

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
16.06.2026 AT 10:30 A.M.**

**IA(CA)/304/2025, IA(CA)/305/2025, IA(CA)/306/2025,
IA(CA)/307/2025, IA(CA)/308/2025, IA(CA)/313/2025,
IA(CA)/208/2025, IA(CA)/209/2025, IA(CA)/210/2025,
IA(CA)/211/2025, IA(CA)/258/2025, IA(CA)/314/2025
and IA (CA)/74/2026 in
Company Petition /32/241/HDB/2025
U/s 241 of Companies Act**

IN THE MATTER OF:

Ashok Kumar Mandhani

...Petitioner

AND

MBG Commodities Pvt Ltd & 7 others

...Respondents

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

ORDER

Company Petition 32/241/HDB/2025

Orders pronounced, recorded vide separate sheets. In the result, this Petition is allowed.

IA (CA)/313/2025

Additional documents were taken on record and have been considered with the Company Petition and disposed of.

**IA (CA)/304/2025, IA (CA)/305/2025, IA (CA)/306/2025, IA (CA)/307/2025,
IA (CA)/308/2025, IA (CA)/208/2025, IA (CA)/209/2025, IA (CA)/210/2025,
IA (CA)/211/2025, IA (CA)/258/2025, IA (CA)/314/2025 & IA (CA)/74/2026**

In view of the orders passed in company petition, these applications have become infructuous.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)

IN THE NATIONAL COMPANY LAW TRIBUNAL

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C.P (Companies Act) No. 32/241/HDB/2025

**[Under Section 241 & 242 read with Section 59 and Section 213 of the
Companies Act, 2013]**

IN THE MATTER OF: MBG Commodities Private Limited

1. Ashok Kumar Mandhani

S/o Late Sri Ganapatilal Mandhani,
Aged about 57 years,
R/o Ram Darbar, D. No. 11-8-32/2, Plot No. 18,
Road No. 3B, Opp. BSNL Office Line, Daspalla Hills,
Visakhapatnam – 530003, Andhra Pradesh.

..... Petitioner No. 1

2. Raj Kumar Mandhani

S/o Late Sri Ganapatilal Mandhani,
Aged about 67 years,
R/o 7, Temple Street, New Avadi Road,
Kilpauk, Chennai – 600010, Tamil Nadu.

..... Petitioner No. 2

3. Nirmala Devi Mandhani

W/o Raj Kumar Mandhani,
Aged about 63 years,
R/o 7, Temple Street, New Avadi Road,
Kilpauk, Chennai – 600010, Tamil Nadu.

..... Petitioner No. 3

4. Amit Kumar Mandhani

S/o Raj Kumar Mandhani,
Aged about 46 years,
R/o Villa No. 104, Road No. 1, Jubilee Hills,
Hyderabad – 500033, Telangana.

..... Petitioner No. 4

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5. Archana Devi Mandhani

W/o Ashok Kumar Mandhani,
Aged about 54 years,
R/o Ram Darbar, D. No. 11-8-32/2, Plot No. 18,
Road No. 3B, Opp. BSNL Office Line, Daspalla Hills,
Visakhapatnam – 530003, Andhra Pradesh.

..... **Petitioner No. 5**

And

1. MBG Commodities Private Limited

A Company incorporated under the Companies Act, 1956,
Having its Registered Office at:
8-2-293/174/A/26, 2nd Floor,
Road No. 14, Banjara Hills,
Hyderabad – 500034, Telangana.
CIN: U51101TG2012PTC082575
Email: info@mbgcommodities.com

..... **Respondent No. 1**

2. Bijay Kumar Mandhani

S/o Late Sri Ganapatilal Mandhani,
Aged about 65 years,
C/o MBG Commodities Private Limited,
8-2-293/174/A/26, 2nd Floor,
Road No. 14, Banjara Hills,
Hyderabad – 500034, Telangana.
Email: bi@mandhani.com

..... **Respondent No. 2**

3. Shree Ram Tewari

S/o Not Known to the Petitioners,
Age Not Known to the Petitioners,
C/o MBG Commodities Private Limited,
8-2-293/174/A/26, 2nd Floor
Road No. 14, Banjara Hills,

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Hyderabad – 500034, Telangana.

Email: shreeram@tewari.in

..... Respondent No. 3

4. Sachchidanand Keshri

S/o Late Tami Prasad Keshri,

Aged about 62 years,

C/o MBG Commodities Private Limited,

8-2-293/174/A/26, 2nd Floor,

Road No. 14, Banjara Hills,

Hyderabad – 500034, Telangana.

