

THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH-I

CP 1306 (MB) of 2019

and

MA 1329 of 2019, IA(COMPANIES ACT) 164(MB) of 2025

in

CP 1306 (MB) of 2019

*Under Sections 241, 242, 245, 246 of the Companies Act, 2013 read with Rule
11 of National Company Law Tribunal Rules, 2016 and;
In the matter of oppression and mismanagement of the affairs of
Arzoo(India) Private Limited;*

In the matter of:

Yogesh Patel

... Petitioners

Versus

Arzoo.com (India) Private Limited & Ors.

.....Respondents

Order pronounced on: 02.07.2026

Coram :

Shri Prabhat Kumar

Hon'ble Member (Technical)

Shri Sushil Mahadeorao Kochey

Hon'ble Member (Judicial)

Appearances:

In CP 1306 of 2019

For the Applicants

: Adv. Nausher Kohli, Mr. Jimish Shah,
a/w Adv. A. Pradhan i/b Divya Shah
Associates, Ms. Niyati Dasondi

For the Respondents

: Mr. Areez Gazdar

In MA 1329 of 2019 and IA (Companies Act) 164 of 2025

For the Applicants : Adv. Nausher Kohli, Jimish Shah
a/w Adv. Anagh Firdhan

For the Respondent No. 1 & 2 : Adv. Umang Thakur adv. A. Mahapatra,
Adv. Dhruva Sikarwar i/b Desai & Diwanji

For the Respondent No. 7 : Adv. Rohit Gupta a/w Adv. Nitesh Menon

ORDER

Per: Coram

Facts and Background of the Case

1. The present Company Petition is filed on 23.08.2019 by Mr. Yogesh Patel (“Petitioner”) against Mr. Sabeer Bhatia (“Respondent No. 2”), Mr. Ashish Kanjirakat Baby (“Respondent No. 3”), Mr. Sunil Kashinath Jadhav (“Respondent No. 4”), Mr. Sham Parshuram Baisane (“Respondent No. 5”), Mr. Sunil Vikas Shivalkar (“Respondent No. 6”) and Mr. NMS Mauritius Limited (“Respondent No. 8”) for seeking appropriate reliefs and directions alleging commission of oppressive acts and mismanagement in the affairs of M/s Arzoo.com (India) Private Limited (“Respondent Company/ Respondent No.1 Company”). Mr. Bhogilal Patel (“Respondent No. 7”) is father of Petitioner, and the relief sought by the Petitioner in his relation are for his benefit.
2. The Petitioner had filed Miscellaneous Application No. 1329 of 2019, to seek urgent hearing of the matter before this Tribunal. Since this matter is being heard finally, this application is rendered infructuous, and accordingly stands disposed of.
3. The Respondent No.1 is a private limited company incorporated on 14th March 2000 as Navinmail Services India Private Limited, and later renamed as Arzoo

(India) Private Limited under the provisions of the Companies Act, 1956. The registered office of the Respondent No. 1 is situated at the address set out in at Gala 5, 1st Floor, Samruddhi Venture Park, MIDC Central Road, Next to Tunga Paradise, Andheri(East), Mumbai - 400093 bearing CIN as U72200MH2000PTC124905. The Company is engaged in the business of e-travel and runs the web-portal "www.arzoo.com".

4. The Petitioner, an individual residing in San Francisco, United States, who was allotted shares of the Company in March 2012, now holds 1,39,328 equity shares of the face value of Rs. 10 each of the Respondent No.1 Company, which constitutes 15.4% of the paid-up equity share capital. The Respondent No. 2 holds an aggregate of 23.07% of shares of the Company. Respondent Nos. 3 to 6 are Directors but do not hold any shares. Respondent No. 8 is holder of 385,376 shares in Respondent Company, the transfer of which is alleged to be illegal and void. Further, Respondent No. 7 is alleged to be lawful owner of 68,015 shares in view of payment of consideration therefor, however, these shares are not recorded in his name and, instead, are recorded in the name of Respondent No. 2.

