IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.301
CP/43(AHM)2024

Under Section 241-242 of Co. Act, 2013

IN THE MATTER OF:

Mr. Nitin Thakkar & Another ....Applicant
V/s
Maruti Gases Pvt. Ltd & Another ....Respondent

Order delivered on: 07/08/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)

THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH, COURT-I, AHMEDABAD

CP No. 43 (AHM) of 2024

(A Company Petition filed under Section 241-242 and other provisions of the Companies Act, 2013 and r. w. the NCLT Rules, 2016)

In the matter of: Maruti Gases Private Limited.

1. **Mr. Nitin Thakkar**
   502 B Wing, Skiffle Tower,
   Above Bank of Baroda,
   Vallabh Baug Extension Road,
   Ghatkopar East, Mumbai – 400 075

.... Petitioner No.1

2. **Mrs. Geeta Thakkar**
   502 B Wing, Skiffle Tower,
   Above Bank of Baroda,
   Vallabh Baug Extension Road,
   Ghatkopar East, Mumbai – 400 075

.... Petitioner No.2

VERSUS

1. **Maruti Gases Private Limited**
   Plot No. 1402-B, Halol G.I.D.C.,
   Industrial Estate,
   District – Panchmahals,
   Gujarat – 389 350

....Respondent No. 1

2. **Mr. Uday Madhwani**
   VIP'S APT., 2nd Floor,
   Behind Atmajyoti Ashram,
   Ellora Park, Vadodara – 390 023

....Respondent No. 2

Order pronounced on 07.08.2026

C O R A M:

Mr. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
Mr. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Petitioners	: Mr. Niraj Trivedi, PCS
For the Respondent	: Mr. Dhruvit Shah, Advocate for R-2
For the Independent Administrator	: Mr. B R Garg, Administrator in person through virtual mode

O R D E R
(Per: Bench)

1. This Company Petition being CP No. 43 (AHM) of 2024 has been filed on 10.10.2024 by the Petitioners viz. Mr. Nitin Thakkar & Mrs. Geeta Thakkar (hereinafter referred to as **"Petitioners"**) **under Sections 241-242** and other provisions of the Companies Act, 2013 read with NCLT Rules, 2016 with the following reliefs: -

(a) INTERIM RELIEF

(A) Be pleased to pass necessary orders to the effect that Respondent No.2 be directed to correct the position of the shares held by Petitioner No.1 in Respondent No.1 by restoring the shares held in by Petitioner No. 1 and 2.

(B) Be pleased to pass order directing Respondent No.1 to pass resolution that the operation of all existing Bank accounts and in case any new bank account opened in future in name of Respondent No. 1 be operated under the signature of two directors of which one should be Petitioner No.2.

(C) *Be pleased to pass necessary orders that no further shares be issued by Respondent No.2 in Respondent No.1 Company.*

(D) *Be pleased to pass orders for cancellation of all existing related party transactions including the transport service contract of Respondent No.1 with Shree Raj Enterprise firm of Pragna Madhwani (wife of Respondent No.2).*

(E) *Be pleased to pass order that an independent director be appointed on the Board of Respondent No.1 Company.*

(b) FINAL RELIEF

(A) *Be pleased to pass order, directing Respondent No.1 from not passing any resolution to remove Petitioner No.2 as Director of the Company.*

(B) *Be pleased to pass orders for removal of Respondent No.2 as Director of Respondent No.1 considering the oppression and mismanagement carried out by Respondent No.2 in Respondent No.1 Company.*

(C) *Be pleased to pass order for getting the financial statements re-audited for last 5 years through Independent Auditor and any discrepancy in such financial statement be paid by Respondent No.2.*

(D) *Be pleased to pass order restraining Respondent No.2 from involving in any/all acts of day-to-day affairs of Respondent No.1 and passing restraining order for Respondent No. 2 in participating in appointment of Auditor of Respondent No.1 Company and also restraining Respondent No. 2 from putting his signature on any document in respect of Respondent No.1 Company.*

(E) *Be pleased to pass order directing Respondent No. 2 to make good the loss occurred to Respondent No.1*

Company due to siphoning of funds of Respondent No.1 Company.

(F) *Be pleased to direct Mr. Bhaskar Madhwani and Mrs. Pragna Madhwani, relatives of Respondent No. 2 to deposit the expenses incurred by the company as directors.*

(G) *Be pleased to pass any other order in interest of justice.*

2. That this Tribunal, vide order dated 07.11.2025 passed in *Nitin Thakkar & Anr. v. Maruti Gases Private Limited & Anr.*, CP No. 43 (AHM) of 2024, after considering the pleadings, documentary evidence and submissions of the parties, inter alia held that the allegations regarding manipulation of shareholding, misuse of Digital Signature Certificate (DSC), unauthorized operation of the Company's bank accounts, irregular appointments of directors, fabrication of statutory records, and related-party transactions without due statutory compliance disclosed a continuing course of oppression and mismanagement falling within the ambit of Sections 241 and 242 of the Companies Act, 2013. The Tribunal further observed that such continuing acts could not be rejected on the ground of limitation and that serious discrepancies in the statutory records, ROC filings and financial statements warranted an independent forensic audit to ascertain the true affairs of the Company.

3. The Tribunal consequently directed appointment of an Independent Forensic Auditor and an Independent Administrator to oversee the affairs of the Company and restore transparency, accountability and proper corporate governance, besides issuing appropriate directions for safeguarding the interests of the Company and its stakeholders. The relevant observations and directions contained in *paragraphs 18 to 22* of the order dated **07.11.2025** passed by this Tribunal are reproduced in substance as under:

> 18. *It is apparent that the material placed on record comprises selective and fragmented portions of a larger picture, with each party presenting only those aspects that support its narrative while withholding crucial documents and disclosures. Consequently, this Tribunal is constrained to piece together the affairs of the Company on the basis of an incomplete record, resulting in a speculative and inconclusive understanding of its true operations.*
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> 19. *In light of the foregoing, this Tribunal is of the considered view that a forensic audit of the books of accounts, bank accounts and financial transaction of Respondent No. 1 Company is required, especially the financial transactions, purchase transactions, sale transactions, transaction for services entered with the related parties as defined in sub-section 76 of section 2 of the Companies Act, 2013, to be carried out by independent Forensic Auditor.*
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> 20. *Such an exercise would not only unveil the true financial position of the company but also enable this tribunal to ascertain*

the extent of any management, related party transactions, and the actual status of the Board of Directors. The outcome of the audit shall form the basis for any further directions that may be required.

21. *Secondly, in view of the complete breakdown of mutual trust and the evident lack of accountability in the management of the Company's affairs,* ***this Tribunal deems it appropriate to direct the removal of the present Directors of Respondent No. 1 Company under Section 242(2)(h) of the Companies Act, 2013. In this place, an Independent Administrator shall be appointed, who shall act as a Director of the Company in terms of Section 242(2)(k), until further orders of this Tribunal****. The Administrator shall assume responsibility for the day-to-day management, ensure statutory and regulatory compliance, extend full cooperation to the forensic auditor, and take all necessary steps to safeguard the continuity and integrity of the Company's operations during the pendency of these proceedings. This measure is considered essential to preserve the interests of the Company, its shareholders, and other stakeholders at large.*

22. *Accordingly, this Tribunal hereby* ***orders*** *as under: -*

22.1 *An Independent Forensic Auditor, being a certified forensic accountant or a reputed firm with no prior association with the parties, is appointed to conduct a detailed Forensic audit of the affairs of Respondent No.1 Company for the financial years 2019-20 to 2024-25.*

22.2 *The audit shall cover, inter alia, financial transactions, related-party dealings, and the status of ongoing, and to specifically identify any misuse or diversion of funds for non-business or personal purposes, or for purposes not in the best interest of the company.*

22.3 *The Tribunal hereby appoints CA. Nayan R. Kothari, M.Com., FCA, having Membership No.124210, Email ID; nayan.r.kothari@gmail.com, Mobile No.9824433445, as the Forensic Auditor of the R-1 Company to conduct the Forensic Audit of the R-1 Company. The said audit shall be completed and the report be submitted within 60 days from the date of appointment of the auditor by this Tribunal. The cost of the Forensic Audit will be fixed by the Forensic Auditor and same shall be borne by the Respondent No.1 Company.*

22.4 *The Petitioners and the Respondents Nos 1 & 2 are directed to co-operate with the Forensic Auditor and provide full access to the records including accounting records, bank statements,* *and underlying documents supporting the transactions. All allegations of financial impropriety made by the Petitioners and the Respondents Nos 2 against each other shall be placed before the forensic auditor along with supporting evidence, who shall examine them and include in the results thereof in his report.*

22.5 *The current Directors shall stand removed with immediate effect, in terms of Section 242(2)(h) and in exercise of powers under Section 242(2)(k) and this Tribunal appoints Mr. Bimal Ranjan Garg, Advocate, Mobile No. 94120-50782, 81714-42009, Email ID: bimalgargadvocate@yahoo.com, as an Independent Administrator, to function as a Director ON THE Board of Respondent No.1 Company, who shall assume charge forthwith upon appointment. The said appointed Independent Administrator shall function for initially three months (extendable) commencing from the date of his acceptance of his appointment or till further orders.*

