S.No.13

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE

ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
07-08-2026 After Court-II

CP No. 63/241/HDB/2021
u/s. 241 of Companies Act

IN THE MATTER OF:
M/s. Srikanth Reddy Roopi Reddy & 06 others …**Petitioner/s**

VS

Dhatri Health Care India Pvt Ltd & 25 others **…Respondent/s**

C O R A M:-
SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI.SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

O R D E R

Orders pronounced, recorded vide separate sheets.

In the result, this CP No.63/241/HDB/2021 is partly allowed.

Sd/- **Sd/-**

MEMBER (T) **MEMBER (J)**

Apoorva

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH – I, HYDERABAD

CP No. 63/241/HDB/2021

(Under Sections 241, 242 and 244 read with Sections 59 and 213 of the Companies Act, 2013)

IN THE MATTER OF M/S. DHATRI HEALTH CARE INDIA PRIVATE LIMITED

Between:

1. **Sreekanth Reddy Roopireddy**
   R/o. H. No. 1-7-1348, Advocates Colony,
   Hanamkonda, Warangal – 506001
2. **Appa Rao Bandi**
   R/o. 4422, Greenwood Drive, Okemos, MI 48864, USA
3. **Moses Jayachander Kantipudi**
   R/o. Villa 744, Road 4614, Block 946, Awali,
   Kingdom of Bahrain
4. **Raghunandan Kamineni**
   R/o. 6005, Lane Oak Road, SE Salem,
   Oregon, 97306, USA
5. **Sunil Kumar Pilli**
   R/o. #1-9-832, Postal Colony,
   Hanamkonda, Warangal – 506001
6. **Vidhyadhar Mangalampalli**
   R/o. H. No. 9-5-70/71, Nizampura,
   Charbowli, Warangal – 506012

… Petitioners

Versus

1. **M/s. Dhatri Health Care India Private Limited**
   office at 4-7-47, Kumarpalli,
   Hanamkonda, Warangal – 506001.
2. **Sridhar Reddy Kondam**
   R/o. H2-7-479/A, Near Rythu Bazar,
   Hanamkonda, Warangal – 506001

3. **Surender Kagitapu**
R/o. H. No. 2-4-803/5, Ramnagar,
Hanamkonda, Warangal – 506001
4. **Sujeet Reddy Punnam**
R/o. #120, Stone Creek Court,
Nacogdoches, 75965, US
5. **Venu Madhav Sankaraneni**
R/o. H. No. 3-10-209, Road No. 3, Reddy Colony,
Hanamkonda, Warangal – 506001
6. **Raju Devde**
R/o. H. No. 1-1-796/2 & 796/3, 203,
Gangu Vimala Enclave, Siddarthnagar,
Kazipet, Warangal – 506004
7. **Tudi Narotham Reddy**
R/o. 893, Misty Harbor CT, Coppell, Texas 75019
8. **Sandhya Sunkaraneni**
R/o. H. No. 1-7-1196, B2, Lalitha Residency,
Opp. Ekashila Park, Balasamudram,
Hanamkonda, Warangal – 506001
9. **Kiran Reddy Jinna**
R/o. 416, Dana St, Fremont, CA-94539, USA
10. **Dasaroju Ramesh**
R/o. H. No. 1-7-616, Postal Colony,
Subedari, Hanamkonda – 506001
11. **V Sridhar Reddy**
R/o. Mithila Nagar, Near Kodanda, Ramalayam,
Balasamudram, Hanamkonda, Warangal – 506001
12. **Bharath Reddy**
R/o. 2689, Roxbury Drive, Troy,
MI 48084, USA
13. **Kolipaka Venkata Swamy**
R/o. H. No. 25-7-186, Vishnupuri, Kazipet,
Warangal – 506001

14. **Anupama Ala Reddy**

    R/o. 208 Southern Carina Dr, Round Rock, TX 78681

15. **Srinivas Bolugoddu Rao**

    R/o. 42-49, Colden Street, Apt # 7P, Flushing, NY – 11355

16. **Manasa Guduru**

    R/o. 108 Holly Ct., Wheeling, IL – 60090

17. **Aparna Punnam**

    R/o. 4622, Pebble Beach Drive, Stockton, CA 95219, USA

18. **Raparthy Suresh**

    R/o. H. No. 2-4-378, Ramnagar, Hanamkonda,
    Warangal – 506001

19. **Premsagar Reddy**

    R/o. H. No. 42, Amith Homes, Prakash Reddy Peta,
    Hanamkonda, Warangal – 506002

20. **Pinnoju Suresh**

    R/o. H. No. 2-9-779/2, TNGO'S Colony, Waddepally,
    Hanamkonda, Warangal – 506001

21. **Pinnoju Sunith**

    R/o. H. No. 2-9-779/2, TNGO'S Colony,
    Waddepally, Hanamkonda, Warangal – 506001

22. **Ranjith Reddy**

    R/o. #120, Stone Creek Court, Nacogdoches, 75965, US

23. **Ravi Vennamenenni (Died)**

    Chartered Accountant, V. Ravi & Co.,
    #1-8-484, Flat No. 2, 1st Floor, Sai ASVR Residency, Balasamudram,
    Hanumakonda, Warangal, Telangana – 506001

24. **The Institute of Chartered Accountants of India**

    ICAI Bhawan, Indraprastha Marg, Post Box No. 7100,
    New Delhi – 110002

25. **Regional Director, South East Region**

    3rd Floor, Corporate Bhawan, Bandlaguda, Nagole, Tattiannaram
    village, Hayat Nagar Mandal, Ranga Reddy District, Hyderabad –