5. Vide order dated 01.05.2024, this Tribunal appointed Mr. Rajesh Shah and Associates Chartered Accountants to carry put audit of the books of accounts of Respondent Company for the period of financial year 2004 to 2024. In the letter dated 05.06.2024, Rajesh Shah and Associates informed the unavailability to act as an independent auditor. This Tribunal vide order dated 01.05.2024 directed the Company to conduct an inspection and a Special Purpose Audit, and appointed M/s PPSS & Associates LLP, Chartered Accountants, pursuant to order dated 18.06.2024, for this purpose. The Auditor has stated in the report dated 15.03.2025 that, during the audit, they encountered numerous discrepancies and non-cooperation from the Respondents in providing the necessary documentation. The Petitioner states that, as per the Special Purpose

Audit report (hereinafter referred to as SPA report/ Auditor's report) submitted by the Independent Auditor, the Respondents Nos. 1 to 6 have committed acts in contravention of the Companies Act, 2013. The Petitioner filed an Interlocutory Application No. 164 of 2025, seeking amendment of the petition for impleading two parties named in the Auditor's Report and for additional reliefs based on the findings of the audit report. The said amendment application was allowed by this Tribunal vide order dated 18.09.2025. The amendment was carried out by the Petitioner on 18.09.2025 and copy of amended petition was served to the Respondents, who were granted time to file their replies. The Respondent No. 8, based out of India, was served through postal service and the Petitioner contended that the said Respondent is not required to be served in terms of Hague Convention providing the procedure for service of notice(s)/document(s) to the residents of signatory to such convention.

6. The Petitioner has alleged commission of following acts of oppression by the Respondent No. 1 to 6 in the affairs of the Respondent No. 1 Company:
 - a. Dilution of the Petitioner's Shareholding via a proposed issue where the reduction of shareholding would have resulted from 15.4% to approximately 7.7%, however, the said proposed issue did not materialise.
 - b. Fraudulent transfer of shares of the Respondent No. 7 (Mr. Bhogilal Patel) in the name of Respondent No. 2 (Mr. Sabeer Bhatia).
 - c. Fraud committed relating to the shareholding of Respondent No. 8 (M/s NMS Mauritius Limited) in the Company.
 - d. The Respondents entered into related party transactions and siphoned off amounts from the Respondent Company.
 - e. Non-compliance with numerous provisions of the Companies Act, 2013, pertaining to; inappropriate allowance for proxy members to attend the Annual General Meeting (AGM).

7. We heard the learned counsel for the petitioner and Respondent No. 1 to 6, and perused the material on record.
8. It is undisputed fact that the Petitioner was not director of the Respondent Company and was looking after the affairs of the Respondent Company as Chief Technology Officer, though the Respondent No. 1 to 6 have contended that, being Chief Technology Officer, he was wholly in-charge of affairs of the Respondent Company and was signatory in the Bank Account of Respondent Company as well as responsible for hiring or termination of employees till 2018. The allegations of the Petitioner in this petition in relation to each purported act of oppression and mismanagement are dealt with in the following paras.

Dilution of the Petitioner's Shareholding

9. The Petitioner states that he did not receive notice dated 04.03.2019 for convening Annual General Meeting (AGM) on 02.04.2019 at the first instance and was provided the copy thereof by the Respondent Company on 16.03.2019 along with enclosures thereto, only after the Petitioner had addressed a letter dated 15.03.2019 to the Company informing that the service of said notice alleged through airmail is still in transit as found from the website of postal agent. The Petitioner has alleged anomalies in the enclosures to the said notice stating that the proposed allotment at Rs. 33 per share was far below the value per share determined in the first valuation report three years earlier; second valuation report dated 28.02.2019 forming basis for fixation of the issue price was obtained after the board meeting dated 16.02.2019 and the said report follows the asset-based valuation method, also accounting for doubtful debts of Rs. 9,22,46,630/-, though the audited financial statement as on 31.03.2018 does not reflect any such doubtful debt and all the debts recoverable are stated to be "unsecured and considered good"; the board is stated to have approved raising of Rs. 93,80,070/- however, the resolution proposed at the said Annual general

meeting contemplates the issuance and allotment of Rs. 9,38,007 equity shares at a price of Rs. 33 each. It is also stated that the corrigendum dated 22.03.2019 states the price of shares at Rs. 37.