22.6 *The Administrator may take help and/or appoint any assistant, consultant, or employee, as deemed necessary and appropriate, on such fees, remuneration, or compensation as determined by the Administrator, which shall be borne by the Respondent No.1/Company.*

22.7 *However, the Administrator shall not issue any order of dismissal or termination of employees without obtaining the prior permission and approval of this Tribunal. Further, the Administrator shall not borrow any funds, dispose of, alienate, or create any charge on any of the assets of the Company without the prior permission and approval of this Tribunal.*

22.8 *Further, the Petitioners and respondents and their representatives shall render utmost cooperation and assistance to the Administrator and his staff/consultants/employees in the discharge of his functions as well as the scope of work entrusted in this order.*

22.9 *The Respondent No.1/Company shall make to the Administrator or his staff a full and free/complete disclosure of records of the company, including Books of Accounts/Financial Statements, Contracts, Agreements, and the like, relating to the affairs of the company.*

22.10 *The Administrator shall be paid a monthly remuneration/compensation of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per month, plus the applicable taxes by the Company. The Administrator will also be entitled to reimbursement of out-of-pocket expenses on an actual basis and also reimbursement of actual travel as well as stay* *expenses. The Administrator shall submit a monthly report regarding the activities carried on in the Company to the Tribunal.*

22.11 *The cost of the forensic audit, monthly remuneration of the Independent Administrator plus the applicable taxes, out-of-pocket actual expenses which also include of travel as well as stay will be borne by the Respondent No.1/Company and in the absence of the financial capacity of the company to bear these costs, the full cost shall be borne equally 50-50 by the Petitioners and the Respondent No.2. In the later situation, the parties shall deposit their respective shares of the estimated costs into an escrow account maintained by the Independent Administrator* ***within 15 days*** *of the auditor's appointment. Any disputes regarding cost allocation shall be referred to the Tribunal for resolution.*

22.12 *The Forensic Auditor and the Independent Administrator shall submit their consent along with a declaration confirming that they have no conflict of interest with any of the parties in the matter, within* ***seven working days****, to the Registrar of the Tribunal.*

22.13 *The Independent Administrator shall have authority to manage day-to-day operations, ensure statutory compliance, and oversee the forensic audit, but shall not make policy decisions or alter the company's strategic direction without prior Tribunal approval. Existing directors shall cooperate with the Administrator but retain their statutory rights and duties unless otherwise directed.*

22.14 *The Independent Administrator shall take all necessary steps to secure, preserve and oversee the operations, assets, and records of the Company, and shall also ensure compliance with the forensic audit process. The Administrator can bring any matter regarding implementation of this order to this Tribunal for necessary directions.*

22.15 *An Audit Oversight Committee is constituted comprising (i) the Independent Administrator appointed by this Tribunal, as the chairperson of this committee; further, (ii) one nominee Director from the Petitioner's side, and (iii) one nominee Director from the Respondent No.2 side. This Committee shall extend full cooperation to the Forensic Auditor and ensure timely access to all documents, records, and information.*

22.16 *All resolutions passed in the Board Meetings, including those under dispute in the present Company Petition, as well as any subsequent resolutions passed during the pendency of these proceedings, shall remain in status quo until further orders of* *this Tribunal.*

22.17 Liberty is granted to either party to seek further directions post submission of the forensic audit report, including, but not limited to, reliefs concerning valuation, buyout, or any further recourse as may be warranted in law.

22.18 The parties are directed to maintain status quo in the shareholding pattern and directorial appointments until further orders. No third-party rights shall be created or encumbered in respect of the assets of the Company, including tangible and intangible properties such as physical assets, financial instruments, intellectual property, and contractual rights, during the pendency of further proceedings.

22.19 The Company's bank accounts shall be operated only with the administrator's approval. Existing signatories to hand over chequebooks, net banking tokens/passwords ***within 48 hrs.***

22.20 The Independent Administrator shall submit monthly reports to the Tribunal on the progress of the forensic audit, compliance with these directions, and the company's operations, with the first report due ***within 30 days*** *of assuming charge.*

22.21 The Registry is directed to communicate a copy of this order, passed by this Tribunal in ***CP No.43 (AHM) 2024****, to the Forensic Auditor, the Independent Administrator, and the Registrar of Companies, through email, within three working days from the date of this order.*

22.22 The company shall also file a certified copy of this order with the Registrar of Companies, Ahmedabad, ***within 30 days****, as per Section 242(3) of the Companies Act, 2013.*

4. That, pursuant to and in compliance with the directions contained in the Order dated 07.11.2025 passed by this Tribunal, the Independent Administrator undertook the administration of the Company and has placed the **present Report** on 26.12.2025 vide Inward Diary No. D-1575 inter alia, recording the following:

4.1. That the Independent Administrator assumed charge of the affairs of the Company on 24.11.2025 and carried out the assignment for the period from **24.11.2025 to 23.12.2025**, in terms of the mandate conferred by this Tribunal.

4.2. That prior to assuming charge, the Independent Administrator called upon the existing management to hand over all books of accounts, bank account details, passwords, email credentials and other financial records of the Company, and the said communication has been annexed as Annexure-A.

4.3. That, in accordance with paragraph 22.6 of the Tribunal's Order, the Independent Administrator appointed CA Shri Tarun Agarwal as Assistant Independent Administrator to assist in the discharge of his functions, and the appointment letter together with his professional profile forms Annexure-B to the Report.

4.4. That the Independent Administrator undertook a review of the Company's operational activities, including production and service operations, contractual commitments, procurement processes, sales performance, administrative functioning and internal control mechanisms.

4.5. That a comprehensive examination of the financial affairs of the Company was carried out by reviewing its financial statements, cash flow position, bank accounts, receivables, liabilities, contingent liabilities and material transactions, besides verifying compliance with statutory dues including GST, PF, ESI and TDS.

4.6. That the Independent Administrator also reviewed the corporate governance practices of the Company, including the functioning of the Board, maintenance of statutory registers, approval processes, delegation of authority and compliance with the provisions of the Companies Act, 2013, while documenting instances of procedural lapses or governance deficiencies wherever noticed.

4.7. That, for the purpose of substantiating the review, the Report encloses Annexure-C, containing the scrutiny of the Company's bank accounts and cash transactions, and Annexure-D, comprising the sales and purchase registers of the Company for the relevant period.

5. Further, in compliance with the directions contained in the Order dated 07.11.2025 passed by this Tribunal, the Independent Administrator has filed the **Second Report dated 19.02.2026** vide Inward Diary No. D-1575, inter alia, recording that:

5.1. The report covers the period **24.12.2025 to 23.01.2026** and records the review of the Company's operations, financial position, governance practices, statutory compliances, and management decisions during the said period.

5.2. During the reporting period, the Independent Administrator scrutinised the Company's production and service activities, procurement process, contracts, commitments, inventory management, personnel administration, and internal controls to identify operational deficiencies, irregularities, or deviations from established procedures.

5.3. The Independent Administrator also examined the financial records, including bank accounts, cash transactions, loan documentation, payables, receivables, statutory liabilities, and liquidity position, and reviewed statutory dues such as GST, PF, ESI and TDS to assess compliance with applicable laws.

5.4. A review of the Company's corporate governance practices, Board functioning, statutory registers, delegation of authority, related party transactions, and compliance procedures was undertaken. The report records that any procedural lapses or governance deficiencies identified during the review were documented with appropriate observations.

5.5. The Independent Administrator convened and chaired the Annual General Meeting on 06.01.2026 through video conferencing after issuing notice to all persons claiming to be shareholders. The requisite quorum under Section 103 of the Companies Act, 2013 was recorded as present.

5.6. The sole agenda relating to the adoption of the audited financial statements for the financial year ended 31.03.2025, together with the Board's Report and Auditor's Report, could not be approved as disputes arose regarding the actual shareholding of the Company. The report notes that while 1,60,250 shares were claimed during the AGM, the Company's MCA records and audited financial statements reflected only 99,760 paid-up equity shares, resulting in adjournment of the resolution without its adoption.

5.7. The report annexes the scrutiny of the Company's bank and cash transactions (Annexure-A), sales and purchase registers (Annexure-B), the AGM notice (Annexure-C), and the minutes of the AGM (Annexure-D) for the Tribunal's consideration.

6. That, in compliance with the Order dated 07.11.2025 passed by this Tribunal, the Independent Administrator assumed charge of the affairs of Respondent No. 1 Company on 24.11.2025 for an initial tenure of three months, which was to expire on 23.02.2026. Thereafter, vide Order dated 26.02.2026 passed in **I.A. No. 26(AHM)/2026**, this Tribunal, upon considering the progress of the administration and the pendency of the forensic audit, extended the appointment of the Independent Administrator for a further period of three months to continue overseeing the affairs of the Company.

