

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301
CP 114 of 2018

Proceedings under Section 241-242 of Co. Act, 2013

IN THE MATTER OF:

Gopal Dhirajlal Vadalía & Ors

.....Applicant

V/s

Prabhat Solvent Extraction Industries Pvt Ltd & Ors

.....Respondent

Order delivered on: 07/07/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)

Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

AD/AP

**NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH (COURT-II)**

COMPANY PETITION No. 114 of 2018

(Under Section 241 And 242 of the Companies Act, 2013)

IN THE MATTER OF:

1. Gopal Dhirajlal Vadalia,
27, Shitvan Club, Niyari Dam
Main Road, Besides Star Life Style,
Kalawad Road, Kankot,
Rajkot – 360005
2. Jyotsanaben Dhirajlal Vadalia,
27, Shitvan Club, Niyari Dam
Main Road, Besides Star Life Style,
Kalawad Road, Kankot,
Rajkot – 360005
3. Jyotiben Dayalal Vadalia,
5, Philips Lane, Lake Grove,
Newyork 11755
4. Bharatkumar Mohanlal Vadalia
Flat No. 801, Rajyog,
Pradhyuman Green City,
Kalawad Road, Rajkot

... Applicants

Versus

1. Prabhat Solvent Extraction Industries Pvt. Ltd.
CIN: U15142GJ1967PTC001474

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Having its registered office at
1st Floor, Sterling Apartment,
Jawahar Road, Rajkot

2. Maheshkumar Dayalal Vadalia
801, Floor No.8, Prabhat Complex -1,
Government Press Road,
Rajkot-360001
3. Maheshkumar Dayalal Vadalia (HUF)
Through its Karta
Maheshkumar Dayalal Vadalia
801, Floor No.8, Prabhat Complex -1,
Government Press Road, Rajkot-360001
4. Heenaben Maheshkumar Vadalia,
801, Floor No.8, Prabhat Complex -1,
Government Press Road,
Rajkot-360001
5. Navinchandra Dayalal Vadalia,
801, Floor No.8, Prabhat Complex -1,
Government Press Road,
Rajkot-360001
6. Nishaben Navinchandra Vadalia
801, Floor No.8, Prabhat Complex -1,
Government Press Road,
Rajkot-360001
7. Navinchandra Dayalal Vadalia HUF,
Through its Karta
Navinchandra Dayalal Vadalia
801, Floor No.8, Prabhat Complex -1,

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Government Press Road,
Rajkot-360001

8. Krishnaben Navinchadra Vadalia,
801, Floor No.8, Prabhat Complex -1,
Government Press Road,
Rajkot-360001
9. Messer Prabhat Investment G.P.C.P.L.
Registered company
Having its address at
Sterling Apartment, Rajkot

.... Respondents

Order pronounced on 07.07.2026

Coram:

MRS. CHITRA HANKARE
HON'BLE MEMBER (JUDICIAL)

MR. VELAMUR G. VENKATA CHALAPATHY
HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant	: Mr. Jaimin Dave, Adv, Mr. Priyank Dave, Adv and Mr. Shivam Parikh, Adv
For the Respondent.	: Mr. Ravi Pahwa Adv (for R-1,2,3,4,9,10) Mr. Anuj K Trivedi Adv (for R- 5 to 8) Mr. Arjun Sheth Adv (for R-9)

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JUDGEMENT

1. The applicant/s have filed the present petition by affidavit filed dated 12 November 2018, under Section 241 and 242 of the Companies Act, 2013. Respondent No. 10, Ranjanben Dayalal Vadalia, is deleted in pursuance to the order dated 11.06.2026 passed by this Tribunal by virtue of the purshish filed for the same by the applicant. The petitioner/s seek the following prayers:

- a) *for appropriate orders, reliefs and directions under Section(s) 241, 242 and 244 of the Companies Act, 2013, against Respondent No. 2 to 10 to forthwith cease and desist from indulging in the aforesaid acts of oppression and mismanagement, which have been perpetrated by Respondent No. 2 to 10, and for all necessary and consequential orders and directions in that behalf*
- b) *that appropriate direction may be issued upon Respondent No. 2 to 10 to transfer Madhapar Land No. 1, Madhapar Land No. 2, Madhapar Land No. 3, Taraghadi Land No. 1, Taraghadi Land No. 2, Taraghadi Land No. 3, Taraghadi Land No. 4, Taraghadi Land No. 5, Taraghadi Land No. 6, Taraghadi Land No. 7, Taraghadi Land No. 8 in favour of Respondent No. 1 Company by executing a conveyance deed and on paying appropriate stamp duties;*
- c) *that an appropriate scheme for the management, administration, control and conduct of the affairs of the Respondent No. 1 Company be framed by this Tribunal,*

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including inter alia, an appointment of an Independent Chairman or Directors or Administrator, etc., as this Tribunal may deem fit and proper;

d) for appropriate orders, reliefs and directions for removal of Respondent No. 2 and Respondent No. 5 as Director from the Board of Directors of the Respondent No. 1 Company and for appropriate orders, reliefs and direction appointing Petitioners' nominees or any other fit and proper person on the Board of Directors of the Respondent No. 1 Company;

h) for any other and further relief deemed just and proper be granted in the interest of justice:

i) to provide for the cost of this Petition.

