IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT– I) CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **11.09.2026** THROUGH VIDEO CONFERENCING

PRESENT: **HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)**
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER	**:**
PETITION NUMBER	**:** CP(CA)/57/CHE/2023
NAME OF THE PETITIONER(S)	**:** A T Chacko
NAME OF THE RESPONDENTS	**:** Hipcon Valves Pvt Ltd
UNDER SECTION	**:** Sec 241,242 of CA, 2013

ORDER

Present: Ld. Counsel Shri. K.M. Anand for the Petitioner.

None for the Respondents.

Vide separate order pronounced in Open Court, the petition is dismissed.

File be consigned to records.

Sd/-

(VENKATARAMAN SUBRAMANIAM)
MEMBER (TECHNICAL)

Sd/-

(SANJIV JAIN)
MEMBER (JUDICIAL)

MG

Date: 11.09.2026

IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – I, CHENNAI

CP (CA)/57(CHE)/2023

filed in the matter of Sections 241 and 242 and other relevant provisions of Companies Act, 2013 read with Rule 11 of The National Company Law Tribunal Rules, 2016

In the matter of ***Hipcon Valves Private Limited***

Mr.A T Chacko,
R/o.23, Bharathidasan street,
Senthil Nagar, Thirumullaivoyal,
Chennai 600 062

. . . Petitioner

vs.

1) **Hipcon Valves Private Limited**
Represented by its Director,
CIN: U29113TN2007PTC062523
Plot No: 20-23, New Street,
Cholambedu Road, Sathyamurthy Nagar Post,
Chennai -600062.

2) **S. Raghavan**
Director of **Hipcon Valves Private Limited**
Having office at
Plot No: 20-23, New Street,
Cholambedu Road, Sathyamurthy Nagar Post,
Chennai -600062

3) **The Registrar of Companies,**
Haddows Road, Shastri Bhawan, 2nd Floor,
Chennai -600 006

4) **The Regional Director, Southern Zone,**
5th Floor, Shastri Bhavan,
26 Haddows Road, Chennai-600006, Tamil Nadu

5) **The Bank of Baroda,**
Represented by its Bank Manager,
1st Floor, Seven Star Complex, 1st Floor,
M.T.H Road, Ambattur, Chennai - 600 053.

. . . Respondents

Order pronounced on ***11 th September, 2026***

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

For Petitioner : *K.M. Anand, G. SudhakarAdvocate*
For Respondent No. 1 and 2 : *Saraswathi Muthiah, R. Shanbaga Baabu*
For Respondent No. 3 and 4: *Avinash Krishnan Ravi*
For Respondent No. 5 : *S.Gunaseelan, Sujatha Gunaseelan, G.Lokeshwaran and G.Shakthipriya, Advocates*

ORDER

(Hearing through Hybrid Mode)

1. Under consideration is a petition seeking the following reliefs:

i) to declare the appointment of 2nd Respondent as illegal and null and void, and to remove his directorship from the 1st Respondent.

ii) to hold that the Respondent No. 2 is responsible for the all the acts complained in this Company petition and consequently hold

that he is responsible for all the monetary loss to the 1st Respondent Company including any fee, additional fee, penalty, violation under the provisions of the Companies act 2013.

iii) *to declare the following forms filed with connivance of the 2nd respondent without the knowledge and authority of the petitioner; and consequently, declare the filing of the above forms as illegal and null and void and direct the 3rd Respondent to remove the same from MCA-21 portal. Further permit the petitioner to file the appropriate suitable revised return.*

iv) *to pass such further order or other orders may be made affording necessary relief as in the premises the tribunal may deem fit and proper.*

2. SUBMISSIONS OF PETITIONER

2.1. It is stated that R. Sathikumar was running a proprietary concern named 'Shri Iyappa Industries'. It was engaged in the business of manufacturing valves. Since the proprietary concern was incurring huge financial losses, R. Sathikumar, under the guidance of the Petitioner, came up with the proposal to incorporate the 1st Respondent Company, Hipcon Valves Private Limited.