500068, Telangana

26. Registrar of Companies, Telangana
2nd Floor, Corporate Bhawan, Bandlaguda, Nagole, Tattiannaram village, Hayat Nagar Mandal, Ranga Reddy District, Hyderabad – 500068, Telangana

...Respondents

Date Of Order:07.08.2026

Coram:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)
Shri Sanjay Puri, Hon'ble Member (Technical)

Appearances

For the Petitioners	: Mr. Y. Suryanarayana, Advocate.
For Respondent Nos. 4, 7, 9, 12, 15, 16, 17, 18, 19, 20, 21 & 22	: Mr. Durga Bose Gandham, Advocate.
For Respondent No. 24	: Ms. S.A.V. Ratnam, Advocate
For Respondent Nos. 2, 3, 5, 6, 8, 10 and 13	: Mr. Madhusudana Reddy, Advocate

Respondent Nos. 1, 11, 14, 25 & 26: Set Exparte

ORDER

1. This is a petition filed under section 241 and 242 of the companies Act[1], 2013, praying the following reliefs:

a) Declare that the actions of the Respondents No. 2 to 4 as illegal, oppressive and tantamount to mismanagement of the Company.

[1] The Act, 2013

b) To declare the allotment of shares to the following respondents as illegal and invalid:

S. No	**Respondent**	**Date of allotment**	**No. of shares**	**Total no. of shares allotted**
1.	Venu Madhav Sankareneni (Respondent No. 5)	22.03.2018	43,750	**1,05,416**
		10.12.2018	13,333	
		20.05.2019	28,333	
		07.04.2020	20,000	
2.	Raju Devde (Respondent No. 6)	22.03.2018	37,500	**87,500**
		28.03.2019	50,000	
3.	Dr. Tudi Narotham Reddy (Respondent No. 7)	20.06.2018	1,66,666	**1,66,666**
4.	Dr. Sandhya	31.08.2018	16,666	**1,99,999**
	Sunkareneni (Respondent No. 8)	20.05.2019	13,333	
		27.09.2019	1,00,000	
		03.02.2020	20,000	
		07.07.2020	20,000	
		17.12.2020	30,000	
5.	Dr. Kiran Reddy Jinna (Respondent No. 9)	10.12.2018	83,333	**5,00,013**
		28.03.2019	99,881	
		20.05.2019	66,500	
		17.06.2019	50,299	

S. No	Respondent	Date of allotment	No. of shares	Total no. of shares allotted
		20.04.2020	1,00,000	
		17.10.2020	1,00,000	
6.	Mr. Dasaraju Ramesh (Respondent No. 10)	28.03.2019	16,666	**99,999**
		05.02.2020	33,333	
		20.03.2021	50,000	
7.	Dr. V. Sridhar Reddy (Respondent No. 11)	28.03.2019	13,000	**13,000**
8.	Dr. Bharath Reddy Naravetal (Respondent No. 12)	05.02.2020	1,00,033	**8,30,020**
		17.10.2020	3,00,000	
		20.03.2021	4,29,987	
9.	Dr. Kolipaka Venkata Swamy (Respondent No. 13)	03.04.2020	10,000	**10,000**
10.	Dr. Anupam Ala Reddy (Respondent No. 14)	17.10.2020	20,000	**20,000**
11.	Dr. Srinivas Bohugoddu Rao (Respondent No. 15)	17.10.2020	1,00,000	**2,50,000**
		17.12.2020	1,50,000	
		20.03.2021	50,000	
12.	Dr. Manasa Guduru (Respondent No. 16)	17.10.2020	1,00,000	**1,00,000**
13.	Dr. Aparna Punaam (Respondent No. 17)	20.03.2021	4,00,000	**4,00,000**
14.	Dr. Raparthy Suresh (Respondent No. 18)	20.03.2021	40,000	**40,000**

c) To declare the Annual Returns and the Financial statements for the years 2018 to 2020 uploaded by Respondent No 2 & 3 on the portal of MCA as null, void and non est in law and direct the RoC, Telanagana to invalidate and delete the same from MCA records permanently.

d) To declare the following returns uploaded by Respondent No 2 and 3 on the portal of MCA as null, void and non est in law and direct the RoC, Telangana to invalidate and delete the same from MCA records permanently:

i. Form PAS-3 and any other relevant documents filed for allotment of shares on the dates specified in relief (b) above.

ii. Form MGT-14 filed for approval of purported preferential issue of shares by the Respondent No. 1 Company in the general meetings held on the following dates:

S. No.	***Date of the General Meeting***
1.	*19.03.2018*
2.	*02.04.2018*
3.	*26.01.2019*
4.	*01.04.2019*
5.	*25.11.2019*
6.	*07.05.2020*
7.	*29.07.2020*
8.	*13.08.2020*
9.	*16.10.2020*
10.	*11.01.2021*

e) To direct the Respondent No. 1 Company to file revised Form PAS-3 & MGT-14 reflecting the shares allotted to the Petitioners herein.

f) Pass on order directing the Respondent No. 19 to 22 to contribute the undue gains made by them and return back the funds received by them illegally from the Respondent No. 1 Company.

g) To direct the ROC, Respondent No. 26 to initiate criminal proceedings against Respondent No 2 to 4 & Respondent No. 19 to 23 under section 447 and 448 before the appropriate Special Court for fraud committed them.

h) Pass an order under Section 213 of the Companies Act, 2013, directing the central government, Respondent no. 25 and 26 to conduct an investigation into the affairs of the Respondent No. 1 Company by appointing one or more competent officers as inspectors and to submit a report to the Hon'ble Tribunal.

i) To issue a direction to the Institute of Chartered Accountants of India, Respondent No. 24 to initiate appropriate disciplinary action against Respondent No. 23 as per the Regulations pertaining to professional misconduct for certifying the fraudulent returns filed with the ROC.

