. Mohan, N.N. Dhingra, Raman Duggal and Chetan Sharma, for the Respondent

Judgement

D.K. Jain, J.—This appeal is directed against the order dated February 18, 1981, passed by the learned company judge in C.A. No. 647 of 1979, reviewing his earlier order dated October 24, 1979, made in C.A. No. 318 of 1979 and giving certain directions. The appeal is preferred by one Shri Rattan Chand Jain, who claims to be a majority shareholder along with other shareholders of his group (hereinafter referred to as the Jain group), in Uberoi Ltd., a public limited company. Respondents Nos. 2 to 11 are the other shareholders of the company; respondents Nos. 2 to 8 being the members and friends of the Uberoi group, respondent No. 9 is one Shri O. P. Taneja and respondents Nos. 10 and 11 are S/ Shri R. P. Jaggi and D. L. Jaggi respectively, the two main members of the Jaggi group.

2. To understand and appreciate the controversy involved in the appeal it will be necessary to recapitulate some material facts.

3. Uberoi Ltd., respondent No. 1, was incorporated some time in the year 1913 with a nominal capital Rs. 10 lakhs divided into 10,000 equity shares of Rs. 100 each. The issued and paid up capital of the company was Rs. 5 lakhs and all the 5,000 shares were exclusively held by members of the Uberoi group. It appears that on account of certain difficulties in the management of the affairs of the

company and lack of interest in the enterprise or financial inability to provide the working capital, in March 1972, the Uberoi group transferred 3695 shares in favor of the Jaggi group for a consideration of Rs. 4 lakhs and on the basis of an arrangement, inter alia, providing that the Uberoi group would have the majority on the board of directors of the company notwithstanding the transfer and would provide a sum of Rs. 4 lakhs by way of working capital. Thereafter, the Uberoi group continued to dominate the board even though a representative of the Jaggi group was the managing director of the company.

4. In the year 1978, a petition being CP. No. 115 of 1978 was filed by the Uberoi group under sections 397 and 398 of the Companies Act, 1956, inter alia, seeking : (i) removal of R. P. Jaggi from the management of the company on the ground of alleged mismanagement and oppression, (ii) appointment of two directors as nominees of the court, and (iii) re-transfer of the shares to the petitioners sold by them to the Jaggi group.

5. During the pendency of the petition, in April 1979, the Uberoi group transferred 600 shares representing 12 per cent. of the equity in the company to O. P. Taneja, respondent No. 9 herein. As a result of the said transfer, O. P. Taneja was added as one of the petitioners in C.P. No. 115 of 1978. On May 9, 1979, the Jaggi group sold and executed transfer deeds in respect of 2551 shares in favor of the Jain group. Rattan Chand Jain as nominee of the Jain group was also added as a party to the said company petition as one of the respondents. Thus, in May 1979, the shareholding of the company was as under :

Uberoi group 6.52 shares (13%) Taneja group 600 shares (12%) Jaggi group 1144 shares (23%) Jain group 2551 shares (51%) Misc. (friends, etc.) 53 shares (1%)

6. On June 1, 1979, O. P. Taneja moved an application (C.A. No. 318 of 1979) in the said company petition, inter alia, seeking to restrain the Jaggi group from transferring its shareholding in the company to a third party as also the company from according any approval or registration to the transfer of shares by the Jaggi group during the pendency of the petition, without the permission of the court. By virtue of an interim order made on June 1, 1979, the Jaggi group was restrained from transferring shareholding of the company to a third party. In May, 1979, on an application being filed by the Jaggi group (C.A. No. 272 of 1979), the company court appointed Sh. M. P. Saxena, retired Registrar of the Supreme Court, as a nominee director of the company with a view to protect the interest of the Jaggi group, which had, at that point of time, no representation on the board in spite of their majority shareholding. Thereafter at a general body meeting a new board of directors was elected and all the directors so elected represented only the Jaggi group and the representative of the Uberoi group ceased to be the chairman of the company. In September, 1979, a representative of the Uberoi group was appointed as a member and chairman of the company but without any casting vote and it was also directed that if the chairman or the nominee director Sh. Saxena took exception to any decision of the board, such a

decision would not be implemented for a week to enable the aggrieved party to seek necessary directions from the court.