2. The petitioner/s submit that they are holding collectively 42.14% of the total share holdings in the R 1 company wherein there are 28 shareholders thereby comply with the provisions of Clause (a) of Sub-section (1) of Section 244 read with Section 241 and 242 of the Companies Act, 2013. The petitioner/s have challenged the continuous act of oppression and mismanagement of R 2 and R 5 including frivolous attempts of usurping and misappropriating huge parcel of lands of R 1 as the sale consideration of these lands are paid by the No.1 company. It is further submitted that since R 1 could not have held agricultural land on its own name, a Deed of Conveyance was executed in the name of either R2 or R 5, with a clear understanding that they will continue to hold the said parcel of lands in their fiduciary capacity on behalf of Company and would have no right to title or interest over the

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lands. Further it is submitted that R 2 and R 5 have passed various unauthorised resolution, offering properties of R 1 as security without proper sanction/approval for loans in name of R 1 by offering security and taking security and taking disbursement in other ventures, syphoning of funds, repayment of loans through undisclosed sources. The shareholding pattern of the company is listed in table of the petition, all shareholders of R 1 are blood relatives and from inception R 1 was treated as a quasi-partnership between both groups. It is further submitted that R 2 is a Director of R 1 holding 21.87% of shares of the company and R-5 is also a shareholder and Director holding 19.37% of the shareholding of the company.

3. The affairs and the business since incorporation of the company is stated to have been conducted on mutual trust between the parties. It is submitted that R 1 wanted to set up a processing plant in Madhapar, Rajkot and since there were no non-agricultural land available at the relevant point and R 1 could have hold agricultural land, it was decided that the company purchase the land in the name of Shri Dayalal Dhanji Vadalia. A brief summary of the land purchased through sale deed(relevant copies submitted) in the name of these respondent/s by the company through issue of payment consideration by company reflected in its books of account is tabulated below:

SL No	Name of Property and location	Name of owner/respondent	Consideration amount paid
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			by R 1
1	Madhapar Land No.1, Survey 34-1 and 34-4	Sale deed executed in favour of Dahyalal Dhanji Vadalia, who happens to be father of R5 (Navingchandra Dahyalal Vadalia) vide registered sale deed no. 1021 of 1979	Rs.79,275
2	Madhapar Land No.2 Survey No.34-2	Sale deed was unregistered and a registered sale deed came to be executed on 16.08.2014 in name of R 5.	Rs.11,000
3	Madhapar Land No.3 Survey No.35	R 5(Reg sale deed dated 29.08.2012)	Rs.21,000
4	Taraghadi Land No.1 Survey No.21-1 and 19 Paiki	R 5(sale deed 20 feb 1991)	Rs.37,500
5	Taraghadi Land No.2 Survey No.14-1 Paiki	R 5(sale deed 20 Feb 1991)	Rs.1,60,000

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6	Taraghadi Land No.3 Survey No.21-3 Paiki	R 5 (sale deed 20 Feb 1991)	Rs.33,750
7	Taraghadi Land No.4 Survey No.14-1 paiki	R 5 (sale deed 20 feb 1991)	Rs.1,78,750
8	Taraghadi Land No.5 Survey No.14-2 paiki	R 5 (sale deed 20 feb 1991)	Rs.81,250
9	Taraghadi Land No.6 Survey No.21-2	R 5 (sale deed 25 July 1991)	Rs.30,000
10	Taraghadi Land No.7 Survey No.21-1 paiki and 19 Paiki	R 2 (sale deed 14 July 1994)	Rs.1,27,500
11	Taraghadi Land No.8 Survey No.19 paiki	R 2(sale deed 14 July 1994)	1,50,000

4. It is submitted by petitioner/s that the aforesaid transactions were paid by R 1 and non agricultural land/s were purchased in the name of Dayalal Dhanji Vadalia, R 2 and R 5 with the clear understanding that they do not have any right, title or interest over those lands, and they will transfer the lands in the name of R1 as and when required. Further, R 1 has paid the land revenue duly signed by R 2 and R 5 and in gram panchayat has recorded the ownership of R 1 in those parcel of land/s. It is also submitted that these lands are shown by R 1 in the audited financial statements(from time to time) with noting that the land is yet to be transferred in the name of R 1. These statements are also stated to be signed by R 2 and R 5 and hence deemed to be

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acknowledged that they are not the owners of the property, and having signed, have an obligation to transfer above mentioned parcel of lands to R 1. Further, the R 2 and R 5 have applied before various government/semi government authorities like Industries Commissioner for exemption under Urban Land Ceiling Act, 1976 and Gujarat Pollution Control Board for environmental clearance wherein they have clearly acknowledged that R 1 is the owner of the property. It is submitted that even though the petitioners have time and again requested R 2, R 5 and R 10 to transfer the mentioned parcel of land, they are stated to be surreptitiously trying to sell off the land/s to third parties to prejudice the interest of shareholders of the company.

5. On financial transactions, it is submitted that R 2 and R 5 have availed loans from Bank of Maharashtra (on 25.06.2013 for Rs 31,60,000, Rs.1,50,00,000, by offering FDRs of the R 1 as security and the disbursement proceeds were routed in one ARC Lamicraft Pvt Ltd where R 2 and R 5 holds substantial stake as shareholders. They also took further loan of Rs.1,90,00,000 to repay these loans. They are also stated to have siphoned off cash from R 1 for the purpose of repayment of these loans. Relevant documents are submitted. Thereby the petitioner/s are submitting that R 2-R10 have conducted the affairs of R 1 that is prejudicial interest of the petitioner/s. This is submitted to be in violation of Sec 185 of the Companies Act, Sec 128 and 129 of Companies Act 2013 read with Companies (Accounts) Rules 2014. The petitioner/s have submitted that these loans were

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taken without their knowledge and board resolutions passed behind their back after obtaining signatures in advance. Some portion of repayments were made in cash and there is serious apprehension of their monies syphoned off from R1. Hence R 2-R10 are conducting the affairs that is oppressive to the interest of the petitioner/s.