2.2. It is stated that Petitioner, 2nd Respondent (son of R. Sathikumar) and M. Krishnan incorporated Hipcon Valves Private Limited, the 1st Respondent Company on 26.02.2007. The Authorized Share Capital of the Company was Rs.2,00,00,000/- (Rupees Two Crores Only) which was divided into 20 Lakhs equity shares of Rs.10/- each (Rupees Ten Only) and the Paid-up Share Capital of the Company was

Rs.13,50,000/- (Rupees Thirteen Lakhs Fifty Thousand Only) divided into 1.35 Lakh equity shares.

2.3. It is stated that M. Krishnan decided to surrender his shares and thereby, sold his shares to Petitioner and 2nd Respondent and made them 50% equity shareholders in the 1st Respondent Company.

2.4. It is stated that on 04.04.2008, the Paid-up capital of the Company was raised from Rs.13,50,000/- (Rupees Thirteen Lakhs Fifty Thousand Only) to Rs.1,00,00,000/- (Rupees One Crore Only) and equal shares of 50% were allotted to the Petitioner and the 2nd Respondent by passing a Board Resolution dated 04.04.2008.

2.5. It is alleged that the 2nd Respondent did not consult the Petitioner in operations of the business. He restrained the Petitioner from entering into the Company's premises and did not allow the Petitioner to inspect the books maintained for records and access to the manufactured products of the Company.

2.6. It is stated that despite paying huge amount in the form of electricity bill, there was no quantitative output of the Company. Upon enquiry, the Petitioner found that the 2nd respondent was manufacturing products in the premises of 1st Respondent Company and selling the products under the brand name 'Shri Iyyappa Industries' which is oppressive in nature.

2.7. It is stated that the 1st Respondent Company's bank account was operated by R. Sathikumar. Several transactions were made against the Rules laid under Memorandum of Understanding (MoA) & Articles of Association (AoA) of the Company. The salary was credited to the employees of Shri Iyyappa Industries from the account of the 1st Respondent which amounts to fraud committed by the 2nd Respondent.

2.8. It is stated that the 2nd Respondent attempted to remove the petitioner from the Directorship and issued an Extraordinary General Meeting (EGM) Notice dated 04.06.2022 but the same was called off by the 2nd Respondent upon receipt of notice by the Petitioner vide letter dated 05.06.2022. It is stated that the 1st and 2nd Respondent restrained the Petitioner from enforcing his duties as per section 166 of the Companies Act 2013.

2.9. It is stated that the last Annual General Meeting (AGM) was held on 30.11.2021. Thereafter the 1st Respondent or 2nd Respondent failed to conduct any Annual General Meeting (AGM) which is a violation of section 173 of Companies act 2013.

2.10. It is stated that the 2nd Respondent is trying to shift the machineries of the 1st Respondent from its premises to some other place. It is stated that the raw materials of the 1st Respondent Company were used without any accounts.

2.11. It is stated that all the orders of the 1st Respondent Company were converted into the name of Shri Iyyappa Industries even though

the products were manufactured from the 1st Respondent's unit. The 2nd Respondent is using the brand value of the 1st Respondent in building up his own business than that of the Company.

2.12. It is stated that the Petitioner was pressured to surrender his shares so that the 2nd Respondent can run the Company without the intervention of the petitioner.

2.13. It is stated that to resolve the dispute, the Petitioner sent a request letter dated 02.03.2023 to the Board of Directors to conduct Extraordinary General Meeting. It is stated that the Director did not act on the said notice. The agenda of the meeting is extracted hereunder,

> *"Item No. 1: Pursuant to Section 136 of the companies Act (Right of member to copies of audited financial statement) I being a member of the company request you to provide a copy of the financial statement, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its Annual general meeting for the Financial Year 2021-22.*
>
> *Item No: 2 I herewith request you to provide a valid explanation as to why the Annual General Meeting has not been held for the financial year 2021-22.*
>
> *Item No: 3 In the capacity of member, I request for inspection of documents, books of Accounts and registers that shall be kept at the registered office of the company on 28th March 2023 from 11 A M to 2 P.M at the registered office of the company.*