Case of the Petitioner:

2. It is submitted that the Respondent No.1 Company was incorporated on 15.03.2011 with the object of setting up a hospital at Warangal, and that the Petitioners, the Respondents No.2 to 4 and a few others all doctors jointly conceived the venture, the Petitioners having been allotted shares within 11 days of incorporation, on 26.03.2011.

3. That the understanding amongst the original shareholders was that any further issue of share capital would be made only by way of rights issue to the existing shareholders, unless otherwise agreed by all.

4. On a public inspection of the MCA portal on 06.11.2021, the Petitioners learnt that the Respondents No.2 to 4 had clandestinely allotted shares to third parties, namely the Respondents No.5 to 18, between 22.03.2018 and 20.03.2021, without notice to or intimation of the Petitioners, thereby increasing the paid-up capital from Rs. 4,26,03,510/- to Rs. 7,08,29,640/-.

5. That these allotments were carried through purported general meetings said to have been held on 19.03.2018, 02.04.2018, 26.01.2019, 01.04.2019, 25.11.2019, 07.05.2020, 29.07.2020, 13.08.2020, 16.10.2020 and 11.01.2021, approving preferential issue under Section 62(1)(c), of which no notice was served on the Petitioners, are non est, void and invalid for want of notice under Section 101.

6. That for the meetings of 02.04.2018, 26.01.2019, 25.11.2019 and 29.07.2020 no Form MGT-14 was even filed, and that the meeting purportedly held on 26.01.2019 fell on a national holiday, on which a general meeting cannot be convened.

7. It is the case of the Petitioners that the object of the Respondents No.2 to 4 was to make their associates the majority and reduce the Petitioners to a minority, the Petitioners' shareholding having fallen from 45.92% to 27.6%, and that the reduction of a majority to a minority is itself an act of oppression.

8. Further, the Respondents No.2 to 4 managed the Company as their personal fiefdom withholding annual financial statements, the Board's report and the Auditor's report in breach of Sections 134 and 136, and holding purported annual general meetings on 30.09.2018, 30.09.2019 and 31.12.2020 without notice to the Petitioners.

9. It is submitted that the Respondents No.2 to 4 diverted the funds of the Company to their relatives and associates — approximately Rs. 8 crores to the Respondent No.19 (maternal uncle of R4) during 2018–2021, and approximately Rs. 8,65,000 to the Respondent No.21 between

30.01.2019 and 12.03.2021, apart from payments to the Respondent No.22 — under the guise of construction on the Company's land.

10. That the Respondent No.23, the Statutory Auditor, connived with the Respondents No.2 to 4 in certifying the impugned e-forms without verifying that no notice had been served, and is liable for fraud and professional misconduct; and that the Respondents No.2 to 4 abdicated their fiduciary duties under Section 166 by filing fabricated returns, diluting the Petitioners' shares and diverting funds.

11. That the acts complained of are continuing, harsh, burdensome and oppressive, and that although the affairs of the Company would warrant winding up, winding up would unfairly prejudice the shareholders, and the Petitioners therefore seek the Tribunal's intervention under Section 242 to bring the matters complained of to an end.

Affidavit of the Respondent No.2 & 3:

12. It is the case of Respondent Nos. 2 and 3, as set out in their affidavit and the Convenience Note filed pursuant to this Tribunal's direction dated 18.08.2025, that the affairs of Respondent No. 1 Company were conducted informally, and that formal procedures for convening Board and shareholder meetings were not strictly followed.

13. It is their case that, since the shareholders were well acquainted and on cordial terms, the Company functioned akin to a quasi-partnership, without formal adherence to the procedural requirements of the Companies Act. They submit that while compliance with the Act is mandatory, this informality arose solely from the close relationship among the shareholders.

Case of the respondent No.4:

14. It is the case of the respondent No.4 that the Petition has to be rejected at the threshold on the ground that the Petitioners have not approached the Tribunal with clean hands and have suppressed material facts to

gain an undue advantage. According to the Respondent, the Petitioners had complete knowledge of the transactions impugned in the petition, including the issue of further shares, and are therefore not entitled to complain of insufficiency of notice. Further, the Respondent No.4 has stated that being a non-executive director, was never involved in the day-to-day affairs of the Company and cannot be held liable for any alleged mismanagement.

15. The Company was incorporated on 15.03.2011 by a group of medical professionals with the object of building a multi-speciality hospital at Warangal. Respondents 2 and 3 alone were the subscribers to the Memorandum of Association and were the first directors managing the day-to-day affairs of the Company, while the Respondent No.4 was inducted as a director only on 19.04.2013. The Company, at its inception, had eleven Primary Members and acquired 4,000 sq. yards at Sy. Nos 644, 645, 646 and 679/B, Ursu Revenue Village / Hunter Road, Warangal for the hospital ("Project").

16. Since the Primary Members were dispersed across different countries, a WhatsApp group was created in the year 2014 to serve as the principal medium of communication, discussion, decision-making and dissemination of information relating to investment, funding, induction of additional investors, and the progress of construction. The Petitioners, being active participants in this group, were privy to discussions concerning the issue of new and further shares and the raising of funds.

17. The Company was initially incorporated with a share capital of Rs. 2,50,00,000. A market-survey report was commissioned from CRISIL, and the late Auditor, Respondent No.23, rendered advice on the extent to which the authorised capital ought to be enhanced to accommodate incoming shareholders. Pursuant to such advice, the authorised capital was increased to Rs. 10,00,00,000, new shareholders were added to the WhatsApp group with the full knowledge of the Petitioners, and it was

mutually agreed that capital would be increased further as and when funds were required.