6. The respondent/s R 5 to R 8 filed their reply affidavit dated 18 Sept 2020, represented through R 5 submitted that he is competent to file the reply affidavit, denying all contentions and reliefs sought to be made in the application. It is submitted that the petitioners and respondents represent to the same family and aware of the management decisions of R 1 and this application is nothing but a family dispute and there is no oppression and mismanagement of petitioners. The application is malicious and they have wrongly submitted that the personal properties of R 5 are in the name of R 1 seeking transfer of the said properties, filed to usurp personal properties of R 5, is an abuse of law. These matters are to be adjudicated only by the civil courts and hence not maintainable before this tribunal. It is also submitted that the father of Petitioner No.1 Mr Dhirajlal Dhanjibhai Vadilia, who is a long standing director of R 1 is equally responsible in managing the affairs but has not been made a party. Just because there is family dispute amongst the directors of a company, it does not amount to mismanagement and oppression. Further, it is submitted that the R5 to R 8 are in the minority

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and neither could be in position of oppressing the petitioners or mismanaging the affairs of R1.

7. The R 5 submits that R 1 is a closely held company incorporated on 23 Oct 1967 for extracting, manufacturing and production and refining of edible oils by three brothers..i.e. Dhanjibhai vadalia, Bhanjibhai Vadalia and Muljibhai Dhanjibhai Patel who were promoters and sole directors of R 1. After Mr Muljibhai Dhanjibhai Patel ceased to be Director of R 1 from 11 November 1973, and thereafter on demise of Mr Dayalal Dhanjibhai vadalia on 4 August 1979, his widow Gangaben Dayalal Vadalia became the director of R 1 and it was management by Bhanjibhai Dhanjibhai Vadalia and Gangaben Dayalal Vadalia since 4 August 1979. From 1 March 1994, R 2, R 5, Mr Dhirajlal vadalia (Father of Petitioner No.1) and Mr Narottambhai vadalia (son of Bhanjibhai Dhanjibhai vadalia) also became directors of R 1. Later, on 23 Oct 1994 Bhanjibhai Dhanjibhai Vadalia passed away and also Gangaben dayalal vadalia passed away on 9 June 1996 and Narottambhai Vadalia ceased to be a director of R 1 from 1 Jan 1998. Resultantly, from 1 January 1998 R2, R5 and Dhirajlal Bhanjibhai Vadalia (father of petitioner No.1) have jointly acted as Directors of R 1 and continue till date and thereby the three brothers have jointly managed the affairs of R 1 from 1 January 1998 to present day.
8. The Petitioner No.1 being the shareholder and the CEO of R1 company, is therefore responsible for R 1 and its management of day to day affairs, further Petitioner No.1 is son of Dhirajlal

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Bhanjibhai vadalia (Director of R 1) and Petitioner No.2 is the shareholder and wife of Dhirajlal Bhanjihai vadalia (Director of R 1) and therefor Petitioner No.1 and 2 and the son and wife of one of the three directors of R 1 and hence jointly responsible for management and affairs of R 1. It is contended that petitioners have intentionally not joined Dhirajlal Bhanjibhai vadalia as a party to the petition, hence petition is malafide and suffers from non-joinder of party. As submitted through family tree as exhibit, R 5 submits that the all the other shareholders of R 1 are the family members and relatives of the aforesaid three directors, which is run equally by all members of the family and Petitioner No.1. It is alleged by R 5 that the father of Petitioner No.1 has conducted all instances of misconduct and oppression alleged in the captioned petition, and intentionally not joined as a party and filed at the cost of judicious time to settle their personal and family disputes with R 5 to R 8. No allegations have been made on R 6 to R-10 though made party and hence this is personal vendetta and present proceedings are not bona fide. It is also submitted that R 2 and petitioner are in collusion as even though allegations are made by petitioners, R 2 has on record admitted to supporting petitioners. Thereby two directors, i.e. two brothers have joined against the third brother, i.e. R 5 with an intent to oust him from R 5 and deprive him of his assets.

9. The respondent has submitted that all the properties listed in this table are owned by him(Madhapar Land No.1 to No.3, Taraghadi Land No.1 – 6), they are not owned by R 1, maliciously

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filed to transfer the properties of R 5 to R 1. Further ownership of these properties are to be adjudicated only by the Civil Courts and same cannot be determined in a petition filed under Sec 241-242. The property pertaining to Madhapar Land No.1 was vide sale deed purchased by Dayalal Dhanjilal vadalia father of R 5 on 23 Jan 1979. It is submitted that as a matter of practice of R 1 company to hold and operate the current account of its shareholder i.e. family members to enable them make and receive payments in their respective current accounts held in R 1. It was operated to enable shareholders give loan/deposit amount to R 1. It is stated that in Madhapar Land No. 1 the amount of Rs 4,000 for agreement to sell of was paid by Dhayalal Dhanjilal Vadalia from the current account operated under his name in R 1 and remaining amount of Rs.75,275 was paid from personal account of Dayalal Dhanjilal vadalia held in a partnership firm i.e. vadalia Brothers and hence became the owner of the said land. As regards Madhapar Land No.2, it was purchased for sale consideration of Rs.11,000 an amount of Rs 500 for agreement to sell was paid by Dayalal dhanjilal vadalia from his current account held with R 1 and remaining paid from his personal account of Dayalal Dhanjilal vadalia held in partnership firm, i.e. Vadalia Brothers and became owners of the said parcel of land. On demise of Dayalal Dhanjilal Vadalia on 4 August 1969, a probate application was filed in Civil Miscellaneous Application No.51 of 1980 with regard the will of Dayalal Dhanjilal Vadalia dated 21 Oct 1976 which was allowed by order dated April 18,

