

**IN THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
COMMERCIAL COURT DIVISION**

HCT-00-CC-CS-193-2013

1. Technology Associates Ltd
2. Suneet Sahai Plaintiffs
3. Bhavana Sahai

Versus

Girish Nair Defendant

Before Hon. Justice Musene

RULING

This court is handling H.C.C.S. No 193 of 2013, whereby three shareholders of the 1st plaintiff company, Technology Associates Ltd. (Namely Suneet Sahai, Bhavana Sahai 2nd and 3rd Plaintiffs) and Mr Girish Nair (the Defendant) have developed misunderstandings over the management of the company, Technology Associates Ltd.

This misunderstanding among the shareholders aforesaid arose out of an intended meeting convened by the Defendant with the aims of removing the company secretaries and appointing another and secondly to remove the second plaintiff, Suneet Sahai as Managing Director and appointing someone else in his place.

The 2nd and third plaintiff convened a board of directors meeting and disqualified the Defendant as a director of Technology Associates Ltd and removing him as a signatory to the Bank Accounts of the said company. And it was at that stage that the matter came up in this court. This court is at the conclusion of the hearing to decide whether:-

1. The Board resolution dated 11th April, 2013 disqualifying the Defendant as a director was valid and lawful.
2. Whether the removal of the Defendant as a Joint Signatory to the Bank Accounts of Technology Associates Ltd was valid and lawful.
3. Whether the Defendant should be barred from the management and operations of Technology Associates Ltd.

Those are the three issues to be resolved by this court after hearing the substantive suit on the merits. And to that extend, a temporary injunction was granted for purposes of maintaining the status quo till the issues listed are resolved by court. And this being a case of 2013, this court gave it a priority and decide to fast truck the same in view of the explosive nature of the conflict and in the interests of substantive Justice for all the shareholders. And indeed all efforts will be made for fast truck the case.

However, before the present dispute escalated, there had been a petition to convene a general meeting in accordance with the Articles of Association, particularly Article 24 which provides for a 60 days' Notice. And According to the 60 days Notice, such meeting is to take place on 24.6.2013.

Mr Sim Katende has now applied to this court on behalf of the Defendant that as the hearing of the case progress, the shareholders Annual General Meeting should

go ahead on 24.6.2013 for purposes of appointing more or add additional directors. Mr Adriko for the 2nd and third plaintiffs on the other hand opposed the convening of the meeting without involvement of the board secretary and without an agreed Agenda. Mr. Adriko also submitted the participation of the Defendant who has been disqualified as a director is an issue to be determined by the court at the end of the hearing.

This court is aware of the three issues stated herein above and will pronounce itself on the same after the hearing of the case on the merits. So whereas the Defendant for the time being is not a director till court decides all the same the defendant is a shareholder of the company. The Defendant owns 51% of the shares. And that was one of the reasons why this court has decided to fast track the hearing of this case so that the 51% shareholder is not indefinitely kept or locked out of the company. At the end of the day, this court has, with the assistance of advocates on both sides, who are officers of court by law and practice either to reconcile the shareholders so that the company runs smoothly as before misunderstandings arose, or if court finds that reconciliation is not possible, then still with the assistance of the advocates on both sides come up with an alternative way forward.

In the meantime, section 135 of the companies Act empowers this court to order a meeting of the company it provides:

“135(I) is for any reason it is impracticable to call a meeting of a company in any manner in which meetings of the company may be called, or to conduct the meeting of the company in the manner prescribed by the Articles or this Act the court may either of its own motion, or on the application of any director of the company or any member of the company who would be entitled to vote at

meeting, order the meeting of the company to be called, held and conducted in such a manner as court thinks fit, and where any such order is made may give such ancillary or consequential direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting.”

In view of the court's powers under the company's Act, and further in view of the court's powers under S. 98 of the Civil Procedure Act, and in the circumstances of the case, I rule and direct as follows:-

That whereas this court will do everything possible to fast track the hearing and settlement of or resolution of the substantive suit, it is not know how long the hearing will take. Secondly, even if the case is heard and finalized quickly, in the event of an appeal by either side, it is also not known how long such an appeal process may take. And yet the affairs of the company must continue to run to the satisfaction of all the shareholders. So in order for the defendant not to be seen to have been locked out of the company completely, and as he waits for the court to finalise the case, let a meeting of the company be held tomorrow, the 25.6.2013 for purposes of choosing additional directors to take care of the interests of the Defendant as a majority shareholder.

So while the meeting will not elect the defendant himself or in person as a director as that issue is pending resolution of court, the meeting's Agenda will be to elect additional directors to take care of the interests of the Defendant pending the resolution of this case. This will not change the status quo under the temporary injunction, but will ensure that the Defendant who is a majority shareholder is not kept in the dark as far as the operations of the company are concerned. So the additional directors whatever number will be agreed upon will take care of the

Defendants interests as he waits for the court to decide his own status. And to ensure that the interests of all the shareholder and parties to this case are not compromised, their advocates are also to attend the said meeting. In the meantime, the hearing and Fast Trucking of the case to continue on Wednesday 26.6.2013 and Thursday 27.6.2013 costs in the cause.

24.6.2013

Mr. Sim Katende, together with Mr. John Bosco Mude for the Defendant
Plaintiff present

Mr. Semakula Mukiibi for Plaintiff, holding brief for Mr. Adriko present
Ojambo Court Clerk present

Court: Ruling read out in open court

Justice W. M. Musene

High Court Judge