7. On October 24, 1979, C.A. No. 318 of 1979 was disposed of by H. L. Anand, J. and the following directions, in so far as they are relevant for the purpose of the present controversy, were given :

"(b) Transfer of shares by the Jaggi group in favor of Jain be registered in accordance with law. The transfer and registration would, however, be subject to the outcome of the present proceedings and the suit of the minors and to any directions that may be made in these proceedings. The interim order made by this court in the present proceedings and in the aforesaid suit are accordingly modified.

(c) The Jaggi group would deposit in this court within two weeks the consideration received by them from Jain for the transfer of the shares.

(d) Jain would make available to the company working capital, as may be required by the company, from time to time not exceeding Rs. 5,00,000.

(e) Parties are restrained from transferring any share without the prior concurrence of this court.

(f) Jain and a nominee are hereby appointed as directors of the company in substitution of two of the nominees of the Jaggi group. The Jaggi group would have the option to name the directors in whose place Jain and his nominee would be substituted.

(g) Uberoi and M. P. Saxena would continue to be the member of the board and chairman of the company and nominee director respectively in terms of the order made on September 12, 1979. In view of this the induction of Taneja in the board would be unnecessary."

8. Being aggrieved by the aforesaid order and directions, O. P. Taneja filed an appeal, which was dismissed as withdrawn. He, thereafter, moved another application being C.A. No. 647 of 1979 in Company Petition No. 115 of 1978, seeking a review of the order dated October 24, 1979. This application was disposed of on February 18, 1981 by H. L. Anand J. wherein the following further directions were given :

"(a) Clauses (b), (c), (d) and (f) of para. 7 of the order made on October 24, 1979, would remain suspended until further directions :

(b) The Jaggi group would deposit in this court within 4 weeks the amount received by them from Jain for the transfer of the shares and furnish a bank guarantee within the said period to the effect that if the transfer of the shares is ultimately voided or the transfer is not registered, the Jaggi group would pay to Jain such return as may be directed.

(c) Jain will be entitled to withdraw the amount of consideration that may be

deposited in court without prejudice to his various pleas.

(d) Taneja, the Jaggi group and the Uberoi group would jointly or severally make available to the company working capital as may be required by the company from time to time, not exceeding Rs. 10 lakhs.

(e) The nominee director already appointed by the court would, inter alia, watch the interest of Jain by virtue of the shares transferred to him."

9. Aggrieved by the said order, Rattan Chand Jain filed the present appeal seeking quashing of the order dated February 18, 1981, and restoration of the earlier order dated October 24, 1979, passed by the learned company court.

10. The appeal was allowed on February 21, 1992. The order dated February 18, 1981, was set aside and the order dated October 24, 1979, was restored. It was directed that the order dated October 24, 1979, would be operative in letter and spirit and would be carried out by all concerned till it is found by the learned company judge that it deserves modification.

11. Feeling aggrieved by the decision of this court dated February 21, 1992, the Jaggi group preferred an appeal to the Supreme Court of India. While allowing the appeal, vide order dated May 28, 1992, the Supreme Court made the following order :

"The grievance made by the appellant is that while the High Court was right that a factual error had crept in in so far as the percentage of the holding of the Jain group is concerned, the High Court erred in omitting to take note of the fact that the review order was founded on several other grounds which had not been effectively dealt with by the High Court. The High Court merely said that it had pursued both the orders dated October 24, 1979, and February 18, 1981, carefully and has found that the various aspects which were considered in the first order were not dealt with in review. That by itself, however, was not sufficient to set aside the order dated February 18, 1981, because the various events that had since passed by had also to be considered. I, Therefore, put it to the learned counsel for the parties if it would not be proper to remit the matter to the High Court for a fresh consideration in view of the changed situation so that the High Court may make an appropriate order, to which counsel agreed. Therefore, while upholding the view of the High Court in regard to the factual error to which there is no contest, the matter is remitted to the High Court by consent for fresh consideration in accordance with law on the various other aspects which were dealt with not only in the order dated October 24, 1979, but also in the order dated February 18, 1981, and the subsequent events that have taken place."

12. This is how the matter has now come up before us. We have heard learned counsel for the parties at length and have perused voluminous records in C.P. No. 115 of 1978 and Suit No. 37 of 1980.

13. We are called upon in the appeal to consider afresh the circumstances and

aspects which weighed with the learned company judge in making his order dated February 18, 1981, while reviewing the order dated October 24, 1979.