18. In furtherance of this understanding, the Board at its meeting held on 22.03.2018 approved the first further issue of 1,18,750 equity shares out of the enhanced authorised capital, allotting the same to Petitioner No.1 along with Respondent No.5 and Respondent No.6 at a price of Rs. 30 per share, the price having been reduced from the earlier figure of Rs. 40 on account of construction not having commenced. This allotment followed the approval accorded at the Extraordinary General Meeting held on 19.03.2018.

19. The Respondent points out that Petitioner No.1, being himself an allottee under this very issue, was fully conscious of the Extraordinary General Meeting, the reduction in price, and the induction of new shareholders, and cannot now be permitted to retain the benefit of shares allotted to him while simultaneously disputing the allotments made to other new members.

20. It is stated that shares continued to be allotted thereafter, as and when the capital structure was altered, strictly on the basis of the contributions and subscriptions made by the respective members, with share certificates duly issued in each case. The Petitioners themselves received further allotments through the period from 22.03.2018 to 20.03.2021, as Petitioner No.1 - 1,37,499 shares, Petitioner No.3 - 1,25,666 shares, Petitioner No.4 - 2,47,333 shares; and Petitioner No.5 - 50,002 shares.

21. Bhoomi Puja for the project was performed in May 2018, and construction commenced upon receipt of municipal clearance. Two civil-construction quotations were placed before the members for consideration — one from Firm A for Rs. 11.51 crore and another from Firm B for Rs. 11.78 crore. The members, including the Petitioners, consented to and voted in favour of engaging a Warangal-based builder,

pursuant to which the civil-works contract was assigned to Respondent No.19, Prem Sagar Reddy, on 11.05.2018.

22. Soil analysis subsequently revealed soggy soil conditions in the vicinity of Bhadrakali Lake, necessitating a piles foundation, for which a firm based in Mumbai was consulted. This development increased the project cost by approximately Rs. 1 crore and delayed commencement of construction by about six months, all of which was within the knowledge of the Petitioners through the WhatsApp group.

23. The construction activity was monitored jointly by the architect, the site engineer, the project coordinator (Respondent No.22), the consulting engineering company, and the builder, with periodic updates and details of fund utilisation being shared in the group. On 30.07.2019, it was intimated in the group that the issuance of share certificates in respect of investments already made was under process.

24. Construction proceeded at a satisfactory pace until 14.03.2020, whereafter the outbreak of Covid-19 interrupted civil works. On 05.08.2020, the shareholders were informed that additional capital was required, failing which shares would have to be issued to outsiders. As the contributions of existing shareholders proved insufficient, fresh allotments were made to new members. It is further stated that in July 2020, the Petitioner formed a separate WhatsApp group comprising himself, Respondent No.4, and his brothers Srinivas Roopireddy and Deepak Roopireddy, in order to make inquiries regarding funding.

25. During an online meeting held pursuant to this exchange, Respondent No.4 is stated to have indicated that if the Company's capital were to be increased to Rs. 18 crores, the Petitioner would need to invest a further sum of Rs. 1.8 crore in order to maintain his existing 10% stake. Thereafter, Respondent No.14, the wife of the Petitioner's brother Deepak, invested a sum of Rs. 6,00,000 and was allotted shares accordingly a circumstance which, according to the Respondent,

demonstrates the Petitioner's continuing awareness of the prevailing shareholding pattern.

26. The allegations concerning Respondent No.19 are denied in their entirety. It is stated that Respondent No.19 was a bidder whose bid was accepted by all members, including Petitioner No.1, that he executed the civil works as the contractor, and that he remains owed a sum of Rs. 1.8 crore together with interest at 12% per annum on the delayed payment.

27. The appointment of an accountant and of a project coordinator, Respondent No.22, is stated to have been duly approved and communicated through the WhatsApp group, the two functionaries having been engaged at modest monthly salaries of Rs. 7,000 and Rs. 15,000 respectively.

28. In support of the above contentions, reliance is placed on the following decisions:

   i) S.P. Chengalvaraya Naidu v. Jagannath, AIR 1994 SC 853,

   ii) Srikanta Datta Narasimharaju Wadiyar v. Sri Venkateswara Real Estate Enterprises (P) Ltd, (1991) 72 Comp Cas 211 (Kar), and

   iii) N.K. Wahi v. Shekhar Singh, Crl. Appeal Nos. 83–85 of 2004 (SC)

Case of Respondent No.7:

29. It is the case of the Respondent No.7, as the answering Respondent on behalf of Respondent Nos. 7, 9, 12, 15, 16 and 17, that the Company has offered its equity shares for subscription on a preferential basis. Acting in good faith, subscribed to these offers by paying the requisite amounts and were, in the ordinary course, allotted shares with share certificates duly issued in their favour.

30. It is contended that the Respondents are nothing more than shareholders who lawfully acquired their shareholding through the Company's own procedure, and that they were at no point of time involved in the management or internal affairs of the Company.

31. Further, it is contended that the Petitioners were not only aware of, but had in fact welcomed, the issue of these very shares in the WhatsApp group that served as the members' common forum for communication and decision-making. Any allegation touching upon non-compliance on the part of the Company with the procedural requirements governing such allotments is, according to the Respondent, a matter entirely beyond the knowledge and domain of the answering Respondents, who were only recipients of shares allotted in the regular course.

32. It is also contended that since the Petitioners themselves were allotted further shares during the very period between 22.03.2018 and 20.03.2021 in which the impugned allotments were made, the relief sought by them to set aside the allotments made in favour of the answering Respondents is misconceived and not maintainable.