Email: sn.keshri@yahoo.com

..... Respondent No. 4

5. Anju Devi Mandhani

W/o Bijay Kumar Mandhani,

Aged about 62 years,

R/o 8-2-293/82/A, Plot No. 103/A,

Road No. 1, Jubilee Hills,

Hyderabad – 500033, Telangana.

Email: anju_mandhani@yahoo.co.in

..... Respondent No. 5

6. Avantika Mandhani

D/o Bijay Kumar Mandhani,

Aged about 30 years,

R/o 8-2-293/82/A, Plot No. 103/A,

Road No. 1, Jubilee Hills,

Hyderabad – 500033, Telangana.

Email: avantika.mandhani@gmail.com

..... Respondent No. 6

7. Regional Director, South East Region

Ministry of Corporate Affairs,

3rd Floor, Corporate Bhawan,

Bandlaguda, Nagole, Tattiannaram Village,

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Hayathnagar Mandal, Ranga Reddy District,

Hyderabad – 500068, Telangana.

Phone: 040-29804127 / 29803127.

..... Respondent No. 7

8. Registrar of Companies, Telangana

Ministry of Corporate Affairs,

2nd Floor, Corporate Bhawan,

Bandlaguda, Nagole, Tattiannaram Village,

Hayathnagar Mandal, Ranga Reddy District,

Hyderabad – 500068, Telangana.

Phone: 040-29804127 / 29803127.

..... Respondent No. 8

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CORAM:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Counsels present:

For the Petitioner : Mr. Vikram Pooserla, Ld. Senior Counsel,
Mr. Krishna Vennelakanti,
Mr. Anand Raj & Ms. Siva Praneetha,
Ld. Counsels

For the Respondent No. 1 & 2: Mr. S. Ravi, Ld. Senior Counsel

For the Respondent No. 3 : Mr. Rohan Aloor, Ld. Counsel

For the Respondent No. 4 : Ms. Neha, Ld. Counsel

For the Respondent No. 5 & 6: Mr. Chinmoy Pradip Sharma,
Ld. Senior Counsel

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1. The Company Petition No.32/241/2025 has been filed under Sections 241 and 242 of the Companies Act, 2013, seeking the following reliefs:
 - a. To declare that the actions of Respondent Nos. 2 to 6 are illegal, oppressive and amount to mismanagement of the Company;
 - b. To declare that the allotment of 2,49,95,000 equity shares on 28.06.2025 in favour of Respondent Nos. 5 and 6, resulting in dilution of the Petitioners' shareholding from 71.79% to 47.87%, together with the alleged misuse of board/shareholder resolutions and diversion of funds to related entities, constitute acts of oppression and mismanagement;
 - c. To declare that Form PAS-3 (SRN No. AB5236552 dated 01.07.2025) recording the aforesaid allotment is illegal, void and non est in law;
 - d. To direct the Registrar of Companies, Hyderabad, to invalidate and remove the aforesaid PAS-3 filing from MCA records;
 - e. To set aside the impugned share allotment and rectification of the Register of Members under Section 59 of the Act, restoring the Petitioners' shareholding to 71.79%;
 - f. To declare that the Extraordinary General Meeting held on 06.01.2025 and the resolutions passed therein are illegal and invalid;
 - g. To declare that Form MGT-14 (SRN No. AB2364408 dated 18.01.2025), filed pursuant to the said EGM, is illegal and invalid;
 - h. To direct the Registrar of Companies, Hyderabad, to remove the aforesaid MGT-14 filing from MCA records;
 - i. To investigate into the affairs of the Company under Section 213 of the Companies Act, 2013; and
 - j. To appoint of an independent administrator/observer to oversee the management and affairs of the Company during the pendency of the proceedings;

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I. CASE OF THE PETITIONERS:

2. The present Petition is being filed under Sections 241 and 242 of the Companies Act, 2013 by the Petitioners, holding more than 10% of the paid-up share capital of M/s. MBG Commodities Private Limited, the Respondent No.1 Company, challenging the oppressive and prejudicial acts of Respondent Nos. 2 to 6, including the impugned allotment of shares that resulted in the dilution of the Petitioners' shareholding and a change in the control of the Company.
3. M/s. MBG Commodities Private Limited ("R.1 Company") was incorporated on 21.08.2012 under the Companies Act, 1956, through conversion of an erstwhile partnership firm, M/s. Maheshwari Brothers, which had itself been established on 21.08.1982 and registered on 24.07.1991.
4. The Company's registered office is situated at 8-2-293/174/A/26, 2nd Floor, Road No. 14, Banjara Hills, Hyderabad, Telangana – 500034. Its objects include trading, importing, exporting, processing, purchasing, and selling commodities, goods, products and allied items.
5. The Company is, and has always been, a closely held private limited company. From its inception, ownership and management were confined entirely within the family of Late Shri Ganapatilal Mandhani, distributed across three branches of that family. The founding shareholding pattern was as follows:

