



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

REVIEW PETITION NO. 394 OF 2025

BETWEEN:

1. MR. DILIPRAJ PUKKELLA
SON OF SRI THIRUMALARAO PUKKELLA
DWARAKA
AGED ABOUT 48 YEARS,
DIRECTOR OF M/S VIHAAN DIRECT
SELLING (INDIA) PRIVATE LIMITED,
PREVIOUSLY AT GROUND FLOOR,
HAVING REGISTERED OFFICE E1 BLOCK (BEECH),
MANYATA EMBASSY BUSINESS PARK,
OUTER RING ROAD,
BENGALURU - 560045
PRESENTLY AT NO. S-203,
SECOND FLOOR, CHICAGO AVENUE, NO. 3712,
CUNNINGHAM ROAD,
BENGALURU - 560052.
2. MR. MUHAMMED IMTHIYAZ,
SON OF SRI MUHAMMED IQBAL,
AGED ABOUT 52 YEARS,
DIRECTOR OF M/S VIHAAN DIRECT
SELLING (INDIA) PRIVATE LIMITED,
HAVING REGISTERED OFFICE
PREVIOUSLY AT GROUND FLOOR,
E1 BLOCK (BEECH),
MANYATA EMBASSY BUSINESS PARK,
OUTER RING ROAD,
BENGALURU 560045
PRESENTLY AT NO. S-203, SECOND FLOOR,
CHICAGO AVENUE, NO. 3712,
CUNNINGHAM ROAD,
BENGALURU 560052

...PETITIONERS

(BY SRI. D.R. RAVI SHANKAR., SENIOR COUNSEL FOR





SMT. RAMA P V. A/W
SRI. SHREEHARI KUTSA., ADVOCATES)

AND:

1. UNION OF INDIA
REPRESENTED BY ITS SECRETARY
MINISTRY OF CORPORATE AFFAIRS,
A-WING, SHASTRY BHAVAN,
DR. RAJENDRA PRASAD ROAD,
NEW DELHI-110001.
2. THE REGIONAL DIRECTOR,
(SOUTH EAST REGION),
3RD FLOOR, CORPORATE BHAWAN,
BANDALAGUDA, NAGOLE,
TATTIANNARAM VILLAGE,
HAYAT NAGAR MANDAL,
RANGA REDDY DISTRICT,
HYDERABAD,
TELENGANA – 500068
3. THE REGISTRAR OF COMPANIES,
E-WING, 2ND FLOOR,
KENDRIYA SADAN, KORAMANGALA,
BENGALURU 560034.

...RESPONDENTS

(BY SRI. ARAVIND KAMATH., ASGI)

THIS REVIEW PETITION IS FILED UNDER SECTION 114 R/W
ORDER 47 RULE 1 OF THE CODE OF CIVIL PROCEDURE, 1908 R/W
ARTICLES 226 227 OF THE CONSTITUTION OF INDIA PRAYING TO
REVIEW THE ORDER DATED 25.07.2025 PASSED BY THIS HONBLE
COURT IN WRIT PETITION NO.3465/2021 (GM-RES) ENCLOSED AS
ANNEXURE A AND ETC.

THIS REVIEW PETITION, COMING ON FOR ORDERS, THIS DAY,
ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ



ORAL ORDER

1. IA No.1/25 is allowed. The delay of 4 days in filing the Review Petition is condoned.
2. The Petitioners are before this Court seeking for the following reliefs:
 - a) Review the order dated 25.07.2025 passed by this Hon'ble Court in Writ Petition No.3465 of 2021 (GM-RES) enclosed as Annexure-A.*
 - b) Pass such other suitable orders as this Hon'ble Court deems fit to be granted in the facts and circumstances of the case in the interest of justice and equity.*
3. Sri D. R. Ravishankar, learned Senior Counsel appearing for the petitioner, submitted that certain material aspects concerning Sections 167 and 164 of the Companies Act had not been brought to the notice of this Court at the time of the earlier hearing. According to him, the statutory scheme draws a clear distinction between (i) the company in default, in respect of which the concerned Director continues to hold office notwithstanding the disqualification, and (ii) companies which are not in default, where the disqualified Director is required to vacate office. He submitted that this distinction though nuanced is substantive.