10. The answering Respondents have stated that the shareholding pattern of the Respondent Company has been same since last four years, wherein the Petitioner holds 15.46% from 2019-2023. Therefore, the apprehension of dilution of the shares of the Petitioner is ill-founded and does not prejudice his interest, thus there is no act of oppression in this relation.
11. It is noted that the auditor has also not found the allotment of any share pursuant to annual general meeting held on 02.04.2019, hence, we do not find it worthwhile to look into the allegations concerning the valuation and dilution of Petitioner's holding in the Company. Nonetheless, the Respondent Company ought to have been diligent in ensuring the service of notice of general meeting at least 21 days prior to proposed general meeting as required under Section 101 of the Companies Act, 2013.

Fraudulent transfer of shares of the Respondent No. 7 to Respondent No. 2.

12. The Petitioner alleges that 68,015 shares validly allotted to Respondent No. 7 (Mr. Bhogilal Patel, the father of the Petitioner) were unlawfully transferred to Respondent No. 2 (Mr. Sabeer Bhatia) without Respondent No. 7's knowledge or consent. Further, Respondent No. 7's name was removed from the 2011-12 Annual Statements, and no Board Resolution was passed approving the alleged transfer/allotment of these shares to Respondent No. 2. The petitioner therefore alleges that the transfer from Respondent No. 7 to Respondent No. 2 was fraudulent, illegal and void.
13. According to the Respondents, the Petitioner was the one wholly and solely responsible for running the Respondent Company since 2005 till 2018 as part of management of the company, accordingly, his approval was required for

every decision of the department, hence, it is inconceivable that he was not aware that his father was not issued share certificate for 68,015 shares since 2011.

14. It is noted that the Audit Report has confirmed that 68,015 shares were allotted to Respondent No. 7 upon payment of Rs. 6,80,150/- as share application money in terms of resolution passed in the Board meeting held on 28.03.2011 and the text of the resolution as quoted by the auditors in their report reads as “68,015 equity shares of Rs. 10/- each fully paid of the Company be and are hereby allotted to Mr. Bhogilal Laljibhai Patel.” Further, the auditor has stated in the report that the Return of Allotment in FORM-2 in respect of allotment of the said shares in favour of Respondent No. 7 was also filed with the Ministry of Corporate Affairs. It is further stated in the report that the Register of Members (MGT-1) and the Audited Financial Statements for FY 2010-11 to FY 2019-20 record the entire 68,015 shares in the name of Mr. Sabeer Bhatia. The audit report has confirmed that no share certificates were issued to any shareholders at the relevant time, hence violating the procedure prescribed under Section 56 of the Companies Act, 2013.
15. Respondent No. 7 has submitted that he had filed a complaint with the Malabar Hill Police station against the Respondent Nos. 2 to 6, alleging the offences of fraud, forgery misappropriation, and siphoning of 68,015 shares in the name of Respondent No. 2. The FIR was lodged on 30.10.2021 against the Respondent Nos. 1 to 6 under section 379 of the Indian Penal Code. Per contra, the Respondent Nos. 1 to 6 had filed the *Writ Petition No. 3484 of 2022* before the Hon’ble Bombay High Court inter alia seeking directions to quash the FIR lodged against the Respondents.
16. It is noted that Respondent No.1 to 6 has only defended giving an evasive reply stating that the Petitioner was the one wholly and solely responsible for running