7. Furthermore, pursuant to the directions of this Tribunal, Mr. Nayan R. Kothari, Chartered Accountant, was appointed as the Forensic Auditor to conduct a forensic audit of Respondent No. 1 Company and submit his report before this Tribunal. Upon the Forensic Auditor seeking extension of time for completion of the audit, the Tribunal, vide Order dated 19.02.2026, directed him to file a status report within seven days.

8. In compliance thereof, the Forensic Auditor submitted an **Interim Status Report dated 25.02.2026**, stating that the forensic audit had reached an advanced stage and that a Draft Forensic Audit Report containing the preliminary observations and findings had been prepared. The Tribunal further directed that the draft report be placed before the Independent Administrator and that reasonable opportunity be afforded to both the Petitioners and the Respondents to submit their explanations and/or clarifications on the observations contained therein, in adherence to the principles of natural justice. Thereafter, vide Order dated 26.02.2026, the Tribunal granted a further period of thirty days to the Forensic Auditor to finalise and submit the Final Forensic Audit Report.

9. In compliance with the directions contained in the Order dated 07.11.2025 passed by this Tribunal, the Independent Administrator submitted the **Third Report dated 26.02.2026**, covering the period from **24.01.2026 to 23.02.2026**, reporting that he continued to supervise the affairs and management of Respondent No. 1 Company, reviewed its operational and financial position, statutory compliances, corporate governance, and material transactions, and observed that the Company's factory remained operational with regular business activities. The Report further annexes the scrutiny of the Company's bank and cash transactions as Annexure-A and the sales and purchase registers as Annexure-B for the period under review.

10. Again, the Independent Administrator submitted the **Fourth Report dated 24.03.2026**, covering the period from **24.02.2026 to 23.03.2026**, reporting that he continued to supervise the affairs and management of Respondent No. 1 Company, reviewed its operational and financial position, statutory compliances, corporate governance and material transactions, and observed that the Company's factory remained operational with regular business activities, though receipts from Government departments continued to be delayed. The Report further annexes the scrutiny of the Company's bank and cash transactions as Annexure-A and the sales and purchase registers as Annexure-B for the period under review.

11. Thereafter, vide Order dated 02.04.2026, the Tribunal recorded the submission of the Forensic Auditor that, after considering the responses received on 09.03.2026 and the compilation of records, certain additional queries had been raised requiring responses from both sides within five days, whereafter the Final Forensic Audit Report would be filed within one week. Accordingly, the Tribunal extended the time granted to the Forensic Auditor by a further period of

15 days, in continuation of the earlier extension granted on 26.02.2026.

12. The Petitioners filed an **Affidavit in Support of Additional Facts** dated 20.04.2026 vide Inward Diary No. D-3265, wherein, inter alia, it was stated as follows:

12.1. That Petitioner No. 1 had personally visited the factory premises on 18.03.2026 and 02.04.2026 and sought to place certain subsequent developments before the Tribunal.

12.2. The Petitioners alleged that the factory continued to be operated and controlled by Mr. Bhaskar Madhwani, son of Respondent No. 2, who was exercising control over the day-to-day operations, including access to emails, statutory records, registers and CCTV cameras, despite the appointment of the Independent Administrator and his Assistant by the Tribunal.

12.3. The Petitioners further alleged that the captive oxygen plant had been sold in October 2025 and that such development had not been disclosed to the Tribunal either by the Respondents or by the Independent Administrator.

12.4. It was further alleged that, as per information received from a staff member, neither the

Independent Administrator nor his Assistant had visited or supervised the factory for the preceding seven days, and that the factory continued to function under the supervision of Mr. Bhaskar Madhwani and Respondent No. 2.

13. Again, the Independent Administrator submitted the **Fifth Report dated 26.04.2026**, covering the period from **24.03.2026 to 23.04.2026**, reporting that he continued to supervise the affairs and management of Respondent No. 1 Company, reviewed its operational and financial affairs, statutory compliances, corporate governance and material transactions, and observed that the factory remained operational with regular business activities. The Report further records that the Balance Sheet for the financial year ended 31.03.2025 had been prepared, subject to audit, and that the dispute relating to the shareholding of the Company persisted in view of the rival claims regarding the number of shares held by the parties. The Independent Administrator also stated that his tenure was nearing expiry and that a separate application seeking extension of time would be filed before this Tribunal. The Report annexes the scrutiny of the Company's bank and cash transactions as Annexure-A and the sale and purchase details as Annexure-B for the period under review.

14. Thereafter, vide Order dated 30.04.2026, the Tribunal recorded that the Forensic Auditor had submitted the **Final Forensic Audit Report** in a sealed cover before the Registry vide Inward Diary No. R-605 dated 27.04.2026, which was opened in the presence of the learned counsel appearing for the parties. The Tribunal directed the Registry to furnish copies of the Report to the representative of the Petitioners, the learned counsel for Respondent No. 2, and the Independent Administrator, granting the parties ten days to file their respective responses, if any.

15. Pursuant thereto, the Petitioners filed their **reply to the Forensic Audit Report** dated 21.04.2026 on 18.05.2026, vide Inward Diary No. D-4099, contending that the findings of the forensic auditor substantially corroborate the allegations of oppression and mismanagement set out in the Company Petition.

15.1. According to the Petitioners, the forensic audit, covering the financial years 2019-20 to 2024-25, has identified, inter alia, discrepancies relating to (i) share application money reflected in the books but not in the financial statements, (ii) related party transactions undertaken without compliance with the provisions of the Companies Act, 2013, and (iii) transfer of company funds to Maruti Welfare Society accounts without proper authority.

15.2. It is contended that the findings of the forensic auditor substantiate the Petitioners' allegations of oppression, mismanagement and diversion of company funds by Respondent No. 2. The Petitioners further rely upon the Independent Administrator's Fifth Report dated 26.04.2026, stating that the company generated profits during the period of independent administration, to contend that the earlier management under Respondent No. 2 was responsible for financial mismanagement.

15.3. According to the Petitioners, Respondent No. 2 had complete control over the day-to-day affairs of the company since 2010 and allegedly consolidated such control by appointing his son, Mr. Bhaskar Madhwani, as Director on 18.09.2019 without following the mandatory procedure prescribed under the Companies Act, 2013.

15.4. It is further alleged that Respondent No. 2 failed to maintain statutory registers and records required under the Companies Act, 2013, which, according to the Petitioners, has also been noticed in the forensic audit report.

15.5. It is further alleged that incorrect particulars regarding shareholding were filed with the Registrar of Companies so as to depict increased shareholding of Respondent No. 2 and his family members. The Petitioners have relied upon the Register of Members maintained up to the year 2010 (Annexure-A) to support their contention regarding the original shareholding records.

15.6. The Petitioners contend that the forensic auditor observed that share application money appearing in the books prior to FY 2019-20 was neither reflected in the financial statements nor lawfully converted into unsecured loans. According to the Petitioners, such omission and subsequent conversion without statutory compliances indicate financial irregularities and non-compliance with the Companies Act, 2013. In this regard, reliance has been placed upon the Extract of Note No. 1 to the Balance Sheet for FY 2013-14 (Share Capital) (Annexure-B).

15.7. It is alleged that the company committed statutory violations relating to acceptance of deposits, loans to directors and related party transactions entered into without obtaining the requisite approvals or ratification under the Companies Act, 2013.

15.8. The Petitioners submit that the statutory records were duly maintained by them till the management of the company was handed over to Respondent No. 2 in 2010 and that, thereafter, the responsibility to maintain and update such records rested upon Respondent No. 2.

15.9. It is further contended that although the forensic audit refers to transfer of shares held by Maruti Koatsu Private Limited, the financial statements of Maruti Koatsu for FY 2015-16 continued to reflect investment of 50,100 shares in Maruti Gases Private Limited. On that basis, the Petitioners allege that the transfers reflected in the annual returns are fabricated and were shown only to increase the shareholding of Respondent No. 2 and his family members. The Petitioners have relied upon the Financial Statements of Maruti Koatsu Cylinders Private Limited for FY 2015-16 (Annexure-C) as well as the Extract of Note No. 1 to the Balance Sheet for FY 2013-14 (Annexure-B) in support of the said contention.

15.10. The Petitioners further assert that the original physical share certificates remain in their possession and rely upon Section 46 of the Companies Act, 2013 as well as the judgment of the Hon'ble Supreme Court in ***Vasudev Ramchandra Shelat v. Pranlal Jayanand Thakar*** to contend that, in the absence of valid transfer documents, the holder of the original physical share certificates continues to be the lawful owner of the shares.