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1981 (executed when Gangaben dayalal Vadalia and Bhanjibhai dhanjibhai Vadalia were also Directors of R 1) owned by Dayalal Dhanjilal vadalia was bequeathed to his legal heirs by the said order and then, no objections were raised or challenged by any of the parties. The ownership of Madhapar Land No.1 and 2 were bequeathed to Respondent no. 2 and 5. subsequently respondent no. 2 relinquished his right over Madhapar land no. 1 by release deed bearing registration no. 5895 dated 24 May 1989. It is submitted that the sale deed for the Madhapar Land No. 2 was unregistered and therefore a registered sale deed was executed in the name of R 5 on 16.08.2014. As admitted, on execution of sale deed dated 29 June 1981 which was registered on 29 August 2012, R 5 is the owner of the property Madhapar Land No.3. As regards the properties Taraghadi Land No.1, 2, 3,4, 5 and No.6 they were purchased for sale consideration by R 5 and executed respective sale deeds as mentioned and hence is the owner of the said parcels of land.

10. It is submitted that by way of Board Resolution dated 15 July 1991, of R-1 company it was resolved by then MD (Shri Bhanjibhai Dhanjibhai vadalia, the father of Dhirubhai vadalia, the Director and father of Petitioner No.1) that as the aforesaid lands in Madhapar were under ownership of R 5 was available for purchase, the same may be purchased by R 1 by paying the market price. Further, as per Board Resolution dated 20 June 1992 of R 1, it was resolved by by then MD (Shri Bhanjibhai Dhanjibhai vadalia, the father of Dhirubhai vadalia, the Director

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and father of Petitioner No.1) that as the aforesaid lands in Tragadi were under ownership of R 5 was available for purchase, the same may be purchased by R 1 by paying the market price. By way of lease deed dated 02.12.1999, the R 1 leased the Tragadi Land no. 1 to 6 from R 5 for a period of 11 years, which was subsequently extended up to 31 Dec 2015. Thereby it confirms that the ownership of lands under dispute are undisputedly owned by R-5. Further the accounting entries stated are only hawala/journal/paper entries in the books and there is no evidence they were paid by R 1 to given to either Dayalal Dhanjilal vadalia or R 5. The R 5 has provided certain exhibits to substantiate the same in respect of Madhapar Land No.1 and 2, with dates either after demise of Dayalal Dhanjilal vadalia or after lapse of 1 and half years of the stated purchase of land. Similar allegations are made in respect of Taraghadi Land No.1 – 6 of having created hawala/journal/paper entries. Given the fact that these lands were purchased on or before 1991 and has been in ownership of R 5 for over 30 years, no dispute was raised till the filing of this petition, filed intending to usurp the lands of R 5, the ownership of title to be decided by civil courts. There is no case proved for Oppression and Suppression as alleged in the petition and the real intention is to usurp the lands of R 5 and remove him from Directorship as the Petitioner No.1 is CEO and R 2 is the director of R 1, being in majority. It is other way that R 5 is suffering, kept in side lines, at the hands of

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petitioner/s and R 2 as limited access is given to R 1 which has been closed since years.

11. It is submitted that during the pendency of captioned petition, R-5 was removed from being the signing authority of R-1 company in its board meeting dated 1st June 2019. It is submitted by Respondent No. 5 that the Petitioner No. 2 and Dhirajlal Bhanjibhai Vadalia issued a Special Notice dated 14.08.2020 seeking his removal as Director in the ensuing AGM. Pursuant thereto, Respondent No. 1 issued a Notice dated 21.08.2020, under the signature of Respondent No. 2, calling upon Respondent No. 5 to submit his representation, if any. Thereafter, a Notice convening the Board Meeting on 03.09.2020 was issued, wherein Agenda No. 9 pertained to taking note of the aforesaid Special Notice. The meeting was held by video conference, was not conducted properly and R 2 declared himself as Chairman of the board without going through the minutes of the previous board meetings or reading out the agenda, and 3 of the agendas of the 9 placed, were not addressed or called out in the meeting including his removal. This meeting was convened to suppress the objections raised and is a case of oppression and mismanagement at the behest of R 2 and Dhirajlal Bhanjibhai Vadalia, two directors of R 1. R 5 submits that he had filed his objections. The petitioner/s have meanwhile, filed the petition seeking removal of R 2 and R 5 from directorship, but R 2 has not filed any reply and in fact R 1-4 made a categorical statement that they were not filing a reply and they support contention of

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petitioner/s. Hence, it submits that there is active collusion against R 5- R 8, particularly to remove R 5 from the Directorship/management of the R 1. R 5 to substantiate his allegations of R 2 and Dhirajlal Bhanjibhai Vadalia have illegally passed board resolutions, not issued notices, etc., (without actually conducting board meetings, but filing before ROC), without serving notices to R 5 in 2016-17, 2017-18 and even no AGM was conducted on 22 August 2018, but the same was filed before ROC. Even though R 5 sought various details and documents, he was not provided details. Further, it is alleged by R 5 that in the books of one HSM Foods International P Ltd (petitioner's mother in law MS Hemaben sanjaybhai Maniar, as per balance sheet for the year 2016-17) R 1 is shown as debtor, but there is no corresponding entry in the books of R 1. R 2 and Dhirajlal Bhanjibhai vadalia evidently by these documents have been oppressing R 5 , suppressed facts and filed this applications which alleged fabricated and concocted statements. In fact R 1 has not ceased to conduct its primary business since financial year 2005-06 and therefore has zero/nil income from its core business not undertaking any business activities and is only sustaining of rental arising out of lease of godown and land etc., which could be seen from the balance sheet. Further, the respondent No.5, representing R 5-8 has filed para wise comments objecting to the averments made in the petition, further reiterating that the stated property/ies belongs to R 5 and not of R 1 Company. When R 1 has proposed to acquire the