Item No: 4 In additions to the above, I further request you to provide with the following requirements:

a) Camera Access of Company Premises along with login credentials.

b) Company's Bank Account statements from the financial year 2021-22 till the date of EGM.

c) Documents, Acknowledgements, invoices, E-way bills, working files, papers and books relating to GST Filings from the financial year 2021-22 till the date of EGM.

d) Kindly provide Machinery Running Reports from the financial year 2021-22 till the date of EGM.

e) Approvals, Contracts, Registers and other material documents relating to Related party transactions along with the list of related parties for the Financial Year 2021-22 and 2022-23.

f) Minutes of Meetings of Board of Directors for the immediately preceding two financial years.

g) Inventory Report for the past Two financial years.

h) Registered Email ID of the Company and Passwords for the same"

2.14. It is stated that, on 20.04.2023 director was appointed without any shareholders meeting which is a direct violation of 152(4) of the Companies act 2013.

3. SUBMISSIONS OF 1st AND 2nd RESPONDENT

3.1. It is stated that the Proprietorship Company of Sathikumar named Shri Iyyappa Industries was established in 1983. The

proprietorship concern is still there with the standard growth and its goodwill. The Petitioner joined 'Shri Iyyappa Industries' as welder and became a friend of the 2nd Respondent's father i.e., Sathikumar which lasted for about 3 decades. Since the 1st Respondent Company was formed at the instance of the Petitioner, 2nd Respondent's father offered a loan to the petitioner to buy shares of the 1st Respondent Company and appointed him director of the company. The Petitioner availed personal borrowings from the 2nd Respondent's father to the extent of Rs.3,64,00,000 (Rupees Three Crores Sixty-Four Lakhs) giving an assurance to repay the debts or transfer his shares to Sathikumar or his men on demand.

3.2. It is stated that the allegation of the Petitioner that the Mr. Krishnan sold his shares equally to the Petitioner and the 2nd Respondent to make them 50% equity shareholders in the 1st Respondent Company is false. The fact is that Krishnan resigned from his directorship well before 2008 and the 2nd Respondent took the charge as managing director of the company.

3.3. It is stated that the allegations that the Petitioner was restrained from entering into the company premises and he was not allowed to inspect the books and records and the manufactured product of the company are false. It is stated that the petitioner visits the company once in a year only to sign the audited accounts and income tax related documents and the petitioner never ever made any efforts to maintain the goodwill of the company.

3.4. It is stated that the petitioner has established a rival company for his son in the name of "Aalan controls Pvt Ltd" and obtained GST registration and other statutory licenses and certificates by using the address of Shri lyyappa Industries and forging Sathikumar's signature in the fake lease deed as an avenge since Sathikumar denied the petitioner's son to take part in Shri lyyappa Industries company affairs. The Petitioner issued fraudulent service certificates to the employees of 1st Respondent Company through fake e-mail id and the letter head. When the Respondent questioned the Petitioner's fiduciary as to setting up of a rival company, the dispute exploded.

3.5. It is stated that the petitioner along with his son made Sathikumar enter into a MOU forcibly which relates to movable and immovable properties of 1st Respondent company and Shri Iyyappa Industries including the petitioner's shares in the 1st Respondent Company. The same was witnessed by the 2nd Respondent, his sister and the petitioner's 2 sons. The said MOU was challenged by Sathikumar in an Arbitration proceedings vide ARC No 3 of 2022 questioning the validity of MOU which contained the properties under hypothecation with 3rd Party bank. The said proceedings are pending.

3.6. During the pendency of arbitration proceedings, the petitioner indulged in to criminal offences which resulted in registration of a FIR and 2 CSR against the petitioner and his sons.

3.7. It is stated that by suppressing all these material facts, the petitioner has come with this frivolous petition merely to get his MOU enforced and is not aggrieved of the alleged oppression and mismanagement.