16. The Independent Administrator, in his **Sixth Report dated 26.05.2026**, which was filed before this Tribunal on 02.06.2026 vide Inward Diary No. D-4381, reported that upon assuming charge pursuant to the orders of this Tribunal, he reviewed the statutory records, books of accounts, corporate governance practices and the overall financial position of the Company. The Independent Administrator observed that the Company continued to function as a going concern, with payments being routed through banking channels and regular business operations, including sales and purchases, being carried on in the ordinary course. The report further records that the Company's financial position, cash flow, bank accounts, loan documentation, receivables, payables and related records were examined, and that no business transactions were carried out in cash during the period under review. However, the Independent Administrator noted deficiencies in corporate governance, including lapses in the maintenance of statutory registers and non-compliance with the provisions of the Companies Act, 2013. The report also records that disputes regarding the shareholding of the Company continue to subsist between the parties, with rival claims over the ownership of shares, while observing that no business transactions were undertaken pursuant to the AGM convened during the period under review. The scrutiny of bank and cash transactions was annexed as **Annexure-A**, while the details of sales and purchases were annexed as **Annexure-B** to the report.

17. Further, Respondent No. 2, Mr. Uday Madhwani, has filed an **Affidavit in Reply to the Forensic Audit Report** on 04.06.2026 vide Inward Diary No. D-4491, wherein he primarily disputes the findings of the Forensic Auditor and seeks to explain each adverse observation with supporting documents.

17.1. Respondent No. 2, in his Affidavit in Reply to the Forensic Audit Report, has denied the findings and observations recorded by the Forensic Auditor and contended that the report is merely recommendatory in nature and does not, by itself, establish any act of oppression, mismanagement or statutory non-compliance. It is further submitted that several observations recorded by the Forensic Auditor travel beyond the scope of the audit assigned by this Tribunal and are based on incomplete appreciation of facts and documents.

17.2. With regard to the observations concerning **share application money**, Respondent No. 2 submits that the amount was never intended to be refunded but continued as an unsecured loan owing to family arrangements between the parties. It is contended that the amount remained available for use by the Company without any interest liability and, therefore, the findings regarding alleged violation of Section 179(3)(d) of the Companies Act, 2013 are erroneous and based on a misinterpretation of the statutory provisions.

17.3. In response to the observations relating to the transactions with **M/s. Shree Raj Enterprise**, Respondent No. 2 submits that the transactions were undertaken in the ordinary course of business and at arm's length without conferring any undue benefit upon the related party. It is contended that the Forensic Auditor himself has recorded that the transactions were in the ordinary course of business, though he observed that sufficient independent evidence was not available to conclusively establish the arm's length nature of the transactions. Respondent No. 2 further submits that adequate opportunity was not afforded by the Forensic Auditor to furnish additional explanations or supporting material and has, therefore, produced a Comparative Chart of Related Party and Third-Party Transactions (Annexure-1) demonstrating that the transportation charges of M/s. Shree Raj Enterprise were commercially competitive and beneficial to the Company.

17.4. Respondent No. 2 has further explained the observations relating to the **diesel expenses** allegedly incurred after cessation of the transport contract on 31.03.2021 with M/s. Shree Raj Enterprise by submitting that diesel expenses amounting to Rs. 97,850/- were inadvertently recorded under an incorrect ledger head and, in fact, related to other vehicles owned by the Company. It is contended that the said discrepancy was purely an accounting error and not a related-party transaction. In support thereof, Respondent No. 2 has placed on record the List of Diesel Transactions and Customer-wise Credit Sale Reports (Annexure-2) to substantiate that the expenses pertained to Company vehicles and not to the related party.

17.5. With regard to the observation concerning the absence of the declaration under the Income Tax Act, Respondent No. 2 submits that the declaration for **FY 2020-21** had inadvertently not been annexed to the earlier reply furnished before the Forensic Auditor and has now been produced on record as Annexure-3, thereby curing the alleged deficiency and demonstrating compliance with the applicable statutory requirements.

17.6. In respect of the observations relating to **long outstanding receivables**, Respondent No. 2 submits that the Company has been carrying on business for several decades and that a substantial portion of the receivables pertains to debtors who have either ceased operations, become insolvent or are otherwise not financially viable. It is contended that non-writing off such receivables does not render the financial statements incorrect or misleading and that the Company continues to retain its legal right to recover the said amounts. Consequently, it is submitted that such accounting treatment cannot be construed as an act of oppression or mismanagement.

17.7. Respondent No. 2 has also disputed the observations relating to the **Maruti Welfare Society**, contending that the payments made thereto represented welfare contributions for the benefit of the employees and workmen of the Company and were incurred in the ordinary course of business. It is, therefore, submitted that such transactions neither conferred any personal benefit upon the Respondents nor constitute acts of oppression or mismanagement.

17.8. As regards the findings concerning the **shareholding pattern and statutory records**, Respondent No. 2 submits that the relevant statutory records were earlier maintained by Petitioner No. 1 during his tenure with the Company and that, after his resignation, several records remained under the Petitioners' control.

17.9. It is further contended that the Forensic Auditor himself was unable to arrive at any conclusive finding regarding the authenticity of the shareholding pattern and, therefore, the shareholding records filed before the Registrar of Companies for the Financial Year 2016-17 ought to be accepted as the correct position. Respondent No. 2 has also relied upon the observations of the Forensic Auditor that no conclusive evidence was available regarding the alleged misuse of the Digital Signature Certificate (DSC), thereby rendering the allegations speculative.

17.10. Lastly, Respondent No. 2 submits that the observations alleging violation of Section 185 of the Companies Act, 2013 are legally unsustainable in view of the Central Government Notification dated 05.06.2015, whereby eligible private companies have been exempted from the applicability of the said provision subject to fulfilment of prescribed conditions. In support thereof, Respondent No. 2 has relied upon the Gazette Notification dated 05.06.2015 (Annexure-4) and contends that the consequential observations of the Forensic Auditor regarding governance failures, internal financial controls and management override are liable to be rejected.

18. Vide order dated 04.06.2026, the Independent Administrator submitted before this Tribunal that his tenure had expired on 25.05.2026 and that he had filed an application seeking extension of his term. Pending consideration of the said application, this Tribunal extended the tenure of the Independent Administrator until a decision on the extension application was taken. Thereafter, vide order dated 11.06.2026, this Tribunal further extended the tenure of the Independent Administrator for a period of **two months with effect from 11.06.2026**, disposed of IA No. 72(AHM)2026.

19. The **Petitioners** have filed their **Written Submissions** on 29.06.2026 vide Inward Diary No. D – 5139 Which is reproduced as below: -

19.1. The Petitioners submit that the present Company Petition under Sections 241 and 242 of the

Companies Act, 2013 is maintainable as they are promoters/shareholders of Respondent No. 1 Company and collectively hold more than 10% of the shareholding. It is alleged that Respondent No. 2 has gradually assumed complete control over the affairs of the Company through acts of oppression and mismanagement.

19.2. It is contended that the appointment of Mr. Bhaskar Madhwani (18.09.2019) and Mrs. Pragna Madhwani (03.04.2024) as Directors was made without following the prescribed procedure and without a valid quorum. The Petitioners submit that these appointments were made solely to enable Respondent No. 2 and his family members to obtain control over the Board and constitute acts of oppression.

19.3. The Petitioners further contend that the proposal to remove Petitioner No. 2 from the office of Director through the Extraordinary General Meeting was part of a deliberate attempt by Respondent No. 2 to consolidate control over the management of the Company and amounts to oppression under Section 241 of the Companies Act, 2013.

19.4. It is submitted that the Company's bank accounts have been operated exclusively by Respondent No. 2 despite repeated requests for joint operation. According to the Petitioners, such unilateral operation facilitated misappropriation of Company funds and constitutes mismanagement.

19.5. The Petitioners allege that their shareholding has been illegally diluted without any valid transfer deeds or statutory records. They rely upon the original share certificates, blank Register of Members and Register of Transfers, Annual Returns (MGT-7), and the Forensic Audit Report to contend that no lawful transfer of shares has been established and that Respondent No. 2 has unlawfully increased his family's shareholding.

19.6. It is further contended that the Board Resolution dated 19.12.2018 cancelling existing share certificates and issuing fresh certificates was passed with the object of fabricating records to establish majority control in favour of Respondent No. 2 and his family members.

19.7. The Petitioners allege that Respondent No. 1 entered into related-party transactions with Shree Raj Enterprise, a concern of Respondent No. 2's wife, at inflated prices, thereby diverting Company funds for personal benefit. They further rely upon the Forensic Audit Report regarding diesel-related transactions and dispute the explanation furnished by Respondent No. 2.

19.8. The Petitioners submit that Respondent No. 2 forged the signature of Petitioner No. 2 on financial statements and annual returns by signing as "G.N. Thakkar" without her knowledge or consent, amounting to forgery and an oppressive act.

19.9. It is alleged that one of the Company's manufacturing plants was sold without obtaining any Board or shareholders' approval and at an undervalued price. The Petitioners further submit that the Independent Administrator failed to report the said transaction before the Tribunal.

19.10. The Petitioners rely upon the findings of the Forensic Audit Report to contend that several financial irregularities were committed, including unaccounted share application money, related-party transactions without statutory compliance, and diversion of Company funds to Maruti Welfare Society accounts, which collectively demonstrate acts of mismanagement.