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lands from R 5, it shows that they do not possess the lands and there is no obligation for R 5 to transfer the lands to R1 and the matter of dispute if any to be decided by Civil Courts and this application be rejected. There is no offence thereby or violation under Sec 185, 128 and 129 of the Act at the behest of R 5- 8, they have not taken any loan or given any security or siphoned off any amounts from R 1. Further, they are not involved in the affairs of R 1 as they have been sidelined by the Petitioners, Dhirajlal Bhanjibhai Vadalia and R 1- R 4 who have colluded to remove R 5- R 8 and there is no case made out for consideration of this petition under Sec 241 and 242 of the Act and no reliefs be granted. The Respondent R 5 has also produced the family tree of petitioner/s and respondent/s since incorporation of the company.

12. From the family tree it is submitted by respondent that:

Petitioner No.1,2, 4 are the kin/s of the elder brother of Dayalal Vadalia group of parties (original promoter/s who expired on 23 Oct 1994 – 12.022% + 21.019%) holding shares of 0.080%, 11.239%, 8.487%, while Dhirajlal Vadalia holds 9.62%. As regards Shareholding of Dayalal Family (66.96%) Petitioner NO.3 (9.1% shareholding) belongs to family of Dayalal Vadalia (Ex MD expired on 4 August 1979 and Gangaben Vadalia (Expired, Director from 4 June 1979- 9 June 1996). The respondent/s belong to the same family represented by Ranjan Vadalia (R10 - 9.1%). Navin vadalia (R5 holding 19.377%), Nishaben vadalia (R- 6 holding 4.628%), Krrishnaben Vadalia (R8- Holding 0.2%),

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Mahesh Vadalia (R2 holding 21.877%) and Hina Vadalia (R4 holding 2.138%) respectively. R 9 is Prabhat Investment P Limited and R 3 is Mahesh HUF and R 7 is Navin Vadalia HUF 0.2%. R 1 is the company holding 0.2%. The family tree of Dhanjibhai Samjibhai Patel (Grandfather) is also further explained in the affidavit wherein there were four sons of whom the Group belonging to Bhanjibhai Dhanjibhai Patel and Dayalal Dhanjibhai Patel are the main litigants in the petition.

13. An affidavit dated 28.12.2020 by R-1 represented by Maheshkumar Dayalal Vadalia (R2) submitting that respondent no. 1 supports the case of petitioner and further affidavit was filed on 11 June 2025 submitting that the petitioner Gopal Dhirajlal Vadalia has already produced all the documents substantiating the proof of title of subject properties purchased by R 2 in the name of R 2 to R 5 along with the petition.
14. An affidavit dated 28 Dec 2020 is filed by R 2 & R 3 submitting that respondent no. 2 and 3 supports the case of petitioner. An affidavit dated 28 Dec 2020 is filed by R 4 submitting that respondent no. 4 supports the case of petitioner.
15. An affidavit was filed on 6 Jan 2026 by R 6 on the documents submitted before the mediator appointed by this tribunal on 6.11.2025 in the meeting conducted on 23.12.2025. It is submitted that only one original document was produced pertaining to Madhapar Land No.1 and no other documents were produced, in the absence of which without its translations, the documents including those not produced cannot be verified of its

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genuineness, correctness, or reliability of the remaining documents. The R 6 has raised various other objections to those documents, page numbers, authenticity, discrepancies, etc. It is mentioned that R 6 is only impleaded as group member of R 5 and no document is pleaded against her. It is submitted that she participated in the exercise, with absence of relevant documents, no adverse remarks be passed against her in the matter.

16. The ROC was made a party in the matter as directed which filed its reply on 26 Feb 2025. From the report it is observed that R 1 has been filing its annual reports for the past 3 years from 2022 – 2024 and a detailed list of shareholders holding 16,00,000 has been submitted. The total no. of shares issued in 16 lakh as per the report. The list of Petitioners and respondents have been identified from the list, and it contains 6 relatives of the family group apart from Dhirajlal Banjibhai Vadalia (HUF) who are not petitioners or respondents, holding shares of not more than 82,660. Also from the report it is observed that the Director/s of R 1 are: Mr Maheshkumar Dayalal Vadalia (since 1.03.1994)(R2), Navinchandra Dayalal Vadalia (since 1.3.1994) (R5) and Jyotsnaben Dhirajlal Vadalia (since 4.10.2021) P 2. As per records, there are no prosecution, complaints, compounding and other matters pending against the company.

17. Reply has been filed Mr Navinchandra Vadalia on behalf of Respondent No. 9 as his authorized representative. It is submitted that the petition is not maintainable as its principal relief seeks a direction for execution of conveyance deeds in

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respect of immovable properties in favour of Respondent No. 1 Company, which, is in the nature of a suit for specific performance and falls within the jurisdiction of the Civil Court. It is further contended that the petition is barred by limitation, as the lands were purchased between 1979, 1981, 1991 and 1994 and no steps were taken for several decades to seek their transfer. Respondent No. 9 denies the existence of any oral or written understanding, arrangement or contract requiring Respondents No. 2 and 5 to transfer the lands to Respondent No. 1 Company, and submits that no contemporaneous documents, Board resolutions or other records have been produced to establish that the lands were purchased for or on behalf of the Company. It is further alleged that the Petitioners have suppressed material facts, including lease deeds executed by Respondent No. 5 in favour of Respondent No. 1 Company, which, according to Respondent No. 9, acknowledge Respondent No. 5's ownership and the Company's status as lessee. It is also contended that the petition is mala fide and has been instituted only because of the substantial appreciation in the value of the lands over time. It is submitted that the properties were acquired by late Dayalal Vadalia, Navinbhai Vadalia and Maheshbhai Vadalia in their personal capacity and were made available to Respondent No. 1 Company without consideration for its business and growth, which the Petitioners are now seeking to convert into a claim of ownership. It is further submitted that the consideration for the purchase of the properties was debited to

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the personal loan accounts of Dayalal and Navinbhai Vadalia maintained with Respondent No. 1 Company, thereby reducing the Company's liability towards them, and since no corresponding debit entries were made in the loan accounts of the Bhanjibhai family, the properties were always intended to remain the personal properties of the Dayalal/Navinbhai family. Respondent No. 9 also disputes the alleged reversal of such debit entries through purported hawala transactions and calls upon the Petitioners to strictly prove the same by producing supporting bank records.