3.8. It is stated that the 1st Respondent Company was founded by the 2nd Respondent's father i.e. Sathikumar. It is surviving and developing, with the pioneering guidance along with sub vendor orders and funds released by 'Shri Iyyappa Industries'.

3.9. It is stated that the allegations that Sathikumar has been operating the bank account of the 1st Respondent Company and employee's salary is being credited from 'Shri Iyyappa Industries' account are raised after 16 years of the Petitioner's directorship with the 1st Respondent Company with his regular signing of audited and income tax related documents even during the immediate anterior year of filing of the Company Petition. The petitioner held his directorship much before the 2nd Respondent became the director. He holds his office and from the day 1 of the 1st Respondent company's incorporation Sathikumar is the only signatory in the bank which was mutually agreed by all the predecessor directors including the petitioner and the succeeding director who is the 2nd Respondent herein. The Petitioner never ever objected Sathikumar's position in the company as Sathikumar has been funding, guiding and providing sub vendor orders to 1st Respondent.

3.10. It is stated that due to dispute between Sathikumar and the Petitioner, the Petitioner refused to sign the audited documents for the financial year 2021-22 and 2022- 2023 which resulted in noncompliance of filing Income tax returns with audited documents before the Income tax authorities. Hence the 2nd Respondent was constrained to send notice for EGM expressing intention of removing the petitioner and the appointment of new directors. It is stated that the AGM could not be conducted because of the non-cooperation of the petitioner

3.11. It is stated that the 1st Respondent Company is being funded and provided with machineries, raw materials and sub vendor orders by Shri Iyyappa Industries. The 1st Respondent Company is bound to return the machineries on the termination of the contract with Shri lyyappa Industries. The 1st Respondent company owes about Rs.5,69,84,527 (Rupees Five crores Sixty-Nine Lakhs Eighty Four Thousand and Five Hundred and Twenty Seven only) to Shri lyyappa Industries and the Petitioner is aware of the same.

3.12. It is stated that the petitioner's claim of remuneration is unjustified when he never served for the 1st Respondent Company as a director. It is stated that the petitioner's whereabout was unknown for many months and he refused to attend the EGM called by the 2nd Respondent and further failed to attend the EGM which was scheduled by the Petitioner himself on 28.03.2023. He failed to attend the meeting though all his requirements were made ready for his inspection.

4. **REJOINDER FILED BY THE PETITIONER**

4.1. It is stated that 2nd Respondent may be directed to produce necessary documents as to the payment of ESI or PF in the name of the petitioner to prove that the Petitioner worked with the father as a welder.

4.2. It is stated that no resolution was passed by the company for borrowing any funds. The allegation made by the 2nd Respondent is merely an eyewash to mismanage the funds. They have enough property to approach the bank for obtaining loans. It is stated that the funds management was handed over to the 2nd Respondent only based on friendship.

4.3. It is stated that the accounts or any books of records were not kept in the office premises for inspection. On the contrary all the records were maintained by the 2nd Respondent in his private place which is not known to the petitioner. It is submitted that, no notice for calling EGM was sent. Not even a reply is provided by the 1st or 2nd Respondent. On the contrary bare allegations are made against the Petitioner who has worked for the welfare of the company.

4.4. It is submitted that, the 1st Respondent is managed and run by the 2nd Respondent who is doing the production activities only for Shri lyyappa industries. The same can be proved by a bare glance at the GST Returns and Electricity Bills, where the consumption seems to have increased while nil returns have been filed by the company.

Neither the petitioner nor the 1st Respondent has any contact with Shri lyyappa industries of any sort of agreement for machinery or raw materials. It is submitted that there is no kind of contract or board resolution or agreement between Shri Iyyappa Industries and the 1st Respondent to supply finished product to power sector. The sub-vendor contracts provided by Shri Iyyappa Industries are not required when the 1st Respondent company itself is enhanced with machines and facilities.