19.11. It is further submitted that Respondent No. 2 utilised the Digital Signature Certificate (DSC) of Petitioner No. 2 for filing statutory forms before the Registrar of Companies without her knowledge or authorization.

19.12. ***Vasudev Ramchandra Shelat v. Pranlal Jayanand Thakar, AIR 1974 SC 1728*** – relied upon to contend that a duly issued share certificate constitutes prima facie evidence of title to shares, and in the absence of valid transfer documents, the original share certificates continue to be the best evidence of shareholding.

19.13. The Petitioners contend that the reply filed by Respondent No. 2 to the Forensic Audit Report was submitted beyond the time granted by this Tribunal and, therefore, ought not to be taken on record.

20. The Independent Administrator, Mr. Bimal Ranjan Garg, filed the present **Affidavit in Reply** dated 08.07.2026 vide Inward Diary No. D- 5490 in response to the affidavit filed by Petitioner No. 1 in support of the additional facts.

20.1. The Independent Administrator submitted that he was appointed by this Tribunal vide order dated 07.11.2025 and took charge of the affairs of Respondent No. 1 Company on 24.11.2025. He denied the averments made by Petitioner No. 1 except those forming part of the record.

20.2. It was contended that the Petitioner's allegation regarding the sale of the captive oxygen plant was misconceived, as the alleged sale had taken place in October 2025, prior to the appointment of the Independent Administrator. Therefore, he could not have reported the said transaction in his monthly reports. It was further submitted that if the Petitioners had prior knowledge of the alleged sale, they ought to have immediately informed either the

Independent Administrator or this Tribunal instead of raising the issue subsequently.

20.3. The Independent Administrator denied the Petitioner's assertion that he failed to discharge his duties and reiterated that the allegations against him were without merit. He further stated that Petitioner No. 1 is permanently residing at Mumbai and has no permanent residence near the Company's principal place of business.

20.4. It was submitted that upon taking charge of the Company, the statutory compliances were found to be in a neglected state, several statutory records were either missing or in poor condition, and there was an urgent necessity to convene an Annual General Meeting to regularize the affairs of the Company. Accordingly, notices for the AGM were issued to all stakeholders.

20.5. The Independent Administrator submitted that he did not attribute responsibility regarding the missing statutory records to either side, as both Petitioner No. 2 and Respondent No. 2 had served as Directors of the Company, and the question regarding the actual shareholding was already pending adjudication before this Tribunal. He therefore refrained from expressing any opinion on the issue, considering it to be sub judice.

20.6. It was further stated that the AGM could not be concluded and had to be adjourned *sine die* on account of objections raised by persons present at the meeting, and the consequential statutory filings before the MCA remained pending.

20.7. The Independent Administrator lastly submitted that Mr. Bhaskar Madhwani, being locally available, had been assisting him in the administration of the Company's affairs without charging any remuneration.

21. The Independent Administrator submitted his **Seventh Report dated 27.06.2026**, on 08.07.2026 vide Inward Diary No. D-5510 stating that pursuant to the orders of this Tribunal, he has been supervising the day-to-day affairs of the Respondent Company, examining its statutory records, accounts and governance framework, and taking steps to ensure continuity of operations and regulatory compliance. The Independent Administrator reported that the Company is presently functioning on a day-to-day basis, with business operations continuing through banking channels and the sale proceeds being deposited in the Company's bank accounts. It was further reported that a review of the Company's financial statements, books of account, statutory records and corporate governance practices was undertaken, and that material transactions during the relevant period were scrutinized. While no major irregularities in the ongoing operations were reported, the Independent Administrator observed that the dispute concerning the actual shareholding of the Company remains unresolved and is presently pending adjudication before this Tribunal. In view of the uncertainty surrounding the shareholding pattern and the alleged issuance of shares beyond the authorised and paid-up capital, the Independent Administrator sought appropriate directions from this Tribunal. The report was accompanied by Annexure-A containing scrutiny of the bank and cash transactions and Annexure-B containing the sale and purchase details of the Company.

22. Further, **Respondent No. 2** filed **Written Submissions** on 09.07.2026 vide Inward Diary No. D-5693, wherein the submissions made on behalf of Respondent No. 2 are reproduced hereunder: -

22.1. Respondent No. 2 contended that the Company Petition is not maintainable and deserves to be dismissed as the allegations do not constitute acts of oppression and mismanagement under Sections 241 and 242 of the Companies Act, 2013. It was further contended that several reliefs sought by the Petitioners interfere with the statutory rights of shareholders and suffer from non-joinder of necessary parties, including Mr. Bhaskar Madhwani, Mrs. Pragna Madhwani and the Registrar of Companies.

22.2. The Petitioners have approached this Tribunal without clean hands by making incorrect statements regarding their shareholding, relying upon fabricated share certificates and contradictory pleadings, and have failed to substantiate the allegations with any cogent evidence. It was further contended that the Petitioners themselves admitted that several statutory filings, including the Annual Return for FY 2017-18, were signed by Petitioner No. 2.

22.3. The petition is barred by limitation, as the majority of the alleged acts pertain to a period beyond three years prior to the filing of the petition. It was also submitted that several allegations relating to remuneration and banking transactions pertain to earlier years and are unsupported by contemporaneous records.

22.4. The Petitioners had knowledge of the appointment of Mr. Bhaskar Uday Madhwani as Director, as evidenced by loan documents and communications exchanged between the parties. It was further contended that although Mrs. Pragna Madhwani was appointed as an Additional Director, she was never regularised at the subsequent Annual General Meeting and, therefore, does not hold the office of Director.

22.5. The transactions with M/s. Shree Raj Enterprise were carried out at market rates and that the Company had discontinued availing its services with effect from 01.04.2021. It was therefore contended that the allegation of related-party transactions lacked merit.

22.6. That Respondent No. 2 and Mr. Bhaskar Madhwani have been actively engaged in the management of the Company and receive remuneration only for their services. It was also contended that Respondent No. 2 had extended financial assistance to the Company for its survival and that the Petitioners had instead acted in a manner detrimental to the interests of the Company by attempting to obstruct its business operations.

22.7. The observations recorded in the Forensic Audit Report are beyond the scope of the assignment entrusted to the Forensic Auditor and, by themselves, do not establish oppression and mismanagement. It was submitted that the alleged observations regarding share application money, related-party transactions, diesel expenses, DPT-3 compliance, outstanding receivables and Maruti Welfare Society transactions were adequately explained and did not constitute acts of oppression or mismanagement.

22.8. With regard to the allegations relating to shareholding discrepancies and misuse of the Digital Signature Certificate (DSC), Respondent No. 2 submitted that the statutory records were earlier handled by the Petitioners and that the Forensic Auditor himself did not arrive at any conclusive finding regarding misuse of the DSC. It was therefore contended that the allegations remained unsubstantiated and required further investigation.

22.9. Lastly, Respondent No. 2 submitted that the Petitioners had subsequently modified their reliefs by relying upon events occurring after the filing of the Company Petition, which were not part of the pleadings, and therefore prayed for dismissal of the Company Petition with exemplary costs.

23. We have heard Ld. Counsel for the Petitioners, Ld. Counsel for the Respondent No.2, as well as Independent Administrator, Ex-parte against the Respondent No.1 Company and considered the submissions of the parties and perused the material available on record and shall now proceed to examine and adjudicate upon the issues.

Observations and Findings: -

24. The present Company Petition has been filed by the Petitioners under Sections 241 and 242 of the Companies Act, 2013 alleging acts of oppression and mismanagement in the affairs of Respondent No. 1 Company, Maruti Gases Private Limited. The Petitioners seek, inter alia, rectification of the Register of Members, declaration of their shareholding, setting aside of the alleged illegal transfer of shares, declaration that the appointments of certain directors are invalid, removal of Respondent No. 2 from the management of the Company, appointment of an independent management, forensic investigation into the affairs of the Company and other consequential reliefs.

25. The Petitioners contend that Respondent No. 2, after assuming control of the affairs of the Company, manipulated the shareholding pattern and statutory records, issued fresh share certificates without authority, misused the Digital Signature Certificate (DSC) of Petitioner No. 2, filed incorrect statutory returns, appointed family members as directors in violation of the provisions of the Companies Act, 2013, operated the Company's bank accounts unilaterally and diverted business and funds through related-party transactions, thereby conducting the affairs of the Company in a manner oppressive to the Petitioners and prejudicial to the interests of the Company.

26. Respondent No. 2 has contested the Petition by raising preliminary objections regarding maintainability, limitation, suppression of material facts and non-joinder of necessary parties. The Respondent has denied all allegations of oppression and mismanagement and contended that the Petition is founded upon incorrect claims regarding shareholding and fabricated documents. It is further contended that the statutory filings relied upon by the Petitioners were made with their knowledge and participation, that the appointments of directors were validly made, and that all business transactions were undertaken in the ordinary course of business and in compliance with law.