14. The review order is assailed in the grounds of appeal basically on four counts :

(i) no review application lies; the company court has no jurisdiction to review; (ii) Taneja's appeal having been dismissed, the first order dated October 24, 1979, has become final; (iii) the review order is based on miscalculation of percentage of shareholding in the company, the majority principle has not been applied and (iv) the court erred in relying on subsequent events and thus the review order should be set aside.

15. As for the first ground, the company judge can pass orders from time to time as the exigencies of the facts and circumstances of the case may require. Even otherwise, the Supreme Court's order dated May 28, 1992 made on consent of parties leaves no room for doubt and technical objection in this behalf stands waived. Regarding (ii), for the view we have taken on the first ground, this objection also does not survive. As regards (iii) and (iv), the order of the Supreme Court notices the miscalculation in the shareholding in the review order and it has directed a fresh consideration in accordance with law on the various other aspects which were dealt with not only in the order dated October 24, 1978, but also in the order dated February 18, 1981, and the subsequent events that have taken place. The last two grounds will be dealt with later.

16. The history and genesis of the dispute, the circumstances leading to the filing of C.P. No. 115 of 1978 by the Uberoi group of the filing of C.A. 318 of 1979 by Taneja, supported by Uberoi, to stall the transfer and registration of 2551 shares of the Jaggi group to the Jain group and the court, inter alia, directing registration of shares in the name of Jain, the filing of appeal and thereafter the review application, being C.A. No. 647 of 1979, for quashing and/or modification of the order dated October 24, 1979, the court modifying the said order by suspending operation of some of the directions, including that of registration of 2551 shares in the name of the Jain group have been noticed above. Suffice it to say that while making the first order the court found that there had been no audit of the accounts of the company since 1973 and the account books were incomplete; there was a tug of war between Jaggi and Jain on the one side and the Uberoi group and Taneja on the other; that the Jaggi group and the Jain group were majority shareholders having 74 per cent. holding as against 25 per cent. holding of the Uberoi group and Taneja and the latter group with only 25 per cent. shareholding was controlling the company, which was mismanaged. Holding that the transfer of shares was an incident of ownership and on transfer of shares registration of transfer is the rule and refusal an exception which could be resorted to only if the interest of the company so demanded or in some such exceptional circumstances, that the running of the company was in a fix, the Uberoi group and Taneja were not in a position to provide working capital, which Jain was willing to provide and though Jain was a stranger to the company but in

the interest of the company and for its smooth running the court in its first order, in an attempt to put the company back on the rails, made direction (b) for registration of 2551 shares in the name of the Jain group, subject, however, to the decision in C.P. No. 115 of 1978 and Suit No. 1096 of 1979, filed by certain minor members of the Uberoi family and any direction made therein. Beside, some other consequential/incidental directions were made. To ensure that the sale consideration of shares sold to the Jain group is not appropriated by the Jaggi group but kept intact and available to the company and to provide working capital, directions (c) and (d), requiring the Jaggi group to deposit the sale consideration of the shares and the Jain group to make available Rs. 5 lakhs as working capital were made. In consequence of the direction for registration of the shares of the Jain group, who individually was a majority shareholder, direction (f) for his and his nominee being appointed as directors in the place of two directors of the Jaggi group was made. Two non-controversial directions (a) and (e), respectively, regarding appointment of a chartered accountant to complete the accounts and its audit and restraining further of shares of any of the parties were also made. Direction (g) was made for continuing Sh. S. B. H. S. Uberoi as chairman of the board of directors and Sh. M. P. Saxena as nominee director, as per order dated September 12, 1979.

17. In C.A. No. 647 of 1979 filed by Taneja for review of the aforesaid order dated October 24, 1979, it was averred that the first order was not warranted in law, as : (i) there had been a secret agreement dated May 9, 1979 (management agreement), between the Jaggi group and the Jain group affecting their bona fides and (ii) there have been drastic changes in the circumstances requiring the order being modified. After hearing the parties, as noticed above, the learned company judge, vide his order dated February 18, 1981, modified his first order dated October 24, 1979, on the basis of the second plea. The court found that : (i) there have been serious disputes between the Jaggi group and the Jain group and a suit (No. 37 of 1980) has been filed by R. P. Jaggi against Rattan Chand Jain for scrapping the transfer of shares by them to the Jain group on the plea of breach of terms of the agreement by the latter under which the shares are alleged to have been transferred to the Jain group, (ii) there has been realignment in group shareholding - formerly the Jaggi group and the Jain group had 74 per cent. while the Uberoi group and Taneja had 25 per cent. of the total share capital only but now the Jaggi group having patched up with Uberoi and Taneja, the total shareholding of these had risen to 60 per cent. (in fact 48 per cent.), (iii) the Jaggi group had failed to deposit the sale consideration of the shares as directed in the first order on the plea that transfer by the Jaggi group to the Jain group being in question, the amount needed being secured, (iv) the cash liquidity problem remains unsolved as the Jain group had failed to provide Rs. 5 lakhs as working capital and (v) induction of Jain in the board of directors, in the circumstances, is likely to cause complications and disturb normal functioning of the company. It was on these group that the first order was reviewed/modified, as stated above.