4.5. It is stated that the funds which were handled by Sathikumar were purely based on trust. When it came to the notice of the petitioner that there is a diversion of funds, the petitioner is left with no other choice but to approach this Tribunal. It is stated that the admission of third party operating the accounts by the 2nd Respondent is a clear case of mismanagement of funds. On this ground alone, they have to be punished.

4.6. It is stated that an EGM notice was sent via whatsapp to the petitioner 3 days before the meeting for which the petitioner had given a prompt reply after which no notice was served to the petitioner so far with respect to any AGM or for appointment of any director. The two of the new directors appointed by the 2nd Respondent are his mother and his wife and the same was done only to deny the petitioner in any of the decision making process.

FINDINGS OF THIS TRIBUNAL

5. We have heard Ld. Counsels for the parties and perused the documents placed on record.

6. This Petition has been filed by the Petitioner, alleging oppression and mismanagement of the affairs of 1st Respondent Company by the 2nd Respondent. The Petitioner and the 2nd Respondent are both directors and equal shareholders of the 1st Respondent Company. The allegations of the Petitioner, relate to diversion of the business, funds and resources of the 1st Respondent Company in favour of Shri Iyyappa Industries, operation of the Company's bank account by R. Sathikumar, denial of access to the Company's premises and books of account, non-conduct of statutory meetings, appointment of directors and filing of forms with the Registrar of Companies without the knowledge and authority of the Petitioner.

7. Before considering the conduct complained of by the Petitioner, this Tribunal refers to Section 241(1) of the Companies Act, 2013 which provides the grounds for filing a petition alleging oppressing and mismanagement and Section 242(1) which provides the scope of powers of the Tribunal in this regard. The relevant sections are extracted as under:

> ***"Section 241. Application to Tribunal for relief in cases of oppression, etc.***
>
> *(1) Any member of a company who complains that-*

(a) the affairs of the company have been or are being conducted in a manner prejudicial to public interest or in a manner prejudicial or oppressive to him or any other member or members or in a manner prejudicial to the interests of the company; or

(b) the material change, not being a change brought about by, or in the interests of, any creditors, including debenture holders or any class of shareholders of the company, has taken place in the management or control of the company, whether by an alteration in the Board of Directors, or manager, or in the ownership of the company's shares, or if it has no share capital, in its membership, or in any other manner whatsoever, and that by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to its interests or its members or any class of members, may apply to the Tribunal, provided such member has a right to apply under section 244, for an order under this Chapter…

Section 242. Powers of Tribunal

(1) If, on any application made under section 241, the Tribunal is of the opinion—

(a) that the company's affairs have been or are being conducted in a manner prejudicial or oppressive to any member or members or prejudicial to public interest or in a manner prejudicial to the interests of the company; and

(b) that to wind up the company would unfairly prejudice such member or members, but that otherwise the facts would justify the making of a winding-up order on the ground that it was just and equitable that the company should be wound up, the Tribunal may, with a view to bringing to an end the matters complained of, make such order as it thinks fit…"

8. In terms of Section 241(1), the Petitioner may file a petition before the Tribunal if the **affairs of the Company have been/ are being**

conducted in a manner prejudicial to the Petitioner, the Company or the members in terms of Section 241(1)(a) or, if there is a **material change** in the management or control or ownership of the company not in the interest of shareholders, creditors and, it is likely that **the affairs of the company will be conducted in a manner prejudicial to its interests** or its members or any class of members under Section 241(1)(b).