27. Considering the nature of the dispute, this Tribunal, by order dated **07.11.2025**, appointed an Independent

Administrator to manage the affairs of the Company and directed a forensic audit of its affairs. Pursuant thereto, the Independent Administrator submitted periodical reports regarding the functioning and management of the Company, while the Forensic Auditor submitted a report containing observations on the financial affairs, statutory compliances and shareholding records of the Company. Both parties filed detailed replies to the forensic audit report, and the Independent Administrator also filed an affidavit responding to the subsequent allegations made by the Petitioners.

28. In view of the rival pleadings, documentary evidence, the Forensic Audit Report, the Reports of the Independent Administrator and the submissions advanced by the parties, the following issues arise for determination by this Tribunal: -

(A) **Issue No. 01:** Whether the present Company Petition is maintainable under Sections 241 and 242 of the Companies Act, 2013 in view of the objections regarding limitation, locus standi, maintainability and alleged non-joinder of necessary parties?

(B) **Issue No. 02:** Whether the Petitioners have established their status as members and their alleged shareholding in Respondent No.1 Company so as to maintain the present Petition under Sections 241 and 242 of the Companies Act, 2013?

(C) **Issue No. 03:** Whether the Petitioners have established that the Respondents have conducted the affairs of Respondent No.1 Company in a manner oppressive to the Petitioners in their capacity as members within the meaning of Section 241 of the Companies Act, 2013?

(D) **Issue No. 04:** Whether the affairs of Respondent No. 1 Company have been conducted in a manner **prejudicial** to the interests of the Company or in a manner amounting to mismanagement within the meaning of Section 241 of the Companies Act, 2013?

(E) **Issue No. 05:** Whether the findings recorded in the Forensic Audit Report, the Reports of the **Independent** Administrator and the other documentary evidence on record corroborate or otherwise substantiate the rival allegations of the parties and what is the evidentiary value thereof in the adjudication of the present Petition?

(F) **Issue No. 06:** Whether, in the facts and circumstances of the present case, the Petitioners are entitled to the reliefs sought under Sections 241 and 242 of the Companies Act, 2013?

29. **Findings on Issue No. 01:** Whether the present Company Petition is maintainable under Sections 241 and 242 of the Companies Act, 2013 in view of the objections regarding limitation, locus standi, maintainability and alleged non-joinder of necessary parties?

29.1. The Respondent No.2 has raised preliminary objections regarding limitation, locus standi, maintainability of the Petition and alleged non-joinder of necessary parties. These objections, being jurisdictional in nature, are required to be decided before examining the allegations of oppression and mismanagement. Accordingly, this Tribunal proceeds to consider each objection on its own merits.

29.2. As regards limitation, the Petition discloses allegations of a continuing course of conduct relating to the affairs and management of the Company, including disputed shareholding, statutory filings and corporate governance. Such allegations cannot be treated as isolated or concluded transactions. The objection that the Petition is barred by limitation is, therefore, liable to be rejected.

29.3. With regard to locus standi and maintainability, the Petitioners assert that they are members of the Company and claim to satisfy the eligibility prescribed under Sections 241 and 244 of the Companies Act, 2013. Whether their claim of shareholding ultimately succeeds is a matter requiring adjudication on evidence. Such disputed questions cannot defeat the maintainability of the Petition at the threshold.

29.4. The objection regarding non-joinder of Mr. Bhaskar Madhwani, Mrs. Pragna Madhwani and the Registrar of Companies is also devoid of merit. The principal reliefs sought are directed against the affairs and management of Respondent No.1 Company and Respondent No.2. The presence of the aforesaid persons is not indispensable for effective adjudication of the present proceedings.

29.5. The objections raised by Respondent No.2 relate substantially to disputed questions of fact requiring appreciation of documentary evidence and cannot be decided as preliminary issues. Such objections are intrinsically connected with the merits of the controversy. Accordingly, they do not warrant dismissal of the Petition at the threshold.

29.6. Upon consideration of the pleadings and record, this Tribunal finds that the Petition satisfies the requirements under Sections 241 and 244 of the Companies Act, 2013 and raises allegations of continuing oppression and mismanagement. The preliminary objections do not warrant rejection of the Petition at the threshold and are accordingly rejected.

30. Findings on Issue No. 02: Whether the Petitioners have established their status as members and their alleged shareholding in Respondent No.1 Company so as to maintain the present Petition under Sections 241 and 242 of the Companies Act, 2013?

30.1. The rival parties rely upon different statutory records, share certificates and corporate filings in support of their respective claims regarding the shareholding of Respondent No.1 Company. The material placed on record reveals substantial inconsistencies and conflicting documentary evidence. At this stage, no conclusive finding can be recorded solely on the basis of the documents relied upon by either party.

30.2. The Petitioners rely upon original share certificates, earlier statutory records and historical documents to support their claim of membership. The Respondents, on the other hand, rely upon subsequent statutory filings, Annual Returns and other corporate records reflecting a different shareholding pattern. Both sets of documents require appreciation in conjunction with the entire evidence on record.

30.3. The Forensic Audit Report and the Reports of the Independent Administrator also notice discrepancies in the statutory records and unresolved disputes relating to the shareholding of the Company. However, neither report records any conclusive finding determining the lawful ownership of the disputed shares. The evidentiary value of such material has, therefore, to be assessed along with the other evidence.

30.4. The question regarding the correctness of the Register of Members, validity of the alleged transfer of shares and authenticity of the statutory records involves disputed questions of fact. Such issues require adjudication upon appreciation of the oral and documentary evidence produced by the parties. They cannot be conclusively determined merely on the basis of prima facie records.

30.5. This Tribunal is of the considered view that the rival claims regarding membership and shareholding involve seriously disputed questions of fact arising from conflicting statutory records, share certificates, registers and corporate filings. The material placed on record is insufficient to conclusively determine the legality of the disputed transfers or the correctness of the rival shareholding claims and, therefore, these questions can only be examined to the extent necessary for adjudicating the allegations of oppression and mismanagement raised in the present Petition.

30.6. Consequently, this Tribunal holds that the dispute regarding the lawful ownership of the shares and the correctness of the Register of Members cannot be conclusively resolved on the basis of the evidence presently available. The Petitioners have failed to establish, by cogent and convincing evidence, that they are entitled to the declarations and consequential reliefs relating to rectification of the Register of Members, declaration of shareholding and invalidation of the alleged transfer of shares. These reliefs are, therefore, liable to be rejected.

31. **Findings on Issue No. 03:** Whether the Petitioners have established that the Respondents have conducted the affairs of Respondent No.1 Company in a manner oppressive to the Petitioners in their capacity as members within the meaning of Section 241 of the Companies Act, 2013?

31.1 Before examining the rival contentions, it is necessary to note that the jurisdiction of this Adjudicating Authority under Sections 241 and 242 of the Companies Act, 2013 is equitable in nature and is attracted only where the conduct complained of constitutes a continuous course of oppressive conduct which is burdensome, harsh and wrongful, lacks probity and unfairly prejudices the proprietary rights of a member. The Hon'ble Supreme Court in ***Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holding Ltd***. (1981)3 SCC 333 has held that an unwise, inefficient or careless act of management, or mere procedural irregularities and internal disputes, do not by themselves constitute oppression unless accompanied by conduct lacking in probity and unfairly prejudicial to the rights of a member.

31.2 The jurisdiction under Section 242 of the Companies Act, 2013 is consequential and can be exercised only upon recording satisfaction that the affairs of the Company have been conducted in a manner contemplated under Section 241. Unless such jurisdictional facts are established, the Tribunal cannot invoke its equitable powers to regulate the affairs of the Company or grant any consequential relief.

(A) Alleged Manipulation of Shareholding and Statutory Records

31.3 The principal grievance of the Petitioners is that Respondent No.2 deliberately manipulated the Register of Members, Annual Returns, Form MGT-7 and other statutory records so as to unlawfully alter the shareholding pattern of Respondent No.1 Company and thereby deprive the Petitioners of their rights as shareholders. In support of the said contention, reliance has been placed upon the original share certificates, the Register of Members, extracts of Annual Returns, financial statements and other corporate records. According to the Petitioners, the subsequent statutory filings do not reflect the true shareholding position and were fabricated with the object of conferring majority control upon Respondent No.2 and his family members.

31.4 The Respondents have categorically denied the aforesaid allegations and have contended that the existing shareholding pattern is duly reflected in the statutory records maintained by the Company, including the Annual Returns, Board Resolutions, financial statements and filings made before the Registrar of Companies. It has further been contended that several statutory filings were made during the period when Petitioner No.2 continued to function as Director of the Company and that the Petitioners themselves had access to the statutory records for a considerable period. According to the Respondents, the allegations of fabrication are unsupported by any contemporaneous documentary evidence.

