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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% **Date of decision: 30th August, 2024**

+ **W.P.(C) 12025/2024**

M.B. FINMART PVT. LTD & ORS.Petitioners

Through: **Mr Arun Kathpalia, Senior Advocate with Mr. Abhimanyu Bhandari, Mr. Mahesh Agarwal, Mr. Nirvikar Singh, Ms. Geetika Sharma and Mr. Dhruv Sethi and Mr. Rohan Batra, Advs.**

versus

REGISTRAR OF COMPANIES, NATIONAL & ANR.

.....Respondents

Through: **Mr. Asheesh Jain, CGSC with Mr. Gaurav Kumar, Ms. Vidhika Kapoor & Ms. Pooja Bhardwaj, Advs. for R1 along with Mr. Ankur Yadav, GP Mr. Rajiv Nayar, Sr. Adv. along with Mr. Manik Dogra, Mr. Sandeep Das, Ms. Kanak Malik & Mr. Tanishq Juneja, Advs. for R2.**

CORAM:

HON'BLE MR. JUSTICE DHARMESH SHARMA

DHARMESH SHARMA, J. (ORAL)

CM APPL. 50032/2024 – (EXMP).

1. Allowed, subject to all just exceptions.
2. The application stands disposed of.



W.P.(C) 12025/2024, CM APPL. 50031/2024 – STAY

3. The petitioners, who are admittedly shareholders of respondent No.2 company, invoke the writ jurisdiction of this Court under Article 226 of the Constitution of India, 1950, seeking directions to quash or set aside the impugned order dated 22.08.2024, issued by the respondent No.1, i.e., Registrar of Companies, Delhi, whereby in purported exercise of powers under Section 96(1) of the Companies Act, 2013 [**“the Act”**], extension of three months has been granted to respondent No. 2 to hold its 40th Annual General Meeting for the financial year ending 31.03.2024.

4. Learned counsel for the respondent No.1, as well as learned counsel for respondent No.2 are present on advance notice.

LEGAL SUBMISSIONS:

5. Mr. Kathpalia, learned Senior Counsel for the petitioners, has argued that no “special reasons” were provided by respondent No.1 for allowing a three-month extension to the respondent No.2 to hold its 40th Annual General Meeting. It was vehemently urged that the words ‘special’ means special reasons which must be self-speaking, but in this case, the extension was granted in a mechanical manner by respondent No.1, contrary to the third proviso to section 96 of the Act.

6. It is vociferously urged that the management of respondent No.2 is under scrutiny by various governmental agencies, including not only RBI¹ and SEBI² but also ED³. Additionally, it was pointed

¹ Reserve Bank of India

² Securities Exchange Board of India

³ Enforcement Directorate



out that the term of CEO⁴ has already come to an end. Pointing out that despite the petitioners holding a 25% share in respondent No.2, the lack of reasons provided by the respondent No.1 has resulted in irreparable prejudice, preventing them from questioning and seeking remedies against the manner in which the affairs of respondent No. 2 are being conducted, which is allegedly unlawful and financially imprudent.

7. *Per contra*, Mr. Asheesh Jain, learned counsel for the respondent No.1 has urged that no fundamental rights of the petitioners have been violated, and therefore, writ jurisdiction cannot be invoked. It was emphasized by the learned counsel that, since the system is computerized, the passing of orders under Section 96 of the Act, as in this case, is a routine manner. Given the large number of applications received, it is not practical to reflect the grounds for such decisions due to technical or software constraints.

8. Learned counsel for the respondent No.1 shared hard copies of the application dated 21.08.2024, submitted by the respondent No.2, which contained the reasons for seeking an extension of time to hold the Annual General Meeting. It was argued that respondent No. 1 is neither required to conduct a mini-trial nor expected to assess the sufficiency or insufficiency of the grounds for the extension. Therefore, he contended that the impugned order cannot be challenged in the present writ proceedings.

9. Mr. Rajiv Nayar, learned Senior Counsel for the respondent No. 2, largely echoed the arguments advanced by the learned counsel for

⁴ Chief Executive Officer



respondent No.1. He placed on the record hardcopies of a compilation showing orders passed *vide* proviso three to Section 96(1) of the Act by the Registrar, which appear to be in *pari materia* with the impugned notice regarding the grounds for extension. It was further canvassed urged that although the special reasons were not specified in the notice, this matter could be reviewed judicially once it is brought before the Court.