18. It would appear that the main controversy revolves round the direction for registration of shares sold to the Jain group, made in the first order, and its suspension in the review order. The other directions in each of the orders are consequential, contextual or incidental thereto. It is clear from the above that the main factor that weighed with the learned company judge while making the first order and then suspending its operation in the review order was the quantum of shareholding to determine who should run the company. At the time of the first order the quantum of shareholding of the Jaggi and Jain groups put together (Jaggi supporting Jain in the matter of registration of shares sold by them to Jain) was 74 per cent. but this majority group had no control over the company. Uberoi and Taneja with 25 per cent. shareholding were in control of the company but to run it properly and profitably were unable to provide cash liquidity - a factor for which the process of sale of shares is said to have started initially and continued later. The learned court despite the fact that the Jain group was totally a stranger to the company, but was prepared to provide working capital to overcome the cash liquidity crunch, in the interest of the company and to provide safeguards, directed registration of the shares in the name of the Jain group. While deciding the review application the shareholding factor again weighed with the learned judge. The learned judge found that Jaggi, Uberoi and Taneja had joined hands and computed their shareholding as "60 per cent." as against Jain, a stranger to the company, left alone, according to the learned judge, with "37 per cent." of the total shareholding. Coupled with other aspects enumerated above, the learned judge suspended the operation of clauses (b), (c), (d) and (f) of the first order, putting the company in the hands of the Jaggi group, the Uberoi group and Taneja.

19. There is no dispute, and indeed as observed by the Supreme Court in its afore-extracted order, that there has been miscalculation in the learned judge's working out of the proportion of shareholding mentioned in the review order. In fact, Jaggi, Uberoi and Taneja's holding in the company was only 48 per cent. as against 51 per cent. of the Jain group and one per cent. was the miscellaneous holding. Basing his argument thereon, it was urged by learned counsel for the appellant that the learned judge was in error in modifying his first order on the basis of wrong assumptions. The argument is plausible but its strength and weight has to be examined in the light of other factors and events taking place after the making of the first order dated October 24, 1979, and the review order dated February 18, 1981.

20. In support of the cause of the Jain group, to show that he holds a sound and stable majority shareholding, reliance has been placed on two factory : (i) a consent decree passed on November 8, 1988, in Suit No. 169 of 1980 (filed by the Jain group against Uberoi and Taneja) in which the latter group consented by way of support to Jain, suffered a decree, it is urged that three of them thus had a shareholding of 76 per cent. (13 per cent. Uberoi; 12 per cent. Taneja and 51 per cent. Jain) and (ii) in the year 1988, these three groups, i.e., Jain group, Uberoi group and Taneja filed C.A. No. 1209 of 1988 and C.A. No. 643 of 1988

(mentioned in the written submissions filed on behalf of the appellant) for removal of the Jaggi group from the board of directors of the company, registration of shares purchased by the Jain group and reconstitution of the board of directors with Rattan Chand Jain as the managing director with his two nominees and Pradeep Uberoi as director of the company.

21. In the written submissions filed on behalf of the Jaggi group, the aforesaid points raised by Jain are countered and it is averred that the decree dated November 8, 1988, cannot bind either the company or the Jaggi group because it was made explicit in the judgment itself that the compromise shall in no way, ipso facto, bind or affect the company but be binding only on the parties to the compromise, to which Jaggi was not a party and further the stand taken by Taneja in C.A. No. 1209 of 1988 and C.A. No. 643 of 1988 is altered because Taneja has now extended full support to R. P. Jaggi.

22. In the written submissions filed on behalf of O. P. Taneja, it is stated that there is a fresh regrouping subsequent to the consent decree dated November 8, 1988, and that (in spite of the consent decree) Taneja is now supporting Jaggi, having patched up their differences and Taneja does not wish to pursue his applications C.A. Nos. 318 of 1979 and 647 of 1979, which had given rise to the impugned order. In this behalf Taneja has already filed C.M. No. 36 of 1993 in January 1993.