33. In support of their position, the answering Respondents invoke the Doctrine of Indoor Management, also known as Turquand's Rule, tracing its origin to Royal British Bank v. Turquand (1856) 6 E&B 27, and as applied by the Supreme Court in MRF Ltd. v. Manohar Parrikar, (2010) 11 SCC 374.

Case of the Respondent No.19 :

34. It is the case of the respondent No.19 that he is the contractor appointed for the civil works and construction of the multi-speciality hospital on the Schedule Property, pursuant to a Construction Agreement dated 11.05.2018 entered into with the Company, the bid submitted by him, the letter of acceptance issued in his favour, the notice to proceed.

35. Further, the Respondent has been duly executing the works entrusted to him under the said agreement, and that the payments received by him were made strictly against the bills submitted by him from time to time, the entirety of such bills being filed as Annexure-22

36. It is contended that any sums received by the Respondent were referable solely to the execution of the Project, and represent consideration for work actually performed rather than any illegitimate gain.

37. Further, as a contractor, he was never involved in the affairs or management of the Company, the Respondent submits that he has been unnecessarily impleaded in the present proceedings, and that he has received no illegal or unauthorised funds of any description from the Company.

38. In support of his position, reliance is placed on the Doctrine of Indoor Management, namely Turquand's Rule, as applied by the Supreme Court in MRF Ltd. v. Manohar Parrikar, (2010) 11 SCC 374.

Case of the Respondent No.20:

39. It is the case of the respondent No.20 that he is a Government employee, solely dedicated to the execution of projects undertaken by the Government, and is a third party to the contracts entered into by the Respondent Company and has, consequently, not undertaken any works of the nature alleged in the Petition.

40. Further, contended that Respondent No. 21 was engaged as a consulting engineer to supervise the works executed by Respondent No. 19 in accordance with the drawings furnished by the Architect, and that Respondent No. 20, being the father of Respondent No. 21, merely

[2] Page No. 46-191 of the Reply of Respondent No.19

accompanied his son in that capacity without undertaking any work or entering into any contract with Respondent No. 1 Company.

41. That the Respondent No.20 is an entirely irrelevant party who has been unnecessarily dragged into the present proceedings on the strength of false and purely defamatory allegations that could impact his livelihood, and that the initiation and continued pendency of the Petition against him has caused severe mental agony and distress, warranting dismissal of the Petition as against him.

Case of the respondent No.21:

42. It is the case of the Respondent No.21 that he is a consultant engineer engaged in rendering opinions and advisory services on construction plans and drawings furnished by architects. In the ordinary course of business, the Respondent Company sought an opinion from the Respondent No.21 to scrutinize whether the construction undertaken by Respondent No.19 was in accordance with the drawings and designs provided by the Architect engaged by the Company, pursuant to which the answering Respondent visited the site where construction was underway, rendered his opinion, and received amounts for such services rendered.

43. It is further contended that, apart from the amounts received towards his consultancy services, Respondent No. 21 has not received any substantial amounts from Respondent No. 1 Company. It is also contended that he acted in good faith in rendering his professional services to the Company and that the allegations in the Petition regarding non-compliance with the provisions of the Companies Act, 2013, or any other statutory non-compliance, are wholly unfounded.

Case of the respondent No.22:

44. It is the case of the Respondent No.22 that he was appointed as the Project Coordinator in December 2017, on a fixed monthly salary of Rs.

15,000/-, by the Respondent No.1 Company, for the limited purpose of overseeing and coordinating the Project and updating the members on its status.

45. That, apart from the fixed salary, he has never received any substantial amounts from the Company, as sought to be alleged by the Petitioners in Paragraph 5.15 of the Petition, and that it is wholly unjust on the part of the Petitioners to level such vague and unsubstantiated allegations.

46. Further, that the Respondent No.22 is, and has at all times been, a mere project coordinator of the Company, discharging his limited functions in good faith. The allegations in the Petition concerning non-compliance with the provisions of the Companies Act or any other statute are stated to be entirely beyond the knowledge and domain of the Respondent No.22.

Case of the respondent No.24:

47. It is the case of the Respondent No.24 that it is a statutory body constituted under the Chartered Accountants Act, 1949, to regulate the profession of chartered accountancy in India, and that no relief has been prayed for against it anywhere in the Petition, the Respondent accordingly appears before this Tribunal as a proforma party.

48. It is submitted that the Petitioners have not preferred any complaint, in the manner prescribed, against Respondent No.23 or his firm, and that should such a complaint be filed, it shall be dealt with in accordance with the disciplinary mechanism under the Act.

Rejoinder to R.4:

49. At the outset, the Petitioners state that the assertion of Respondent No.4 that he is merely a "Non-Executive Director," as reflected in eForm DIR-12, is only partly true and does not, in any manner, absolve him of his answerability to the Company and its shareholders.

50. That, apart from the civil-construction contract awarded to Respondent No.19, the documents pertaining to the construction work further reveal that the Company had also entered into a Mechanical, Electrical and Plumbing (M.E.P.) Service Contract, thereby demonstrating that Respondent No.4 and the other Respondents were engaged, both directly and indirectly, in decisions of considerable financial magnitude concerning the Company's affairs.

51. That the WhatsApp group functioned as, or could ever be treated as, an official platform for seeking or granting shareholder or director approval for corporate actions. That the said group was, at all material times, confined to general updates and private communication between the members, and nothing more. In any event, the whatsapp communications were inadmissible in evidence, and that information circulated on a WhatsApp group can never be treated as a substitute for the statutory procedure mandated under law.

52. The Respondent No.4 has failed to produce even a single document evidencing that the due procedure under Section 62 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, was followed in respect of the impugned allotments.