18. Respondent No. 9 has further alleged that the petition has been filed in collusion with Respondent No. 2, Maheshkumar Vadalia, who had earlier relinquished his rights in certain Madhapar lands inherited under the Will of late Dayalal Vadalia but now seeks to indirectly regain an interest therein through the present proceedings. It is further contended that the Petitioners, Respondent No. 2 and Dhirajlal Bhanjibhai Vadalia have themselves committed acts of oppression and mismanagement by sidelining Navinbhai Vadalia from the affairs of Respondent No. 1 Company, changing bank signatories, conferring exclusive authority upon Respondent No. 2 in relation to financial and lease matters, denying access to company records and supporting documents, recording incorrect Board minutes, finalising financial statements without proper approval, and withholding Board reports and other information. It is submitted that after the Company ceased its manufacturing business

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around 2004-05, the lands belonging to Navinbhai Vadalia were leased to Respondent No. 1 Company to enable it to earn rental income for meeting its liabilities, while ownership of the lands always remained with Navinbhai. Respondent No. 9 further submits that the documents relied upon by the Petitioners do not establish the Company's ownership over the disputed lands, that the Bank of Maharashtra loan transactions had already been settled and are irrelevant to the present dispute, and accordingly prays that the petition be dismissed, the interim reliefs vacated, and costs be awarded against the Petitioners.

19. R-5 submitted two written submissions. The written submission dated 31.07.2025 in rebuttal to final oral arguments of R 1. It is submitted that there is non compliance with Rule 27 & Rule 23 including denial of natural justice to R 5 (including absence of translated, certified, providing ineligible copies and non compliance of NCLT orders), jurisdiction and law – rebuttal of submissions made by Ld Counsel for R 1 and Sec 242(f) is misconstrued, Sec 242(g) is time barred and inapplicable, Jurisdictional bar of civil court – section 430 misapplied, defective & conflicted representation of R 1 (single vakalatnama and appearance of same counsels), the balance sheets does not confer title of ownership which flows by registered conveyance deed. It is submitted that R 1 relies on accounting entries and notes in company's balance sheet to assert ownership rights is legally untenable. The stated properties are yet to be transferred. There is irrelevance of family narratives and oral allegations and

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there was no 3 members meeting as submitted by petitioners. Further permissive use of property does not create ownership as if R 5 takes back the properties the company will be shut down which is also evidenced by lease deeds submitted by respondent and he has issued notice to vacate on 18.01.2021 against unauthorised use of land belonging to R 5. It is submitted that manufacturing operations have been shut down over 15 years and the land owned by R 5 is protected by Article 300 A of the Constitution of India. No proof has been submitted that the company has made payments for subject lands and reliance on such defective documents, ownership of immovable property flows only from registered conveyances, probate and release deeds and not from alleged payments. Even it is admitted that payments went from the Partnership firm – Vadalial Brothers and not R 1 for Madhapar Land 1 & 2 devolved on R 5 exclusively under probate and the Madhapar land 3 was purchased by R 5 from his own account. Even the Targhadi lands 1-5 were contrary to claims of R 1, were paid by R 5 from his individual account and there is no proof of payment shown for Taraghadi land 6. The affidavit dated 18.11.2024 of R 1 submits list of litigations including status and lists of properties owned by R 5 and the list is vague and defective. R 5 reserves its right to respond to any original documents produced and the conclusive proof of ownership of lands of R 5 is submitted by respondent No. 5 and the petitioners reliance is misconceived and unsustainable. R 5 further submitted another written submissions dated 30

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March 2026. Further to the submissions earlier made, he has further submitted that there is an interim protection sought against R 5 against sale of lands in the order dated 17.12.2018 directing status quo continues till the pendency of the proceedings. The maintainability of this petition is challenged. It also mentions that in the letter dated 5.4.1988 the company addressed a letter to Secretary, Revenue department seeking exemption under Urban Land ceiling Act, 1976 wherein it is mentioned that late Shri Dayabhai Dhanji Vadalia had purchased the land for the company and the payment was also made from the company. Hence company is owner. The said application is signed by R 5 herein. A copy of this is not produced in Annex as mentioned in this CP. There is also certain police compliance in pursuance of a partial admission order dated 16.08.2021 in CA 30 of 2021. Further the petitioners have not annexed the lease deeds, etc., including the income being generated, but he has produced the legal character of the property which is also annexed by the applicants in CA 30 of 2021. Hence as already adjudicated this is a purely civil matter between parties. R 5 has also made mention and defence on the various IAs pending regarding the title to properties including contempt petition. The petitioners have continued to have not produced title proofs to the properties which is a fundamental deficiency. The verification exercise carried out did not resolve the state of the record and its material and mediator has refrained from commenting on certain queries. Hence it did not

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produce any result and it was futile. R 5 has also stated that there is prolonged pendency of external spill over in to revenue proceedings as resulted in interim consequences which includes Sharat-Bhaang inquiry concerning Madhapar lands. It is also mentioned in order dated 9.3.2026 that the “petitioners are directed to approach the civil court in case of matter related to his property and bring in appropriate orders on the title to property as these matters cannot be adjudicated as the relevant provisions to be heard will only to the application filed under Sec 241-242 of Companies act against the respondent – petitioner”. This is not clear as to whether it is in main petition or also in IA filed by respondent.