31.5 Having carefully examined the pleadings, documentary evidence, statutory records and rival submissions, this Tribunal finds that the dispute relating to the shareholding of the Company is founded upon conflicting versions advanced by both parties, each relying upon different sets of documents. While the Petitioners rely upon certain original share certificates and earlier statutory records, the Respondents rely upon subsequent corporate records and statutory filings. The material placed on record thus discloses inconsistencies requiring scrutiny but does not, by itself, conclusively establish that the statutory records were deliberately fabricated or manipulated by Respondent No.2 or that the disputed alterations in the Register of Members, Annual Returns and other statutory records were fraudulently effected with the intention of unlawfully divesting the Petitioners of their proprietary rights as members.

31.6 The Forensic Auditor has also noticed deficiencies in the maintenance of statutory records and absence of complete contemporaneous documents relating to the disputed share transfers. However, the Auditor has expressly refrained from giving any definitive opinion regarding the authenticity of the disputed shareholding or attributing deliberate fabrication to any individual. The report, therefore, raises doubts regarding the records but does not conclusively establish manipulation.

31.7 The Petitioners have relied upon ***Vasudev Ramchandra Shelat v. Pranlal Jayanand Thakar*, AIR 1974 SC 1728,** to contend that the original share certificates constitute prima facie evidence of title. While the legal proposition is unexceptionable, the present dispute concerns the validity of the alleged transfers and conflicting statutory records, which cannot be resolved solely on the basis of the share certificates.

31.8 It is well settled that allegations of oppression must be proved by cogent and convincing evidence. As held by the Hon'ble Supreme Court in ***Sangramsinh P. Gaekwad v. Shantadevi P. Gaekwad*, Appeal (civil) 6359 of 2001** relief under Sections 241 and 242 cannot be granted on the basis of mere suspicion or inference. In the present case, although deficiencies in the statutory records create uncertainty regarding the rival claims of shareholding, the Petitioners have failed to establish by satisfactory evidence that Respondent No.2 intentionally manipulated the statutory records with the object of unlawfully depriving them of their proprietary rights.

(B) Alleged Misuse of the Digital Signature Certificate

31.9 The Petitioners have alleged misuse of the Digital Signature Certificate of Petitioner No.2 for filing statutory returns without her authority. Apart from the pleadings, no technical evidence, electronic record or material from the Certifying Authority has been produced in support of the allegation. The Forensic Auditor has also observed that no conclusive opinion could be expressed on this aspect. Accordingly, the allegation remains unsubstantiated.

(C) Appointment of Directors

31.10 The Petitioners have challenged the appointment of Mr. Bhaskar Madhwani as Additional Director on 18.09.2019 and Mrs. Pragna Madhwani on 03.04.2024, alleging that the appointments were made without proper notice, in violation of the provisions of the Companies Act, 2013 and with the object of consolidating control over the affairs of the Company. The Respondents, however, rely upon the Board resolutions, statutory filings, bank documents, WhatsApp communications and contemporaneous records to contend that the Petitioners were aware of the participation of Mr. Bhaskar Madhwani in the affairs of the Company since several years and that Mrs. Pragna Madhwani was never regularised as Director in the Annual General Meeting.

31.11 Mere procedural irregularities, even if assumed, in the appointment of Directors, in the absence of evidence establishing lack of probity, oppressive intent or resulting prejudice to the proprietary rights of the Petitioners as members, cannot by themselves constitute oppression within the meaning of Section 241 of the Companies Act, 2013. Accordingly, the material on record does not establish that the impugned appointments formed part of any continuous course of oppressive conduct.

(D) Alleged Exclusion from Management

31.12 The Petitioners have further alleged that they were excluded from the management of the Company. The record, however, indicates that Petitioner No.1 ceased to be a Director in the year 2010, while Petitioner No.2 continued as Director. The disputes between the parties substantially escalated from 2019 onwards and primarily concern competing claims relating to management, control and shareholding in a closely held family company. Such disputes, by themselves, do not constitute oppression within the meaning of Section 241.

31.13 Considerable reliance has also been placed on the Forensic Audit Report and the seven Reports submitted by the Independent Administrator. While these Reports notice deficiencies in statutory records, unresolved disputes regarding shareholding and certain governance issues, they do not conclusively establish any continuing act of oppression or deliberate conduct on the part of Respondent No.2 intended to unfairly prejudice the Petitioners in their capacity as members.

31.14 This Tribunal has considered the allegations individually as well as cumulatively. The pleadings, documentary evidence, written submissions, statutory records, the Forensic Audit Report and the reports of the Independent Administrator undoubtedly establish that serious disputes exist between the parties concerning shareholding, management and control of Respondent No.1 Company and that certain deficiencies exist in the maintenance of statutory records. However, neither the Forensic Audit Report nor the reports of the

Independent Administrator conclusively establish that Respondent No.2 deliberately manipulated the statutory records, unlawfully altered the shareholding, misused the Digital Signature Certificate or adopted a continuous course of conduct intended to oppress the Petitioners in their capacity as members.

31.15 Upon an overall consideration of the pleadings, documentary evidence, written submissions, statutory records, the Forensic Audit Report and the reports of the Independent Administrator, this Tribunal is of the considered opinion that the material on record establishes the existence of serious disputes regarding shareholding, management and control of Respondent No.1 Company.

31.16 However, the Petitioners have failed to establish, by cogent and convincing evidence, that the Respondents conducted the affairs of the Company in a manner which was burdensome, harsh and wrongful or lacking in probity so as to constitute oppression within the meaning of Section 241 of the Companies Act, 2013. As held in ***Shanti Prasad Jain v. Kalinga Tubes Ltd.*, AIR 1965 SC 1535**, mere lack of confidence between shareholders or differences in management do not constitute oppression unless they arise from a continuous course of conduct which is burdensome, harsh and wrongful, involving lack of probity and fair dealing towards the proprietary rights of the members. Accordingly, **Issue No.3 is answered in the Negative.**

32. Findings on Issue No. 04: Whether the Petitioners have established that the Respondents have conducted the affairs of Respondent No.1 Company in a manner prejudicial to the interests of the Company or in a manner amounting to mismanagement within the meaning of Section 241 of the Companies Act, 2013?

32.1 Section 241 of the Companies Act, 2013 empowers the Tribunal to grant relief where the affairs of a company are conducted in a manner prejudicial to the interests of the Company or amounting to mismanagement. The jurisdiction under Sections 241 and 242 is equitable in nature and is attracted only where the material on record establishes a continuous course of conduct resulting in prejudice to the Company. Mere procedural irregularities, isolated statutory violations or disputes amongst shareholders, without demonstrable prejudice to the Company, do not by themselves constitute mismanagement.

32.2 The Petitioners have alleged unauthorized operation of bank accounts, manipulation of statutory records and shareholding, diversion of funds through related party transactions, financial irregularities, unauthorized sale of Company assets and various statutory non-compliances. The Tribunal has considered the pleadings, documentary evidence, the Forensic Audit Report, the replies filed thereto, the reports of the Independent Administrator, the Affidavit of Additional Facts dated 10.04.2026, and the written submissions of the parties.

A. <u>Operation of Bank Accounts</u>

32.3 The Petitioners contended that Respondent No.2 exclusively operated the Company's bank accounts and excluded them from the financial affairs of the Company. The Respondents, however, submitted that Respondent No.2 had been managing the day-to-day affairs of the Company since 2010 with the knowledge of the Petitioners and that all banking transactions were carried out in the ordinary course of business. Except making allegations of unilateral operation, the Petitioners have not produced any cogent material establishing diversion, siphoning or misappropriation of Company funds.

32.4 It is also pertinent that the Independent Administrator periodically examined the Company's bank accounts, books of account and financial transactions. None of his reports records any finding of diversion of funds, unauthorised withdrawals or misuse of Company assets. Accordingly, mere operation of the bank accounts by Respondent No.2, in the absence of proof of financial prejudice, does not constitute mismanagement.

B. **Related-Party Transactions and Financial Irregularities**

32.5 The Petitioners have relied principally upon the Forensic Audit Report to contend that Respondent No.2 improperly dealt with Share Application Money, entered into related party transactions with **M/s. Shree Raj Enterprise**, routed funds through **Maruti Welfare Society**, continued diesel expenditure after **31.03.2021**, failed to comply with statutory requirements relating to **Form DPT-3**, retained long outstanding receivables without provisioning, paid excess remuneration and committed various accounting and governance irregularities.

32.6 The Forensic Audit Report records several governance deficiencies, accounting irregularities and statutory compliance issues requiring examination. However, the Report does not record any conclusive finding establishing fraudulent diversion, siphoning of Company funds or personal enrichment by Respondent No.2. Accordingly, the Report constitutes an important item of expert evidence which is required to be appreciated together with the entire evidence on record and cannot, by itself, be treated as conclusive proof of mismanagement.

32.7 The Respondents have disputed the forensic observations by filing a detailed reply supported by ledger extracts, invoices and other contemporaneous records explaining the treatment of share application money, transactions with **M/s. Shree Raj Enterprise**, diesel expenditure and other accounting entries. Such explanations are required to be considered along with the Forensic Audit Report while appreciating the evidence on record.