10. Learned Senior Advocate also urged that the petitioners, as shareholders, have an independent remedy under Section 97 of the Act to approach the Tribunal⁵ to call a general meeting. Taking this Court through the provisions of Section 99 with regard to the punishment for default in complying with provisions of Sections 96 to 98, besides holding of an extraordinary general meeting under Section 100 of the Act, as well as Section 430 which bars the jurisdiction of Civil Court. It was further contended that the petitioners also have an effective remedy under Section 241 read with Section 242(h) of the Act to redress grievances related to acts of oppression or mismanagement, including the removal of the Chief Executive Officer, which has not been pursued.

ANALYSIS AND DECISION:

11. Having heard the learned counsels for the parties and on perusal of the record, first things first, it would be expedient to reproduce the impugned order dated 22.08.2025, which reads as under:

⁵ National Company Law Tribunal



GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
Office of the Registrar of Companies
40, Block, 2, P.O. Connaught Place, New Delhi, India - 110028

DATE: 22.08.2024

IN THE MATTER OF M/S RELIGARE ENTERPRISES LIMITED CIN L18840DL1984PLC144995

AND

IN THE MATTER OF EXTENSION UNDER SECTION 96(1) OF THE COMPANIES ACT, 2013

The Company has placed its accounting year on 31.03.2024 and the Annual General Meeting of the company is due to be held on 26.08.2024 as per requirements of section 96 of the Companies Act, 2013. The company has made an application with SEN194792712 on 22.08.2024 requesting for an extension of time for the purpose of holding AGM on the following grounds:

Extension for holding AGM is desired for 3 months.

Keeping in view, the aforesaid circumstances, due to which company cannot hold its Annual General Meeting on time, extension of 3 months to AGM is considered.

ORDER:

Under the power vested in the undersigned by virtue of section 96(1) read with second proviso, extended the AGM of the company to 3 months, 01 day, 01 hour, 01 minute, 01 second. However, the company is hereby advised to be careful to comply with the provisions of the Companies Act, 2013.

OFFICIAL SEAL

REGISTRAR

Yours faithfully,

MANOJ KUMAR MEENA

Registrar of Companies

RoC - Delhi

Working Address as per record available in Registrar of Companies office:

REGISTRAR OF COMPANIES, DELHI

40/2, Connaught Place, Connaught Place, New Delhi - 110028

DELHI, INDIA - 110028



Note: This letter can be processed only when the application is approved by RoC Office.

12. At first blush, the impugned order dated 22.08.2024 does not spell out 'special reasons' and appears not to have been issued in accordance with the mandate of Section 96 of the Act. However, there is more to the content of the impugned order than initially apparent. The reasons for seeking an extension are outlined in the request letter dated 21.08.2024 submitted by respondent No. 2. There is merit in the submissions made by the learned counsel for respondent No. 1 that the sufficiency or insufficiency of the reasons for an extension cannot be assessed by respondent No. 1. Such orders are routine unless and until tangible evidence is presented showing that the extension was sought for ulterior motives or to the detriment of stakeholders. The petitioners have not demonstrated any exception grounds, either publicly or



otherwise, that could have warranted the rejection of the extension.

13. Indeed, respondent No. 1 needs to put its house in order, and some kind of modification is required to be made in the format of such orders, whether digitally or otherwise. Be that as it may, there is merit in the plea by the learned counsel for the respondents that this is a dispute amongst shareholders, which cannot be adjudicated in writ jurisdiction. The relief in writ jurisdiction is discretionary and can only be granted in a case where there is a palpable infringement of any fundamental or legal rights, which aspect is completely absent in the instant matter. The petitioners also miserably fail to demonstrate that any larger public interest is at stake.

14. Evidently, the issues highlighted by the learned counsel for the petitioners regarding the management of respondent No. 2's affairs are not recent developments, but obviously have a history. Therefore, the petitioners could have sought remedies under Section 241 of the Act by approaching the Tribunal for mismanagement or oppression by directors or shareholders, or for removal of any director or person in charge of regulating the company's affairs

15. This course of action would have been available in cases of mismanagement or oppression. It cannot be that the petitioners are suddenly caught unaware by the extension of time granted by respondent No. 1 to hold the AGM. The Act does not mandate that shareholders be heard before respondent No. 1 considers and decides on an application for an extension.

16. In view of the foregoing discussion, the present writ petition is dismissed.



17. The pending application also stands disposed of.

DHARMESH SHARMA, J.

AUGUST 30, 2024

Sadiq

Signature Not Verified

Digitally Signed By: PRANJIT
KUMAR VATS
Signing Date: 02/09/2024
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WP. (C) 12025/2024

Page 7 of 7