<u>Rejoinder to the Reply of Respondent No.7:</u>

53. At the very threshold, the Petitioners submit that the General Power of Attorney relied upon by the answering Respondents has not been apostilled in accordance with the Hague Convention, and the Counter filed on the strength of such an unauthenticated instrument is, therefore, itself invalid and cannot be looked into by this Tribunal.

54. The Respondents were allotted shares during the period between 19.03.2018 and 11.01.2021 through what are described as preferential issues, even though the answering Respondents were admittedly not shareholders of the Company at the relevant point of time. The Petitioners submit that this circumstance, by itself, renders the said

allotments illegal and liable to be set aside, inasmuch as persons who held no pre-existing stake in the Company could not have been inducted as shareholders by way of a preferential issue without due compliance with the statutory procedure prescribed in that behalf.

Rejoinder to the Reply of Respondent No.19:

55. That the Respondent No.19 is, in fact, the maternal uncle of Respondent No.4, a relationship that was never disclosed either in the Petition proceedings or before this Hon'ble Tribunal, and which squarely establishes that the civil-works contract in question was awarded to a person closely related to a director of the Company, rather than to an independent third-party contractor engaged on an arm's-length basis.

56. that the Construction Agreement dated 11.05.2018 and the bills annexed by the answering Respondent are self-serving and unsubstantiated documents, being unilaterally prepared and produced by the answering Respondent himself, without any independent verification, certification, or third-party corroboration as to the genuineness of the works purportedly executed or the amounts purportedly due.

57. Further, Respondent has, on his own showing, received a sum in the region of Rs. 8 crores from the Company, and that the mere enclosure of bills running into several pages does not, by itself, substantiate that works of a corresponding value were in fact executed.

Rejoinder to the Reply of Respondent No.20:

58. That the Respondent No.20 is the brother-in-law of Respondent No.3, a director on the Board of Respondent No.1 Company a fact conspicuously omitted from the Reply. Respondent No.3 has purportedly engaged his own brother-in-law and his nephew, Respondent No.21, as consultants for the Company's construction works.

59. That the funds of the Company are being diverted to Respondent No.21 under the guise of such construction works, as evidenced by the ledger account of Respondent No.21 in the books of Respondent No.1 Company.

60. Though a government employee, has been found working at the construction site of the Company and has been receiving amounts indirectly from the Company through his son, Respondent No.21. It is further submitted that Respondent No.21 is not even a qualified civil engineer and has no experience in the construction industry, making his engagement as a consultant improbable but for his relationship with Respondent No.3.

61. Further, Respondent has failed to explain his frequent visits to the construction site despite claiming to be an irrelevant party. The Petitioners submit that the answering Respondent, Respondent No.3 and Respondent No.21, being close relatives, have hatched a plan to siphon away the funds of Respondent No.1 Company.

Rejoinder to the Reply of Respondent No.21:

62. That Respondent No. 21, being the nephew of Respondent No. 3, a Director of Respondent No. 1 Company, is not a qualified civil engineer and was nevertheless appointed as a consultant for the Company's construction works despite having no experience in the construction industry. It is further alleged that Respondent No. 21 has failed to produce any material to establish his appointment as a consultant or the nature of the services allegedly rendered by him for the amounts received from the Company.

63. The Respondent No. 21 has failed to produce any material to establish the date of his appointment as a consultant, the scope of his work, or the services rendered by him to the Company. It is alleged that Respondent Nos. 3, 20 and 21, being relatives, acted in concert to siphon off the funds of Respondent No. 1 Company.

Rejoinder to the Reply of Respondent No.22:

64. That the Respondent No. 22, being the brother-in-law of Respondent No. 4, a Director of Respondent No. 1 Company, has failed to produce any material to establish his appointment as the Project Coordinator of the Company. It is further alleged that Respondent No. 4 appointed Respondent No. 22 to the said position and diverted the funds of Respondent No. 1 Company to him under the guise of construction works.

65. We observe that separate sur-rejoinders have also been filed by Respondent Nos. 4 and 7. The Respondents have reiterated that the Petitioners had complete knowledge of the transactions in question, including the successive allotment of shares, and have falsely denied such knowledge on oath before this Tribunal, thereby rendering themselves liable for perjury.

66. On the objection as to apostillation of the General Power of Attorney, reliance is placed on Section 85 of the Indian Evidence Act, 1872, under which a power-of-attorney authenticated before a Notary Public is presumed to be duly executed; the objection is accordingly liable to be rejected.

67. Respondent No.4 further places on record photographs of the construction site depicting the current status of the Project, and the CRISIL report justifying the capital raise, filed as Documents 1 to 3.

68. The Petitioners have, on 03.08.2026, intimated this Tribunal that Respondent No. 23 died during the pendency of this Petition, and stated that they do not press prayer (i) against him. We accordingly deleted the Respondent no.23.

69. We have heard learned counsel for the Petitioners and learned counsel for the contesting Respondents, and have perused the pleadings and

the documents annexed thereto, the written submissions filed by both parties, and the material available on record.

<u>Our observations and findings:</u>

70. M/s. Dhatri Health Care India Private Limited, Respondent No. 1 Company, was incorporated on 15.03.2011 under the provisions of the Companies Act, 1956. Respondent Nos. 2 and 3 were the original subscribers to the Memorandum of Association of the Company. Thereafter, on 26.03.2011, equity shares were further allotted to a group of twelve persons, including the Petitioners and Respondent Nos. 2 to 4. It is not in dispute that the said allotment was within the knowledge of the members of the Company and was not objected to by any of them at the relevant point of time.