9. At this juncture, it is apposite to refer to the judgment of the Hon'ble Supreme Court in ***Shanti Prasad Jain vs. Kalinga Tubes Ltd. (AIR 1965 SC 1535)***, wherein it was held the conduct complained of must be harsh, burdensome and wrongful and mere disagreement, conflicts, or commercial mis judgments between Directors do not, by themselves, constitute oppression or mismanagement. The Hon'ble Supreme Court has observed as follows:

> *"The conduct must be burdensome, harsh and wrongful and mere lack of confidence between the majority shareholders and the minority shareholders would not be enough unless the lack of confidence springs from oppression of a minority by a majority in the management of the company's affairs, and such oppression must involve at least an element of lack of probity or fair dealing to a member in the matter of his proprietary rights as a shareholder."*

Transactions with Shri Iyappa Industrues

10. The primary allegation of the Petitioner is that the business and resources of the 1st Respondent Company have been diverted to Shri

Iyyappa Industries, a proprietary concern of R. Sathikumar, father of the 2nd Respondent and friend of the Petitioner. It is alleged that the raw materials and facilities of the 1st Respondent Company were utilised for manufacturing the products in the name of Shri Iyyappa Industries. Per contra, Respondent Nos. 1 and 2 have contended that Shri Iyyappa Industries provided the financial support to the 1st Respondent Company in the form of funds, machinery, raw materials and sub-vendor orders and that the transactions between the two concerns arose out of their business relationship.

11. The Respondent has placed on record the Financial Statements of the 1st Respondent Company for FY 2021-2022. The financial position of the 1st Respondent Company, is summarized hereunder,

Particulars	**Amount (Rs.)**
Non-Current Liabilities	67,84,734/-
Current Liabilities	2,13,44,194/-
Non-Current Assets	56,55,531/-
Current Assets	1,81,83,516/-
Revenue from Operations	97,99,234/-

12. The financial statements of the Company, prima facie, do not reveal any abnormal transactions with the Proprietary Concern that would be detrimental to the interests of the Company. The Petitioner also has not brought on record any specific transaction, entry or payment reflected in the Books of Accounts which establishes that the funds or assets of the 1st Respondent Company were diverted for the

personal benefit of the 2nd Respondent, Shri Iyappa Industries or Sathikumar, to the prejudice of the Company.

13. It is seen from the Bank Statement of the 1st Respondent Company maintained with the 5th Respondent that the 1st Respondent Company and Shri Iyyappa Industries had numerous transactions between them, both by way of deposits and withdrawals, as early as from 30.06.2008 till 07.07.2022. The existence of such transactions between the two concerns is therefore not in dispute. Moreover, the Petitioner, being a director and shareholder of the 1st Respondent Company since its inception, would have been aware of this long-standing transactional history between the Company and the Proprietary Concern. However, the Petitioner, has in the present petition coloured the said transactions as diversion of funds.

14. Considering that Sathikumar is the promoter of the Company as well as the proprietor of the proprietary concern, it is not, by itself, improbable that the concern and the Company may have advanced or received funds for operational purposes, undertaken sub-contracting arrangements, or otherwise derived mutual benefit from their respective business relationships and goodwill. Such inter-linked transactions between closely held entities are not, per se, unlawful. However, where such transactions are alleged to constitute diversion of the Company's funds or assets, the same would have to be established by placing appropriate material demonstrating the nature

of the transaction, the manner in which the Company's funds were utilised, and the prejudice caused thereby.

15. In the present case, the allegations of the Petitioner have not been substantiated by supporting bank statements, corresponding accounting entries or other material which would establish that the transactions were undertaken to the detriment of the 1st Respondent Company. **Mere reference to the existence of transactions between the two concerns, without demonstrating the prejudicial nature of any particular transaction, cannot be treated as sufficient proof of diversion of funds or mismanagement.**

Management of accounts of 1st Respondent by R. Sathikumar

16. The Petitioner has also complained that the bank accounts of the 1st Respondent Company were operated by R. Sathikumar and that transactions were carried out for the benefit of Shri Iyappa Industries.

17. In this regard, it is pertinent to note that the Petitioner has himself admitted in the Rejoinder that the management of the books of account of the Company was handed over to R. Sathikumar on the basis of trust. The said admission assumes significance while considering the present allegation regarding the manner in which the accounts of the Company were being managed.

18. Mere operation of the bank account or management of the books of account by a person, without more, cannot establish oppression or

mismanagement unless it is demonstrated that such control was exercised in a manner prejudicial to the interests of the Company or oppressive to the Petitioner in his capacity as a shareholder.