23. The question would now be whether, in view of the above and the fact that Suit No. 37 of 1980 by Jaggi against Jain assailing the agreement dated May 9, 1979, under which 2551 shares purport to have been transferred by the Jaggi group to the Jain group, on the basis whereof the Jain group claims to be a shareholder of 51 per cent. is pending trial in the company court, it would be appropriate or in the interest of the company's working and expedient to direct registration of the said shares in favor of the Jain group ?

24. A share in a company is an item of property freely alienable under the Companies Act, 1956, or the Transfer of Property Act, 1882. It is transferable like any other movable property. It is well settled that while a transfer may be effective between the transferor and transferee from the date of transfer, the transfer is truly complete and the transferee becomes shareholder in the true and full sense of the term, with all the rights of a shareholder, only when the transfer is registered in the company's register. The transfer effective between the transferor and the transferee is not effective as against the company and persons without notice of the transfer until the transfer is registered in the company's register. It is also true that a transferee may ask the company to register the transfer and the company, which is so asked, to register the transfer of shares, cannot refuse to register the transfer except for a bona fide reason, neither arbitrarily nor for any collateral purpose. The paramount consideration for refusal to register the transfer is the interest of the company and the general interest of the shareholder.

25. In the instant case, from the perusal of the resolutions dated November 15, 1979, and December 6, 1979, which have been placed before us by learned counsel for the company, it appears that in the matter of transfer and registration of shares in favor of the Jain group there was a difference of opinion between the board of directors and in particular any resolution on the issue was objected to by the nominee director, Shri M. P. Saxena, and ultimately the resolution passed on November 15, 1979, approving registration of shares, was revoked on December 6, 1979, and it was decided that the matter shall be considered after final orders are made by this court.

26. As noticed above, the Jaggi group has filed Suit No. 37 of 1980, for mandatory injunction, etc., against Rattan Chand Jain seeking invalidation of the entire transaction under agreement dated May 9, 1979. The proceedings in the suit are at an advanced stage. Obviously the very basis of the transfer of shares being under challenge in court, in which there is a hot contest between the parties, in our view, it would neither be desirable nor expedient to direct at this stage, transfer of shares in favor of the Jain group. It is true that at some point of time or the other, some of the shareholders have been changing sides, sometimes supporting Jain in the matter of transfer and registration of shares but reliance cannot be placed thereon in view of the fact that in the matter of transfer of shares the parties have been changing their stance even thereafter. It is significant to note in this behalf, as it appears from C.A. No. 383 of 1982, filed on May 12, 1982, by the Jain group with the Uberoi group, who in the first instance had filed C.R. No. 115 of 1978, inter alia, seeking retransfer of shares by the Jaggi group to them and then throwing their lot in with Taneja in C.A. No. 318 of 1979, in opposing any transfer by the Jaggi group in favor of the Jain group, now purports to support Jain and has no objection to the transfer and registration of shares in favor of the Jain group. Similarly Taneja, who is support of his applications (C.A. Nos. 318 of 1979 and 647 of 1979), had leveled charges of mismanagement against R. P. Jaggi is now all praise for his management of the company.

27. Once other aspect of the matter argued before us is that the Jaggi group has been managing the company by pumping lots of funds and now Jain cannot be allowed to interfere with the management as the shareholding 51 per cent. transferred on May 9, 1979, to the Jain group by the Jaggi group is not yet registered in the name of Jain and in fact the Jaggi group has filed Civil Suit No. 37 of 1980, for cancelling the said transfer.

28. It is argued that for all these reasons the review order in favor of the Jaggi group, made on February 18, 1981, should be allowed to stand.

29. The point for consideration is whether in view of it all, it would be appropriate now to set aside the review order dated February 18, 1981, only on the basis of the principle of majority shareholding ? We feel that having regard to fluid situation now obtaining and the fact that the very transfer of share in favor of Jain by Jaggi is under serious challenge in Suit No. 37 of 1980, it would not be

just and proper to quash the review order as such.

30. The next question that arises for consideration is if 2.551 shares are not to be registered in favor of the Jain group during the pendency of Suit No. 37 of 1980, in what manner the interest of the Jain group, which if it ultimately succeeds in this litigation and in the suit filed by Jaggi, would undoubtedly be holding shares to the extent of 51 per cent., is to be protected and, meanwhile further complications avoided.