the Respondent Company since 2005 as part of management of the company, however, it is case of the Respondent that the Petitioner was wholly in-charge of affairs of the Respondent Company till 2018. The allegation of the Petitioner and Respondent No. 7 pertains to the manipulation in the secretarial records and statutory registers, which remain in custody and possession of the Board of Directors or an officer in charge of Secretarial function. It is noted that the Petitioner was admittedly working as the Chief Technological Officer (CTO) in the relevant time and was not a signatory in the financial statement for the year 2010-11 till FY 2018-19. Further, the auditor has confirmed the allotment of these shares in the name of Respondent No. 7 is duly evidenced by the secretarial records and the statutory records of the company. Nothing has been brought on record as evidence as in transfer documents by the respondent No. 7 in favour of respondent No. 2. These facts clearly demonstrate that the register of member is not reflecting the details of the member and their shareholding correctly, and respondents no. 1 to 6 have not placed on record any sufficient cause for removal of name of respondent No. 7 from the register of member in respect of such shares. This clearly reflects that the Respondent No. 2 to 6 have committed an act of oppression prejudicing the rights of the Respondent No. 7 directly and of the Petitioner indirectly on account of he being the son of Respondent No. 7. Further, these shares are consistently being held in the name of Respondent No. 2 in the Respondent Company's records accordingly, the said act is the continuing act of oppression. In view thereof, we direct the Respondent Company to rectify the register of member so as to record the said shares in the name of Respondent No. 7 and issue share certificate in this relation.

Fraud committed relating to the shareholding of Respondent No. 8 (M/s NMS Mauritius Limited) in the Company.

17. The Petitioner alleges that in the audited balance sheet as on 31.03.2011, 3,85,386 shares were shown as being held by the company incorporated in

Mauritius, namely M/s NMS Mauritius Limited. However, after searching the details of the company in the Business Registration Department of Mauritius, it was found that the company was incorporated on 24.02.2012. The Petitioner alleges that 3,85,376 shares originally held by Respondent No. 8 were transferred to NMS Network Services (Mauritius) between 2009 and 2016. However, M/s NMS Network Services (Mauritius) had already been dissolved on 29.11.2008, and therefore the shares were shown in the name of a non-existent company.

18. The answering Respondents have further contended that the Petitioner was wholly and solely managing the business of the India unit in the Respondent Company and was aware that the shares were held through defunct Mauritius companies. The respondents allege that the Petitioner himself instructed the transfer of those shareholdings from one company to another. They relied on the email communications dated 16.10.2016 and 16.05.2018 between the Petitioner and Mr. Neeraj Bhogun (Senior Administrator of M/s Strafin Global Services Limited, the subsidiary of Mauritius Company) stating that the Mauritius companies have become defunct. The Respondent No. 1 to 6 have also stated that the allegations of Auditor in relation to non-provision of necessary demanded documents and the relevant documents cannot be attributed to them because the Petitioner was in charge of the day-to-day affairs of the Respondent Company during the relevant time. Hence, the Respondents could not have relevant information requiring disclosure thereof from the answering Respondents during the period alleged by the Petitioner.
19. It is noted that the auditors had requested Respondent No. 1 Company to provide the documents necessary for examination of allegation in relation to transfer of shares from M/s NMS Mauritius Limited, however it is stated by the Auditor that Foreign Inward remittance (FIRC) of USD 705,000 (INR 3.36 Crores) was received from Navin Communications Inc (Now NMS Mauritius

Ltd.) in FY 2009-10. It is further stated in the report that the Respondent Company received Rs. 15.56 crores as share application money, i.e. Rs. 4.54 crores in FY 2009-10 and Rs. 11.02 Crores carried forward from FY 2008-09. It is noted that the report is not conclusive in relation to share application money and allotment due to lack of the demanded documentation. However, the auditor has also admitted in the report that Navin communications Inc. (later known as NMS Network Services (Mauritius) Ltd.) had paid money for the shares, it was allotted, in the FY 2009-10. Even though those shares were stated to be in the name of 'NMS Mauritius', which can be acronym used for NMS Network Services (Mauritius) Ltd. Further, non-availability of transfer documents, if any, executed between NMS Network Services (Mauritius) Ltd. and NMS Mauritius Ltd., which was incorporated on 24.02.2012, with the Respondent Company cannot make the transfer of those shares recorded in the name of Respondent No. 8 illegal or fraudulent in the absence of any claim of NMS Network Services (Mauritius) Ltd. in relation to the shares standing presently in name of NMS Mauritius Ltd. It is also relevant to note that both the parties have denied having custody of secretarial records of the Respondent Company. In our considered view, the issue in relation to these shares arises between NMS Network Services (Mauritius) Ltd. and NMS Mauritius Ltd., and no third party particularly Petitioner and respondent No. 7 not having any interest in either of these two company claim any prejudice caused to them or even to Network Services (Mauritius) Ltd. in the absence of any allegation of such erstwhile shareholder. Hence, this does not constitute an act of oppression and there is no merit in the allegation of the Petitioner in relation to this particular matter.