20. The petitioners have also filed rejoinder and written submissions. We have heard and perused the records placed before us.

21. Conclusion:

- a) The application filed by the petitioner and respondent are close relatives and the substance of “oppression, suppression and mismanagement” provided in Section 241-242 of Companies Act, clearly does not arise.
- b) The application is clearly to retrieve the legal rights of the property listed in the application at Madhapar and Taragadhi from R5 who holds the title to the property by what so ever consent/oral/agreement in the interest of the family then for which the routing of funds have not been clearly proved by the

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R 1 to claim its rights. Even if the funding could have been made, the same is disputed as to have gone from another partnership entity or a current account separately maintained, but it appears the company has shown it in its books as a property to be received on sale back from R5. The stated lease agreement seems to have expired and/or the R 5 has issued notices to R 1 to vacate the premises as he holds legal rights.

- c) Even though the R 5 stated that he is no more the Director during oral submissions, and the company is defunct since long as per ROC record two of the Respondent/s R 5 and R 2 are Directors as on date of its report, however R 2 has filed his affidavit and on behalf of R 1 and the Petitioner/s and Petitioner No.2 is also a Director of R 1 till date. All the affairs of the company till date is with both the groups, thereby the only dispute is settle the land under dispute on which the factory is located. Since there are no balance sheets filed or its cash flows, but apparently the filings are made the parties have not given any count of the business turn over of the entities.
- d) The matter is also before the Urban Land Ceiling Act for relief/s in which R 5 has joined the petition to seek necessary relief. Also it appears there has been certain enquiry/ies against the properties in the name of R 5 but held in the companies name, but in the Panchayat record the documents are stated to be in name of R 1. There is no valid proof given

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as to who is paying the land revenue and other fee applicable as per government regulations.

- e) This tribunal has appointed a mediator to merely ensure the documents are exchanged between the parties of the legal documents, but appears that the respondent R 5 and R 6 have stated that they have not received all the documents.
- f) Prima facie, the documents submitted including the submissions that the landed property are owned by R 5 and the father of Petitioner Mr Dhirajlal Dhanjibhai Vadalia is not made a party in the application who owns one set of property at Madhapar 1 and he was also a director holding 9.62%. The contention that the father of R 5 Mr Dayalal also is the father of the R 5 who has also acquired the said property through probate and the dispute is as to who had paid the amount for acquiring the Madhapar 1 property. Thereby R 5 holds in his name the entire property. Ownership of property cannot be decided by this Tribunal.
- g) The said question raised by R 5 is that this is a clear civil matter of dispute. However, when filed under Sec 241-242 we observe that there is no cause for consideration as the petitioner/respondents including the main contesting respondent is a Director and owns the entire property, major shareholder and has refuted any claims on the ownership land.
- h) It also appears that while this application is pending, numerous applications were filed by R 5 and the respondents

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have filed various IAs on the same issue. A board meeting convened for removal of R 5 who raised certain serious objections on his removal and we observe that pendency of this petition, without seeking consent when a prayer is sought for his removal, the petitioner/s have tried to remove R 5.

- i) Earlier for the respondent/s R 5 – R 8, Ld Counsel Mr Anuj Trivedi was appearing in the matters, but later R 5 and R 6 appeared in person cited delays in adjudication and argued the matter in person separately and filed separate written submissions. R 5 filed a memorandum of appearance in the matter on 25 March 2024 and has argued the matter and filed his submissions, recorded in the order subsequently. Meanwhile, this tribunal had also in contempt petitioner 3 of 2024 and Contempt Petition 4 of 2024 filed by R 5 and R 6 was disposed of with penalty on the applicants which was complied and the amount of awarded fee paid.
- j) The respondent 5 submits that the board meetings were conducted without actually being done and only ROC filings were made, but absence of record and also R 5 being a Director we don't see any merits of the case. This is a closely held company and the petitioner/ respondents appears to have been holding of the entity merely on the disputed property and the basis for stating that there is no activity since 2005 is not substantiated which may need investigation. Some of the respondent/s have also supported the R 1 and the petitioner/s after the hearing has taken place.

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- k) It appears that the property being a non-agricultural property is held by the R 5 for the benefit of the R 1, being a share holder and family dispute has arisen and resulted in this petition. How the company could acquire an agricultural land and the auditor can show the same in its report needs further investigation under relevant provisions of Companies Act. It also appears as per R 5 these properties have been leased and rental income realised. The authority to verify the same is the District Collector or the concerned Land Registration Authority. Whether there are any violations of Urban Land Ceiling Act, 1976 and Gujarat Pollution Control Board as asserted by R 5 have not been brought on record.
- l) The ROC has not given any report of any investigation, R 5 has apparently with other respondents not raised any issue but there apparently seems to be violation of Sec 185 of the Companies Act, Sec 128 and 129 of Companies Act 2013 read with Companies (Accounts) Rules 2014. The ROC has to be directed to look in to this.
- m) The parties have not gone for any mediation or settlement of the matter, but the irregularities of holding non agricultural land in the name of one of the share holders which is in dispute for the purpose of Industrial activity, the lease agreement having expired needs an investigation or correction through the appropriate authority through set procedures and rules.