19. **Therefore, in the absence of specific material establishing prejudice to the Company or improper utilisation of its funds, we are unable to hold that the conduct complained of, satisfies the requirement of being harsh, burdensome or wrongful so as to constitute oppression or mismanagement within the meaning of Section 241 of the Companies Act, 2013.**

Denial of access to premises and books of accounts

20. The Petitioner has also alleged that he was denied access to the premises and books of account of the 1st Respondent Company. In this regard, IA(CA)/101(CHE)/2024 was filed seeking, inter alia, access to the accounts and office premises of the 1st Respondent Company. During the hearing held on 31.07.2024, this Tribunal permitted the Petitioner, along with his Auditor, to visit the premises and inspect the documents and accounts upon giving seven days' prior notice to the 1st and 2nd Respondent. Subsequently, during the hearing held on 29.01.2025, permission was also granted to the Petitioner to take one Auditor's Assistant along with the Auditor. Despite the aforesaid opportunity having been granted by this Tribunal, in the hearing held on 27.02.2025, it was recorded that the Petitioner did not go to inspect the premises of the 1st Respondent Company.

21. Thereafter, IA(CA)/154/CHE/2025 was filed seeking directions to the Respondent to produce all the books of accounts and records including electricity charges and other statutory charges paid to the Government and other agencies by the Company from the Financial Year 2022 onwards. Thereafter, on 03.03.2025, the Petitioner sent notice for visiting the premises and inspecting the documents of the 1st Respondent Company on 14.03.2025, however, did not make such appearance for inspection of documents on the fixed date. Hence, on the grounds that the Petitioner had already been afforded an opportunity to inspect the premises and records and had failed to avail the same, and slept on his rights, IA(CA)/154/CHE/2025 was dismissed.

22. We note that the permission to access the books of account and premises of the 1st Respondent Company was granted as early as on 31.07.2024. **However, the Petitioner did not effectively utilise the opportunity so granted for examining the books of account or seeking necessary clarification with respect to the alleged transactions. Had the Petitioner been denied access to the premises and books of account to conceal diversion of funds, the opportunity granted by this Tribunal would have enabled him to verify the accounts and place before this Tribunal which the petitioner never availed.**

Non-conducting of statutory meetings and Appointment of additional directors

23. The Petitioner has submitted that no Annual General Meeting (AGM) of the 1st Respondent Company has been conducted from the financial year 2021-2022 onwards. It is further alleged that on 20.04.2023, new Directors were inducted into the 1st Respondent Company without convening an AGM and that such appointments were contrary to the provisions of the Companies Act, 2013. The Respondents, on the other hand, have attributed the non-conduct of the AGM and the delay in finalisation of the accounts and statutory filings to the lack of cooperation on the part of the Petitioner. It is their case that, due to dispute between the two existing Directors and the resulting difficulty in carrying on the affairs of the Company, the appointments were made to restore the functioning of the Company and to enable it to comply with its statutory obligations.

24. In this regard, it would be appropriate to consider the factual and legal history between the parties preceding the filing of the present Petition. It is evident from the records that disputes had arisen between the Petitioner and the 2nd Respondent, which culminated in the execution of a Memorandum of Understanding ("MoU") dated 08.11.2021 between the Petitioner and R. Sathikumar. Under the said MoU, the parties agreed, inter alia, in respect of certain properties held jointly by them the relinquishment of their respective rights therein. It was further agreed that Sathikumar would pay a sum of Rs. 25 lakhs towards the transfer/relinquishment of the Petitioner's shareholding in the 1st Respondent Company and his resignation from the Board of Directors. A further sum of Rs. 9 lakhs was agreed to be paid in

consideration to the Petitioner for not involving himself in the affairs of the 2nd Respondent Company and the proprietorship concern.