Fraudulent transactions with M/s Mahalaxmi Vacations Private Limited

20. The Petitioner states that the Respondent No. 1 Company had proposed to allot the shares of Respondent No. 1 to M/s Shree Mahalaxmi Vacations Private Limited ("M/s Mahalaxmi") without genuine underlying transactions and Board approvals. It is noted that the Respondent Company had contemplated

issuance of shares to Mahalaxmi as is evidenced from the AGM notice, however, it is undisputed fact that no allotment of shares took place pursuant to such proposed resolution. The Auditor has also confirmed this fact relating to non-allotment of any share to Mahalaxmi. We have already held that the Respondent Company ought to have diligently issued notice to Petitioner in relation to the AGM and the Petitioner has not impugned any business transacted at such AGM, except the proposed issuance of shares by the Respondent Company. Further, the Petitioner has alleged that the valuation report obtained for issuance of such shares contained 'doubtful debt' figures amounting to Rs. 9,22,46,630/- not reflected in the audited accounts, however, we are of considered view that the valuation is an opinion and such opinion is founded on the appreciation of financial statements and surrounding facts by the Valuer, accordingly, the consideration of amount of debts, stated as recoverable and good in the financial statement, as "doubtful debts" is merely an opinion of the Valuer and is not required to be reported in financial statement. Hence, we do not find that the proposal for issuance of shares, which never came to be issued, and consideration of certain advances as 'doubtful debt' by the valuer in its valuation report constitute acts of oppression qua such proposal or cause any prejudice to the Respondent Company or its members.

21. The Petitioner has also alleged that substantial amounts were paid to M/s Mahalaxmi and Respondent No. 1 Company granted a loan of Rs. 1,39,43,440/- to M/s Mahalaxmi, which was, later on, struck off by the Registrar of Companies (RoC) from the Register of Companies. It is further alleged that the financial statements for the year 2019-20 further reflects that Respondent No. 1 granted loans not only to Shree Mahalaxmi Vacations Pvt. Ltd., but also to M/s Tathastu Realty Solutions Private Limited, which has also been struck off in the records of the Registrar of Companies. He further contends that an amount of Rs. 2,05,30,702/- is recoverable from M/s Mahalaxmi on account of said advance as well as earlier outstanding.

22. It is stated by the answering Respondents that the transactions carried out with M/s Mahalaxmi, were in accordance with the standard commercial practice established by the Respondent Company and is not a fraudulent related party transaction. Mr. Parag Thakkar, who is the Director of M/s Mahalaxmi, shared a commercial relationship and the Respondent Company had purchased bulk airline tickets for Mumbai-Dubai sector from them, and hence the Respondent Company had advanced sums from time to time, resulting into a debit of Rs. 1,39,43,440/- in M/s Mahalaxmi's account as on 31.03.2020. These amounts were paid against the proforma invoices against for total sum of Rs. 3 Crores, however, no ticket was issued to Respondent Company, hence, the amounts became refundable, which are yet to be returned by M/s Mahalaxmi. The said amount is reflected under the head "Loans and Advances". It is further stated that the said transactions were duly accounted for in the year 2018-19 and 2019-20, against the corresponding invoices. It is further stated that no amount was given to M/s Tathastu Realty Solutions Private Limited and the Auditor has not reported any payment to M/s Tathastu Realty Solutions Private Limited in its audit report, while he had access to the books of accounts. It is further explained by the answering Respondents that the findings in the Audit report are inconclusive and cannot be relied upon as determinative proof of the fraud transactions as the auditor themselves has stated they did not rely on the incomplete documentation of the Respondent Company for expressing their opinion.
23. It is noted that the Auditor's report confirms the payment of money to Mahalaxmi, and a ledger account in its name in the books of Respondent Company, enclosed to the Auditor Report, clearly evidences the payment of sums to Mahalaxmi repeatedly from 30.01.2019 till 19.06.2019, however, there is no invoice credited in its ledger account towards the settlement of sums, claimed to be paid towards purchase of tickets. The auditor has also stated in