4. Elaborating his submission, learned Senior Counsel contended that, in the case of the defaulting company, the Director must necessarily continue in office in order to discharge the statutory obligations cast upon him and to facilitate compliance with the provisions of the Act. Conversely, in respect of companies which are not in default, the Director incurs disqualification and consequently vacates office, thereby enabling such companies to appoint a replacement Director. It was therefore submitted that the findings recorded by this Court in paragraphs 11.13 to 11.18 of the judgment in W.P. No. 3465/2021 require reconsideration and correction in review, as they do not adequately recognise this statutory distinction.

5. Sri Aravind Kamath, learned Additional Solicitor General of India, fairly submitted that he concurs with the submissions advanced by the learned Senior Counsel for the petitioner. He submitted that the distinction between a defaulting company and a non-defaulting company is inherent in the statutory framework and must be recognised. According to him, if a Director were held to have vacated office even in the defaulting company, the regulatory authorities would be deprived of the ability to



proceed against the very person responsible for ensuring statutory compliance. Such an interpretation would also render it impossible for the defaulting Director to remedy the defaults, thereby defeating the object of the legislation. He therefore supported the contention that the Director must continue in office in the defaulting company while vacating office in all other companies in which no such default exists.

6. Having considered the submissions of both learned counsel, this Court is of the opinion that the distinction between a defaulting company and a non-defaulting company assumes considerable significance and warrants recognition in the exercise of review jurisdiction. The earlier judgment did not expressly advert to this nuanced yet material distinction.
7. A harmonious reading of Sections 164(2) and 167(1) of the Companies Act indicates that, insofar as the defaulting company is concerned, the disqualified Director does not vacate office. Such continuation is necessary both to enable the authorities to initiate and pursue appropriate proceedings against the Director responsible for the default and to ensure



that the Director remains in a position to undertake the statutory compliance required to rectify the default. Any contrary interpretation, resulting in automatic vacation of office in the defaulting company, would frustrate the legislative intent by leaving the company without the very person upon whom the statutory obligations are imposed.

8. In contrast, in respect of companies which are not in default, a Director who incurs disqualification under Section 164(2) cannot continue to hold office. In such companies, the office of the disqualified Director stands vacated under Section 167, thereby enabling the concerned company to appoint another Director and ensuring that its governance is not adversely affected by the disqualification incurred on account of defaults committed elsewhere.
9. Accordingly, the findings recorded in paragraphs 11.13 to 11.18 of the judgment in W.P. No. 3465/2021 require modification to the limited extent of recognising and giving effect to the above statutory distinction.
10. In that view of the matter, the following corrections would be required to be made in the order dated 25.07.2025 passed in WP No.3465/2021.



- i) At Para 11.13, after the word "only to the" in the last line of the said paragraph, the following words to be added: "companies other than the"
- ii) At Para 11.14, in line 1 & 2 of the said paragraph, the following words to be replaced: "a director who is in default", to be replaced by "the re-appointment of the director in the company in default or appointment in any other company".
- iii) At Para 11.15, after the word "disqualified" in the 11th line, the following words to be added: "from being re-appointed".
- iv) At Para 11.16 after the word "company" in 3rd line thereof, the following words to be added: "other than the company".
- v) At Para 11.17, in 9th line, the following sentence to be deleted:

"Thus, the claim under this head of account by the petitioner is not sustainable"



vi) Para 11.18 to be replaced by following words:

“Hence, I answer point No.1 by holding that under Section 164 of the Companies Act, 2013, a director cannot be disqualified from being a director in the company as regards which the allegations are made and it is limited to disqualification of reappointment as a director of the company in default and continuance/appointment as a director in companies other than the company in default, so as to enable the director in default to comply with all the obligations in the company in default.”

vii) At Para 13.1, 2nd line, the word “dismissed” is to be replaced by the words “disposed of”.

viii) At Para 13.1, at the last, the following sentence to be added:

“the DIN being required to be reactivated on the expiry of the 5-year disqualification period,



respondents are directed to reactivate the DIN within a period of two weeks from the date of receipt of copy of this order. Needless to say, once the DIN is reactivated, all the compliances could be made by the petitioners.

11. Registry is directed to carry out the above corrections and issue a fresh certified copy.
12. Review petition is accordingly **allowed in part** in terms of the above.

Sd/-
(SURAJ GOVINDARAJ)
JUDGE

PRS
List No.: 2 Sl No.: 5