71. Between 19.03.2018 and 11.01.2021, ten Extraordinary General Meetings of the Company are said to have been convened and held, namely on 19.03.2018, 02.04.2018, 26.01.2019, 01.04.2019, 25.11.2019, 07.05.2020, 29.07.2020, 13.08.2020, 16.10.2020 and 11.01.2021 ("the ten EGMs"). At each of the ten EGMs, further equity shares of the Company are alleged to have been allotted by Respondent Nos. 2 to 4, acting as the Board, in favour of Respondent Nos. 5 to 18, all of whom are outsiders to the original shareholding of the Company.

72. On examination of the records available on the MCA portal, we observe that Mr. Sridhar Reddy Kondam/Respondent No.2 and Mr. Sujeeth Reddy Punnam/Respondent No.4 have been serving as Directors of Respondent No. 1 Company since 2011 and 2013, respectively. Further, Annual Returns for the financial years 2017-18, 2018-19 and 2019-20, shows that on the following dates AGMs were held and shares were alloted:

> The 7th AGM's report records an allotment of 1,18,750 equity shares vide Board Meeting dated 22.03.2018;

The 8th AGM's report records one EGM, dated 02.04.2018, and a further allotment of 10,12,721 equity shares vide five Board Meetings between 20.06.2018 and 28.03.2019; and

The 9th AGM's report records two EGMs, dated 01.04.2019 and 25.11.2019, and a further allotment aggregating 1,53,366 shares vide Board Resolutions dated 20.05.2019, 17.06.2019, 27.09.2019 and 03.02.2020.

73. It is found that only six of the ten EGMs are supported by a corresponding Form MGT-14, and that the Respondents have produced no notice, postal receipt, courier acknowledgment, e-mail confirmation, or other contemporaneous record showing despatch of notice of any of the ten EGMs, or of the AGMs, to the Petitioners, nor have the Board Meeting resolutions themselves been placed on record. The Respondents have, in substance, rested their entire defence on the WhatsApp communications placed before us.

74. On perusal of the WhatsApp transcripts annexed by Respondent No. 4, which run from the creation of the group on 24.01.2014 through the period in dispute, we do not find, anywhere in this transcript, a communication identifying, in respect of any of the ten impugned meetings, the board resolution proposed, the number of shares, or the identity of the proposed allottees and the communications dominantly consist of ordinary social exchanges.

75. Further, the Board Resolution dated 27.02.2016 has not been placed on record to substantiate the contention that the WhatsApp group was recognised as the official mode of communication for issuing statutory notices.

76. Further, Section 3(1)(iii) of the Companies Act, 1956, restricts the transfer of shares and limit the number of members in accordance with the provisions of the Act.

77. Article 23 restricts only the transfer of shares by a member to a person who is neither an existing member nor approved by the Board, and does not deal with the allotment of fresh shares. Article 5 vests the power of allotment in the Board of Directors. Article 10 further provides that wherever the Act confers any right, privilege or power on the Company subject to authorisation in the Articles, such power stands authorised by the Articles, but its exercise remains subject to the provisions of the Act.

78. A conjoint reading of Articles 5 and 10 therefore makes it plain that while the Board has the power of allotment, that power must be exercised strictly in accordance with the Companies Act, 2013. No Article can, or does, dispense with the mandatory requirements of Sections 62 and 101 of the Companies Act.

79. Before going into the question of oppression and mismanagement, it is pertinent to examine whether the present Petition is maintainable under Section 244 of the Act of 2013. Section 244(1)(a) provides that, in the case of a company having a share capital, an application under Section 241 may be made by any member or members holding not less than one-tenth of the issued share capital of the company. In the present case, the Petitioners averred that initially collectively they held shares constituting 45.92% of the issued share capital of Respondent No. 1 Company and further that was reduced to 27.6% and the respondents never denied the same fact. Even taking the position most favourable to the Respondents, namely that this holding stood reduced to 27.6% on account of the very allotments impugned in the Petition, the Petitioners continue, in any event, to hold well above one-tenth of the issued share capital.

80. As far as the oppression and mismanagement is concerned, the allegation is about non issuance of notice of the ten EGMs and consequent dilution of the petitioners shareholding and diversion of

funds to the relative contractors**.** In this regard, it is relevant to point to Section 101 of The Act of 2013

"101. Notice of meeting.—

> (1) A general meeting of a company may be called by giving not less than clear twenty-one days' <u>notice either in writing or through **electronic mode** in such manner as maybe **prescribed**</u>:
>
> [Provided that a general meeting may be called after giving shorter notice than that specified in this sub-section if consent, in writing or by electronic mode, is accorded thereto—
>
> ....
>
> (2) <u>Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting</u>.
>
> (3) The notice of every meeting of the company shall be given to—
>
> > (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
> >
> > (b) the auditor or auditors of the company; and
> >
> > (c) every director of the company.
>
> (4) <u>Any accidental omission to give notice to,</u> or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting <u>shall not invalidate the proceedings of the meeting</u>."

81. Therefore, it is evident that, unlike Section 286 of the Companies Act, 1956, which dealt with notice of Board Meetings, Section 101 of the Companies Act, 2013 specifically provides that notice of every general meeting may be given either in writing or through electronic mode. However, such notice must be issued in the prescribed manner and contain the particulars mandated under the Companies Act, 2013 and the applicable Rules.