32.8 This Tribunal is of the considered view that although the Forensic Audit Report identifies certain governance and accounting issues requiring explanation, it cannot, by itself, be treated as conclusive proof of mismanagement. Its evidentiary value is required to be assessed together with the replies filed by the parties, the contemporaneous documentary evidence and the reports of the Independent Administrator.

C. <u>Statutory Records and Corporate Governance</u>

32.9 The Petitioners have further alleged manipulation of the statutory registers, Register of Members, Annual Returns (Form MGT-7) and other filings before the Registrar of Companies. The Respondents have denied the allegations and contended that the statutory records were maintained in the ordinary course of business and that several filings were made during the period when Petitioner No.2 continued as Director.

32.10 Although the Forensic Auditor noticed certain discrepancies and deficiencies in the maintenance of statutory records and shareholding documentation, the report does not conclusively attribute deliberate fabrication or manipulation to Respondent No.2. Every procedural lapse, accounting deficiency or technical non-compliance cannot automatically amount to mismanagement unless it is shown to have resulted in demonstrable prejudice to the affairs of the Company. The Petitioners have not produced independent evidence establishing that the alleged deficiencies caused financial loss to the Company or materially prejudiced its interest.

D. <u>Sale of Company Assets</u>

32.11 The Petitioners have also alleged, in the Affidavit of Additional Facts dated 10.04.2026, that during their visits to the factory on 18.03.2026 and 02.04.2026, they discovered that the **Captive Oxygen Plant** had been sold without approval of the Board or shareholders and at an undervalue. The Respondents have denied the allegation. Except making a bald assertion of undervaluation, the Petitioners have neither produced any valuation report nor any independent material establishing the market value of the asset or the loss allegedly caused to the

Company. In the absence of cogent evidence, this allegation also remains unsubstantiated.

32.12 This Tribunal attaches considerable evidentiary value to the Reports of the Independent Administrator, who continuously supervised the Company's affairs pursuant to the directions of this Tribunal. Significantly, none of the Reports conclusively records any continuing diversion of funds, siphoning of Company assets or conduct prejudicial to the interests of the Company warranting intervention under Sections 241 and 242 of the Companies Act, 2013.

32.13 This Tribunal is unable to conclude that the affairs of Respondent No.1 Company have been conducted in a manner prejudicial to the interests of the Company or that the Petitioners have established a continuous course of conduct amounting to mismanagement. Though the material on record may disclose certain governance and statutory compliance issues, such issues either stand explained by the Respondents or has not been shown to have caused demonstrable prejudice to the Company so as to warrant equitable intervention under Sections 241 and 242 of the Companies Act, 2013. **Accordingly, this Issue is answered in the negative.**

33. **Findings on Issue No. 05:** Whether the findings recorded in the Forensic Audit Report, the Reports of the

Independent Administrator and the other documentary evidence on record corroborate or otherwise substantiate the rival allegations of the parties and what is the evidentiary value thereof in the adjudication of the present Petition?

33.1 Pursuant to the Order dated 07.11.2025, this Tribunal appointed a Forensic Auditor to examine the financial affairs of Respondent No.1 Company and an Independent Administrator to supervise its day-to-day management. The Forensic Auditor submitted the audit report after examining the books of account, statutory records, bank records and other available documents, while the Independent Administrator periodically submitted reports regarding the functioning of the Company during the period of administration.

33.2 The Forensic Audit Report is an expert opinion intended to assist the Tribunal in appreciating the financial and statutory affairs of the Company. Its observations are required to be examined along with the pleadings, documentary evidence, replies of the parties and other contemporaneous records. Accordingly, the report has persuasive evidentiary value but is not conclusive of the issues in dispute.

33.3 The reports of the Independent Administrator also constitute significant evidentiary material. During the period of administration, the Independent Administrator continuously supervised the Company's financial affairs, statutory compliances and day-to-day operations. Significantly, none of the seven reports records any continuing diversion of funds, siphoning of Company assets or conduct prejudicial to the interests of the Company requiring further intervention by this Tribunal.

33.4 Upon a cumulative appreciation of the Forensic Audit Report, the reports of the Independent Administrator and the other documentary evidence, this Tribunal is of the view that while the material discloses certain governance and statutory compliance deficiencies, it neither conclusively substantiates the Petitioners' allegations of oppression and mismanagement nor completely exonerates the Respondents. These reports constitute relevant evidentiary material which has been considered along with the entire record while deciding the issues arising in the present Petition, but none of them is, by itself, determinative of the rights of the parties. **Accordingly, this Issue is answered in the above terms.**

34. **Findings on Issue No. 06:** Whether, in the facts and circumstances of the present case, the Petitioners are entitled to the reliefs sought under Sections 241 and 242 of

the Companies Act, 2013?

34.1 The Petitioners have sought various reliefs under Sections 241 and 242 of the Companies Act, 2013, including declarations regarding the alleged illegal acts of Respondent No.2, declarations concerning the shareholding of Respondent No.1 Company, setting aside of the decisions, resolutions and actions allegedly taken in the affairs of Respondent No.1 Company, restoration of management and control, and other consequential directions in relation to the affairs and management of the Company.

34.2 While deciding **Issue Nos. 3 and 4**, this Tribunal has held that the Petitioners have failed to establish that the affairs of Respondent No.1 Company have been conducted in a manner amounting to oppression or mismanagement so as to warrant relief under Sections 241 and 242 of the Companies Act, 2013. Further, while deciding Issue No. 3, this Tribunal has held that neither the Forensic Audit Report nor the reports of the Independent Administrator, read with the other documentary evidence on record, conclusively substantiate the allegations levelled by the Petitioners.

34.3 This Tribunal has also examined each of the substantive reliefs claimed in the Company Petition. In view of the findings recorded on Issue Nos. 2 to 5, the Petitioners have failed to establish entitlement to the reliefs relating to declaration of their alleged shareholding, rectification of the Register of Members, declaration of invalidity of the alleged transfer of shares, declaration regarding the appointment of Directors, removal of Respondent No.2 from the management of Respondent No.1 Company, reconstitution of the Board of Directors, re-audit of the accounts, recovery of the alleged diverted funds, appointment of an independent management and the other consequential reliefs prayed for in the Company Petition. Consequently, all such substantive reliefs are liable to be rejected.

34.4 This Tribunal has also considered whether, notwithstanding the findings recorded hereinabove, any equitable direction under Section 242(2) of the Companies Act, 2013 is required to regulate the affairs of Respondent No.1 Company. However, in the absence of proof of oppression or mismanagement warranting judicial intervention, no occasion arises to invoke the discretionary jurisdiction under Section 242(2) of the Companies Act, 2013.

34.5 In view of the findings recorded on Issue Nos.2 to 5, this Tribunal also holds that the Petitioners have failed to establish entitlement to the consequential reliefs relating to declaration of shareholding, rectification of the Register of Members, declaration of invalidity of the alleged transfer of shares, declaration regarding appointment of Directors, removal of Respondent No.2, reconstitution of the Board, re-audit of accounts, recovery of alleged diverted funds and other consequential directions sought in the Company Petition.

34.6 Since the Petitioners have failed to establish oppression or mismanagement warranting interference by this Tribunal, the equitable jurisdiction under Section 242 of the Companies Act, 2013 cannot be invoked. Consequently, none of the reliefs sought by the Petitioners, including declarations, directions relating to the management and affairs of Respondent No.1 Company and other consequential reliefs, deserves to be granted.

34.7 Accordingly, **this Issue is answered in the negative**. The Petitioners are not entitled to any of the reliefs sought under Sections 241 and 242 of the Companies Act, 2013.

35. In view of the foregoing discussion and findings recorded on **Issue Nos. 1 to 6**, this Tribunal is of the considered opinion that the Petitioners have failed to establish any case of oppression or mismanagement within the meaning of Sections 241 and 242 of the Companies Act, 2013 warranting interference by this Tribunal.

36. Accordingly, the Company Petition, being **CP No. 43 (AHM)**

of 2024, is ***dismissed***. Consequently, all prayers sought by the Petitioners stand rejected. Consequently, all pending Interlocutory Applications, if any, arising out of or connected with the present Company Petition also stand disposed of, subject to the directions contained in this Order.

37. The tenure of the **Independent Administrator** appointed pursuant to the Orders of this Tribunal shall stand **discharged** with effect from the date of this Order. The Independent Administrator shall **hand over** the management, books of account, statutory records, registers, bank accounts, digital credentials, title deeds, common seal (if any), and all other records and assets of Respondent No.1 Company to its duly constituted Board of Directors within two weeks from the date of this Order after preparing a detailed handing-over memorandum duly acknowledged by the recipient. The Independent Administrator shall thereafter file a Compliance Report before the Registry of this Tribunal within four weeks confirming completion of the handing-over process.

38. Before parting with the matter, this Tribunal places on record its appreciation for the assistance rendered by the Independent Administrator and the Forensic Auditor in faithfully carrying out the directions issued by this Tribunal and for placing comprehensive reports on record, which have materially assisted this Tribunal in adjudicating the present Company Petition.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)
Aditi Jain/LRA

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)