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- n) Since certain investigations have to be carried out, this tribunal can only set right the procedure by appointing an administrator or two independent Directors to take up the matter further to decide on the land properties owned by R 5, either by compromising on a pay off at the market rate subject to regularisation by the authorities of the non agricultural land or dissolve the entity through winding up process after a proper investigation and fixing accountability by the ROC. In case R5 agrees to settle the land at a price in favour of R 1, the same be offered and matter settled before the board meeting convened after appointing the independent Directors including wherein the decision of the two independent directors will be final. Alternatively this tribunal can appoint an administrator with directions to file an appropriate application before the ROC, including this order which will be served by Registry to investigate the matter and then decide on the assets of the company for either further winding up or allowing the company to be resurrected with a fresh board of Directors through an amicable settlement. He will also file a civil suit or defend the matter if one of the parties proceed against the other before the civil court to decide the matter.
- o) We have also examined the Memorandum - articles of association which under Clause 67 provides for appointment of independent directors not exceeding two on the board of company and clause 89 (10) wherein any claims or demands by or against the company for reference to arbitration

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including the title of rights of R 5 and R 1 in the matter. In case the rights of any of the parties are not proved appropriate action should be initiated under the course of law.

- p) This application is not maintainable under sec 241-242 and the following order is passed only in prayer (h) sought by the petitioner/s in the interest of deciding the status of R 1 which is a closely held company of both the groups. The property in dispute is due to inheritance and probate and the matter of dispute if any is before the civil courts and not under the relevant provisions under which this application is filed. The cause of dispute has not resulted in any non-filing of statutory returns leave alone whether the company has been performing as no action has been initiated by ROC or any other regulator. This group of parties both the petitioner/s and respondents are covered under the quasi partnership agreement even if there is an implied agreement and run the company on closely held basis. Under the provisions of the act provision, we observe that none of the parties are unduly affected as no sale of shares or transfer has been made, the management control is with both the parties and this application is restricted to decide the ownership of the properties. Further, the R 1 cannot indulge in buying certain properties which are agricultural land through one of its share holders or Directors, for the purpose of evading any provisions of regulations of the law in force applicable in the matter.

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- q) We rely on deciding this matter referring to Judgment passed by the Company Law Board Principal Bench in the matter of Yashovardhan Saboo Vs Groz Beckert Saboo Limited and Others 1992 SCC online CLB 10 the Judgment of the Honble Supreme Court in the case of Needle Industries (India) vs Needle Industries Newey (India) Holding Ltd. The present petition is not maintainable on the ground of oppression and mismanagement however in the interest of the company, the petitioner and the family group who are fighting each other in bringing this application and to ensure regulatory and statutory compliance, we issue some directions.
- r) Hence we address only a relevant part of the prayers sought in the interest of the company and issue the following order.

ORDER

- I. CP 114 of 2018 is partly allowed.
- II. We issue following directions:
- a) We appoint two independent directors in the board of the company while retaining the existing 3 directors including R 5 in the board.
- b) The independent Directors will be eligible for sitting fee as decided by the R 1 which shall not be less than Rs 1 lakh per meeting attended apart from other eligible expenses. They are also empowered to appoint a new CEO in place of Petitioner No.1. They can also appoint a fresh statutory auditor if it is necessary to audit the books of the R 1 for

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the year 2025-26. Further, the independent directors appointed by this tribunal in terms of the relevant provisions of Companies Act will have full immunity from any criminal liability arising out of non-compliance of any law including non statutory forms, returns, etc., on the acts of the Present Board of Directors including the past actions pending if any for statutory action or any disputes. Further, the Independent Directors will not take part in day to day activities, signing of any cheques and the business affairs of the company, merely will function to ensure the implementation of this order and report feed back as needed to this Tribunal or ROC in the matter for further necessary action. We appoint the following independent Directors.

- 1) Mr Mahesh Shah, Director General of Corporate Affairs (Retired) Ministry of Corporate Affairs, GOI New Delhi presently settled in Ahmedabad
- 2) Mr Devang Doctor, email:
devang.doctor@bansimehta.com.
- c) The R 1 will initiate a buy out proposal of the property after ensuring that there are no regulatory violations either in compliance with Company Act provisions on the stated property which apparently belongs to R 5 and it being shown as owned by R 1. Also the necessary regulations regarding Urban Land Ceiling Act and other provisions of using Agricultural Property of R 5 for the use of the company without valid lease deed (continued) be decided by

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submitting a proposal before the two independent directors for either a buy out at current market rate or continuance of long term lease agreed by R 5.

- d) R 5 may have his rights if his documents are proved to be legally but cannot offer an agricultural land property to the R 1 even if he is shareholder or director. Hence he violates the applicable law. He has to comply with regulations and either continue the lease holding his rights or exit at a price offered amicably at market rates to allow the company further perform.
- e) In case the parties would be willing to go in for arbitration under the Arbitration & Conciliation Act 1999 or proceed before the Civil Court on the ownership of property the same may be allowed by the independent directors, after all the Directors representing both the groups tender their resignations till the matter is decided and the board will be governed by the two independent directors.
- f) In case no amicable settlement is arrived at the parties within three months for regularising the issue of ownership and furthering the business of R 1, an appropriate application can be moved by the independent directors after calling a meeting for liquidation/dissolution of the company under the relevant provisions of Companies Act 2013.
- g) Registry is directed to send a copy of this order to the ROC and the Collector of Rajkot for information and directions to proceed against R 1 and its Directors in case any violations

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are committed by the parties in the matter regarding the landed property/statutory returns filed.

- III. In view of the orders passed in CP 114 of 2018, we observe all the IAs and Contempt Petition/s filed in the matter by both the parties become infructuous and disposed of accordingly.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)