the report that the Respondent Company had advanced Rs. 1,44,52,890/- and Rs. 72,27,040/- to Mahalaxmi during the FY 2018-19 and FY 2019-20, and the advances were provided without any underlying transactions. It is also stated in the report that Mahalaxmi repaid Rs. 5,09,450/- and Rs. 6,39,778/- during the same period, as a result, a total sum of Rs. 2,05,30,702/- remains recoverable from Mahalaxmi. We find that the observation of the auditor in this relation are based on the facts as revealed from the ledger account. It is noted by us that the ledger account shows some return of money and credit on account of expenses incurred by Mahalaxmi for the respondent Company, which are not in nature of purchase of tickets. Further the auditor has also confirmed Mahalaxmi vacations Pvt. Ltd. is shown as struck off in the Ministry of Corporate Affairs (MCA) records.

24. In view of the aforesaid facts, we note that the conclusion of the auditor is based on the factual finding, and the Respondents explanation that the said amounts were paid to Mahalaxmi for the purchase of tickets cannot be accepted because there is not a single purchase of ticket in the ledger account in the Respondent Company since 01.04.2018 till 31.03.2020, the period during which the amounts were paid to Mahalaxmi on various occasion. The reliance of the Respondents on the proforma invoices is contrary to the facts on record and is not supported by the ledger entries as well. The Respondent's contention that the Auditor's report is based on incomplete documents can also be not accepted for the aforesaid reasons.
25. Further, it is incomprehensible that a business entity keep on advancing money to its supplier in various tranches over a period of six months without receiving any supply against the earlier advances. The Respondents have acknowledged that the tickets were not received as the amounts is recoverable from Mahalaxmi, however, this explanation seems to be an afterthought to justify the advancing of money over a period of six months to Mahalaxmi resulting into built up of the amount stated to be recoverable as on 31.03.2020. in our considered view the amounts paid to Mahalaxmi were in fact in the nature of

loans and it can not be ruled out that these sums have been siphoned off from the respondent Company to the detriment of its members, considering that Mahalaxmi has since been struck off from the Register of Companies maintained by the Registrar of Companies. In view of this, we are of our considered view that the said advance of money constitutes an act of mismanagement on part of Respondent No. 2 to 6. Accordingly, the advance of said sums to Mahalaxmi can not held to be in ordinary course of business, and the Respondent No. 2 to 6 should compensate the Respondent Company for this money.

Non-compliance with the provisions of the Companies Act, 2013 and Other Allegations.

26. It is noted that the Petitioner has also pointed out certain inconsistencies in the minutes of Board Meeting and the notice issued for AGM in relation to proposed issuance of shares in 2018, and has also alleged failure in compliance with the provisions of Companies Act in relation to statutory filings. It is further noted that there is contradictory position taken by both the parties whereby, each one is alleging custody of records and management of affairs with other. Nonetheless, the fact of non-compliance is undisputed and said non-compliances are prejudicial to the interest of the Company as well as its members as they entail penal consequences.
27. The answering Respondents have, on the contrary, alleged that the Petitioner, having control over the affairs of Respondent Company, were siphoning off the monies from the Respondent Company within India, and the Respondent No. 2 was residing in USA. It is stated by the answering Respondents that the Forensic Audit report dated 31.03.2018 was an independent report, which hint towards the siphoning off of amounts of Rs. 30 crores from the Respondent Company by the Petitioner. The Petitioner is also alleged to have fabricated the documents for manipulation of accounts of the Respondent Company.