31. It appears from the record that after the impugned order dated February 18, 1981, suspending some of the directions contained in the order dated October 24, 1979, particularly restraining transfer of shares in favor of the Jain group, was made, an application (C.A. No. 498 of 1981) was filed by R. C. Jain on September 16, 1981, inter alia, praying that the directions contained in the order dated February 18, 1981, having not been complied with, the shares may be directed to be registered in his name, subject to the outcome of Suits Nos. 1096 of 1979 and 37 of 1980. Declining this request, but noticing the laxity in the administration of the company, vide order dated December 2, 1981, the learned company judge, apart from giving certain other directions, reconstituted the board of directors with a view to giving representation to all the majority groups and to make the board more effective. The board, so constituted, was to be headed by Justice P. N. Khanna, a retired judge of this court, as the chairman with the following members :

1. Shri S. B. H. S. Uberoi as alternate chairman.
2. Shri R. P. Jaggi.
3. Shri Sunil Jaggi
4. Shri R. C. Jain.
5. Shri C. L. Bahri.

32. In order to ascertain the financial position of the company, vide order dated September 1, 1995, we had directed the company to file its audited profits and loss accounts and balance-sheets for the last five years and in response thereto an affidavit has been filed on behalf of the company by its secretary, Shri S. Mitra. In the affidavit the constitution of the present board of directors is also indicated, which shows that Justice P. N. Khanna continues to head the board as its chairman along with Shri R. P. Jaggi as the managing director, in terms of order dated December 2, 1981, along with five other members, who appear to be the nominees of the Jaggi group. Earlier, while disposing of the present appeal on February 21, 1992, all interim orders passed subsequent to orders dated February 18, 1981, which included the order dated December 2, 1981, were vacated. However, the judgment dated February 21, 1992, having been set aside by the Supreme Court and the entire matter having been remitted back for reconsideration, technically, the interim order dated December 2, 1981, appointing a court nominee on the board of directors, can be said to be still in

vogue.

33. From the consolidated trading the profit and loss account and balance-sheet for the last five years filed with the affidavit, the financial condition of the company appears to be just satisfactory. The net profit declared is in the range of Rs. 2.5 to Rs. 3 lakhs per annum. Under the circumstances, we feel that it may not be in the best interest of the company to disturb the present management, which appears to be in the hands of Shri R. P. Jaggi, but at the same time we are of the view that the other two groups, viz., the Uberoi and Taneja groups, whose shareholding is not in dispute, should also be represented on the board of directors of the company. We are also of the view that as at present, it may not be proper to induct anyone from the Jain group into the board of directors and feel that their interest will be duly protected if Justice P. N. Khanna continues, with some added responsibilities, to be the chairman of the company.

34. In view of the aforesaid, we issue the following directions :

(i) Directions contained in clauses (b), (c), (d) and (f) of paragraph 7 of the order made on October 24, 1979, shall remain suspended till the disposal of Suit No. 37 of 1980 by the trial court. Other directions in that order, viz., (d) restraining parties from making further transfer of shares and directions (b), (c) and (d) in the review order dated February 18, 1981, respectively requiring Jaggi to deposit the amount received from Jain, etc.; authorising Jain to withdraw the amount that may have been deposited or may be deposited and for provision of working capital shall, however, remain in operation.

(ii) The board of directors shall consist of the following :

(a) Justice P. N. Khanna, Chairman

(b) Shri R. P. Jaggi, managing director.

(c) A nominee of the Jaggi group.

(d) A nominee of the Uberoi group.

(e) A nominee of the Taneja group.

35. Justice P. N. Khanna will look after the interest of the Jain group and shall have the power to give any directions(s) for the day to day running of all the branches of the company at various places, which he may consider to be necessary in the interest of the company. Justice Khanna shall have the power to veto any decision taken by the board and the party aggrieved will be at liberty to approach the court for appropriate directions. Further, in case any suggestion is made by any other member of the board, which is agreed to by Justice Khanna, but not agreed to by the majority, then, that party will have the liberty to approach the learned company judge for appropriate orders.

36. Justice P. N. Khanna will be paid by the company an honorarium of Rs. 2,500 per month besides board meeting fee at Rs. 500 per meeting.

37. Liberty is granted to the parties to seek further directions from time to time, if the need arises, from the learned company court.

38. The appeal is disposed of in the above terms. There shall, however, be no order as to costs.