25. Subsequently, disputes arose with regard to the implementation and modification of the aforesaid MoU. Sathikumar filed ARC No. 1005 of 2022 seeking modification of the MoU dated 08.11.2021 on the ground, that certain properties forming part of the MoU have been mortgaged in favour of the 5th Respondent. In connection with the aforesaid dispute, the Petitioner filed a separate claim petition on 02.08.2022, which was numbered as I.A. No.1006/2022. The Petitioner also filed Arb. O.P. No.37 of 2022 before the Hon'ble High Court seeking change of the Sole Arbitrator appointed in the arbitration proceedings. The said Arb. O.P. was allowed by the Hon'ble High Court and the Sole Arbitrator was consequently changed. The arbitration proceedings are currently pending adjudication.

26. The Petitioner thereafter filed O.S. No.9 of 2025 before the District Judge, Thiruvallur. In the said suit, the Petitioner has sought a declaration of his share in the Schedule mentioned properties or, in the alternative, allotment of the properties of the 1st Respondent Company, being the Schedule mentioned properties, to be run by the Petitioner and a declaration of title in respect thereof. The cause of action pleaded by the Petitioner in O.S. No.9 of 2025 is that Sathikumar failed to comply with the terms of the MoU dated 08.11.2021 and restrained the Petitioner from entering the premises of the properties.

27. It is pertinent to note that Petitioner, on the one hand, has sought to enforce the MoU, the terms of which contemplate relinquishment of his shareholding and resignation from the Board of Directors. On the other hand, the Petitioner has sought reliefs before this Tribunal in the capacity of a shareholder and Director, including access to the books of account, inspection of the premises and participation in the affairs and meetings of the Company.

28. The contradictory stands taken by the Petitioner before different forums, coupled with the manner in which the present proceedings have been pursued despite the opportunities granted by this Tribunal, give reason to believe that the Petitioner is engaging himself in forum shopping. The present proceedings, in the facts and circumstances of the case, appear to have been pursued as a means of continuing the inter se dispute and exerting pressure upon the Respondents, rather than for securing relief for any demonstrated prejudice caused to the Company or oppression of the Petitioner in his capacity as a shareholder.

29. From the aforesaid events, it is evident that the relationship between the Petitioner and the 2nd Respondent had considerably deteriorated after the execution of the MoU dated 08.11.2021. The latest Balance Sheet appears to have been signed on 30.11.2021. The disputes thereafter arose between the parties with regard to the affairs of the Company and the implementation of the MoU.

30. The 1st Respondent Company, faced with continuing disputes between the two existing Directors and shareholders, had fell behind its statutory compliances. Owing to the non-cooperation between the directors, the 2nd Respondent inducted two new directors to ensure the continuous functioning of the business. The Petitioner, however, as a director and 50% shareholder of the Company, still had proprietary rights in the Company. The appointment of an additional Directors has to be viewed in the factual context in which it was made and not in isolation.

31. There is no sufficient material before us to establish that the appointment was made with the object of unlawfully depriving the Petitioner of his proprietary rights or permanently altering the control of the Company to his prejudice. **The allegation that the appointment was intended to defeat the Petitioner's rights remains unsupported by cogent material. The circumstances relied upon by the Respondents, namely the continuing deadlock, the pending statutory compliances and the need to facilitate the functioning of the Company, provide a plausible explanation for the appointment.**

32. The submissions before us, when viewed cumulatively, establish an inter se dispute between the parties, but do not establish any kind of burdensome, harsh and wrongful conduct involving lack of probity or fair dealing, as established in ***Kalinga Tube (supra)*** which is required to constitute oppression under Sections 241 and 242 of the Companies Act, 2013. We therefore find that the Petitioner has failed to

establish that the affairs of the 1st Respondent Company have been conducted in a manner prejudicial to the interests of the Company or oppressive to the Petitioner.

33. **The Company Petition, being devoid of merit, is accordingly liable to be dismissed.**

34. Accordingly, **CP(CA)/57(CHE)/2023** is **dismissed** with no orders to cost.

35. Files be consigned to records.

-Sd-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-

SANJIV JAIN
MEMBER (JUDICIAL)