28. On perusal of the auditor's dated 15.03.2025, it is noted that the auditor's has observed multiple related party transactions were undertaken by the Respondent Company between FY 2019-2020 and have also taken note of concern raised by Forensic auditor in his report dated 31.03.2018, regarding embezzlement of funds to other group companies in the form of supplier/ vendor payments and expenses such as rent, salary, and repair/ maintenance. It is noted that the auditor has stated that the details of transactions of the related parties were not provided to them for verification of those transactions. In other words, the Auditors report is inconclusive in this relation.
29. In addition, as the fact in the case, the answering Respondents state that Mr. Kanjibhai Patel, who was the uncle of the Petitioner, was appointed as the Director of the Respondent Company. Later, Mr. Kanjibhai Patel changed the auditors of the Company and played fraud and siphoned off money in consonance with the Petitioner. However, it is noted from the MCA master data as on 18.03.2019 that Mr. Kanjibhai Patel is not stated to be Director of the Respondent Company, and he was director of the Respondent Company only for the period from 29.12.2007 to 16.04.2015. The Board of Respondent Company is shown to be comprising Respondent No.2, 3, 4, 5 and 6.
30. On perusal of the Forensic Audit report dated 31.03.2018, it is noted that the forensic auditor in that report had determined a benefit of Rs. 113.45 million to Yogesh Patel group at the cost of Respondent Company. The main allegation is arising from benefit accruing to Yogesh Patel group from one Andheri office, which was originally leased to Respondent No. 2's company, and was allowed to be acquired by the Respondent Company. Besides, this the Yogesh Patel group is stated to have enjoyed interest free loans from respondent No.2 group company resulting into benefit on account of notional interest to Yogesh Patel. Further, the said forensic audit report also alleges fraudulent transactions aggregating to Rs. 25.83 million with four outside parties during month on

February and March 2013, solely to take money out of Respondent Company by booking bogus expenses alleging it to be accommodation entries and the transaction with one of these parties resulted into an assessment by Income Tax Department requiring the Respondent Company to pay Rs. 2.35 million as tax on account of unexplained expenditure. It is noted that the Respondent No. 2 to 6 had not reported this fact of fraud in the audited financial statement ending 2018 and the auditors have also not commenting at distance of any fraud in their report dated 18.02.2019 on the financial statement on the year ended 31.03.2018. Accordingly, we have a considered view that the Respondent No.2 to 6 cannot the present issue in the present petition, however, they shall be at liberty to take appropriate remedial action as available under law for this.

Decision

31. It has been noted in the preceding paragraphs that the act of removal of name of Respondent NO. 7 is oppressive in nature and to payment to Mahalaxmi is in nature of financial mismanagement entailing diversion of money from the Respondent Company. It is further noted that the Respondent Company has made submission before learned City Civil Court at Dindoshi in Commercial suit no. 391 of 2020 that it is present facing unprecedented difficulties in gathering and collating evidence necessary for prosecution of the present suit and it is currently in its closing stage of operations. The Petitioner had apprehended before this bench on 20.02.2026 that these submissions of the Respondent Company shall render the present company petition as infructuous thus the Respondents shall get away from their alleged acts of mismanagement scot-free. It emerges from this that the Respondents are not willing to continue the operations in the Respondent Company and the petitioner wants to keep the respondent Company alive only to require the Respondent No. 2 to 6 to undo their alleged acts of mismanagement. Since, we have issued appropriate directions in relation to both of these acts at para 16 and 25, no further directions

are required. We consider it appropriate to leave the parties here to decide in relation to further continuance of business affairs in the company.

32. In terms of above, **CP 1306 of 2019** is allowed and disposed of. **MA 1329 of 2019 and IA(COMPANIES ACT) 164 of 2025** in **CP 1306 of 2019** also stands disposed of. Any other application pending in the Petition shall also stand closed. All interim orders shall stand vacated.

Sd/-

Prabhat Kumar
Member (Technical)

Vaishnavi B

Sd/-

Sushil Mahadeorao Kochey
Member (Judicial)