82. It is settled law that the burden of proof of notice of a meeting is on the Respondent Company to show that a notice was issued to the Petitioner in respect of the meetings. In this regard we usefully refer to the observation made by the Company Law Board in **Ms. Varshaben S. Trivedi vs. Shree Sadguru Switch Gears (P.) Ltd [2014] 49**

taxmann.com 48 (CLB - Mumbai). The relevant para is extracted below:

> "21. .... It is a well-settled proposition of law that if the party denies having received the notice, the burden lies upon the other Party to prove that such notice was delivered to the Addressee. In catena of decision, it has been held that service through UPC is a rebuttable presumption and unless it is proved by other corroborative piece of evidence, the service of notice cannot be presumed sufficiently.
>
> 22. In the present case, there is no corroborative material on record to show that the notice was duly served upon the Petitioner either by hand delivery or through UPC………"

83. In the present case, the Respondents contend that the Petitioners had knowledge of the meetings and the resolutions passed therein through communications exchanged in the WhatsApp group. Even assuming that WhatsApp is a permissible mode of electronic communication, the Respondents are still required to establish that the statutory notice contemplated under Section 101 was duly communicated through that medium.

84. On perusal of the WhatsApp transcripts placed on record, we do not find any communication containing the date, time, venue and agenda of the meetings, or any material indicating that the WhatsApp group was used for issuing notices of the Extraordinary General Meetings or the Annual General Meetings in the manner prescribed under the Companies Act, 2013.

85. Moreover, the Respondent Nos. 2 and 3, affirming the above infirmities, stated that the affairs of Respondent No. 1 Company "were being run informally" and that "no proper procedure for formal meetings of the Board or shareholders meeting were followed," adding that "it is true that no meetings were held in a formal manner."

86. It is well settled that the Hon'ble Supreme Court, in **Krishna Rai (Dead) through LRs. v. Banaras Hindu University, (2022) 8 SCC 713**, reaffirmed that where a statute prescribes that a thing be done in a particular manner, it must be done in that manner alone, and if it is

not, it has no existence in the eye of law; there can be no estoppel against this requirement.

87. This is reinforced by a coordinate Bench of this Tribunal (Kochi), **in T.P. Anil Kumar v. Indus Motor Company Private Limited** (order dated 03.09.2025), which held that a WhatsApp group created for general commercial communication cannot be treated as a lawful substitute for statutory notice of a Board or general meeting.

88. Therefore, we are of the view that the Respondents have failed to establish that notice, containing the particulars mandated by Section 101(2), was given of any of the ten EGMs.

89. Thus, the question that remains is whether this admitted non-compliance occasioned prejudice to the Petitioners such as to amount to oppression within the meaning of Section 241 of the Act, 2013.

90. It is the contention of the Petitioners that the reduction in their shareholding, standing alone, has occasioned prejudice to them. On perusal of the record, and specifically the Annual Returns for the financial years 2017-18 to 2019-20, we find that the Petitioners collectively held 51.55% of the paid-up capital of Respondent No. 1 Company as on 31.03.2018, and that this holding stood reduced to 39.13% as on 31.03.2021, by reason of the successive allotments made in favour of Respondent Nos. 5 to 18.

91. It is further the case of the Petitioners that the Respondents, without notice to them and without following any procedure, engaged close relatives on the Project and diverted the Company's funds to them.

92. Respondent No. 19, Prem Sagar Reddy, maternal uncle of Respondent No. 4, was engaged as civil-works contractor and received approximately Rs. 8 crores between 2018 and 2021. Respondent No. 21, Pinnoju Sunith, nephew of Respondent No. 3, was engaged as consulting engineer and received approximately Rs. 8,65,000 between

30.01.2019 and 12.03.2021, through Respondent No. 20, Pinnoju Suresh, his father and brother-in-law of Respondent No. 3. We also observe that no Board resolution, or comparative quotation has been placed on record to show that either engagement was preceded by any procedure whatever.

93. We rely upon the case of **Dale & Carrington Investment (P.) Ltd. v. P.K. Prathapan [2004] 54 SCL 601 (SC)/(2005) 1 SCC 212**, the question that came up for consideration before the Supreme Court was whether the majority shareholder being reduced to a minority shareholder by a malafide act of the company or the board of directors against the articles of association amounts to oppression or not. It was observed that a majority member is entitled by virtue of his majority to control, manage, and run the affairs of the company in accordance with the provisions of company law. It was held by the Apex Court that if a member who holds the majority of shares in a company is reduced to the position of a minority shareholder in the company by a malafide act by the board of directors by issuing further share capital, the said act would be considered to be an act of the oppression to the said member.

94. In the present case, the Petitioners have proved that the act of allotting shares on a preferential basis under Section 62(1)(c), across the ten Extraordinary General Meetings held between 19.03.2018 and 20.03.2021, was done without proper notice to them, was unfair to the Petitioners, and occasioned the prejudice reflected in the reduction of their shareholding in Respondent No. 1 Company.

95. Therefore, we are of the view that procedure has not been followed for the allotment of shares to Respondent Nos. 5 to 18 vide the ten Extraordinary General Meetings held between 19.03.2018 and 11.01.2021, nor for the engagement of Respondent Nos. 19, 20 and 21 in connection with the Project. As such, this Petition is allowed. It is hereby declared that –

I. The acts and conduct of Respondent Nos. 2 to 4, in convening and holding the said ten Extraordinary General Meetings without notice to the Petitioners, and in allotting shares thereat to Respondent Nos. 5 to 18, are oppressive, and amount to mismanagement of the affairs of Respondent No. 1 Company within the meaning of Sections 241 and 242 of the Act.

II. Consequently, the allotment of shares, the Annual Returns and Financial Statements for FY 2018 to 2020, and the Forms PAS-3 and MGT-14 filed in respect of the impugned allotments and meetings, being founded on the same are declared null and void.

Accordingly, this petition is partly allowed and disposed of.

Sd/-	Sd/-
Sanjay Puri	**Rajeev Bhardwaj**
Member (Technical)	**Member (Judicial)**