S.No.	Branch	Shareholder(s)	Shareholding
1.	Branch I	Shri Raj Kumar Mandhani and family	34%
2.	Branch II	Shri Ashok Kumar Mandhani and family	33%
3.	Branch III	Shri Bijay Kumar Mandhani, through Smt. Anju Devi Mandhani, and family	33%

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6. The initial Directors of the Company were Shri Raj Kumar Mandhani, Shri Ashok Kumar Mandhani, Shri Amit Kumar Mandhani, and Smt. Anju Devi Mandhani. By design, therefore, each branch of the family was represented on the Board, and the Company from its very formation operated as a family-governed enterprise in which participation in management was integral to the shareholding relationship.

7. During the period from 2014 to 2023, the composition of the Board underwent a number of changes through successive resignations and appointments. The sequence and the Petitioner's averments are as follows:
 - a. **2014:** Smt. Anju Devi Mandhani(R.5) resigned from the Board on 10.11.2014. The Petitioners further point out that Respondent No. 5, the wife of Respondent No. 2 and a principal beneficiary of the impugned allotment, had earlier resigned from the partnership firm on 18.01.2011. According to the Petitioners, this resignation was followed by her induction as a partner around the same period. The Petitioners rely upon these circumstances as forming part of a broader pattern of restructuring within the branch of Respondent No. 2.
 - b. **2015:** Shri Raj Kumar Mandhani (Branch I) resigned on 05.10.2015. Shri Ashok Kumar Mandhani (Branch II) resigned on 10.11.2015. On the same date, Shri Sachidanand Keshri was appointed as Director.
 - c. **2017:** Shri Shree Ram Tewari was appointed as Director on 05.01.2017.
 - d. **2022:** Shri Amit Kumar Mandhani(P4) resigned from the office of Director on 22.06.2022. According to the Petitioners, he was the last remaining representative of Branches I and II on the Board. The Petitioners contend that, upon his resignation, neither the Raj Kumar Mandhani branch nor the Ashok Kumar Mandhani branch retained any representation on the Board of Directors, resulting in

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the affairs and management of the Company coming under the exclusive control of Respondent Nos. 2 to 4.

- e. **2023:** Shri Bijay Kumar Mandhani (Respondent No. 2, representing Branch III) was appointed as Director on 16.10.2023.
8. The Petitioners, who belong to Branches I and II of the Mandhani family, collectively held 71.79% of the paid-up share capital of the Company prior to the impugned allotment. Their case is that, notwithstanding their shareholding, they were progressively excluded from the management and affairs of the Company. In this regard, the Petitioners contend that Shri Amit Kumar Mandhani was the last remaining representative of Branches I and II on the Board and that, upon his resignation on 22.06.2022, neither branch retained any representation on the Board. According to the Petitioners, the affairs and management of the Company thereafter came under the exclusive control of Respondent Nos. 2 to 4.
9. Specifically, they allege:
- a. **Access to Records:** The Petitioners were denied access to statutory records, financial statements, and other material information concerning the Company's affairs.
- b. **Non-Compliance with Filing Obligations:** The Company failed to file financial statements in e-Form AOC-4 XBRL for financial years 2020–21 through 2023–24, in violation of Section 137 of the Companies Act, 2013.
- c. **Non-Compliance with Annual General Meeting Requirements:** No valid Annual General Meeting for FY 2023–24 was convened within the statutory period. Even where meetings were ostensibly held, notices thereof were never served upon the Petitioners, depriving them of their statutory right to participate, and to review and approve financial and operational matters of the R.1 Company. The Petitioners rely upon ***Sri Gopal Jalan & Co. v. Calcutta Stock***

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Exchange Association Ltd.¹, for the principle that notice is a condition precedent to the validity of any meeting, and that resolutions passed without proper notice stand vitiated.

- d. **Non-Furnishing of Statutory Documents:** Financial statements, Board's Reports, and Auditor's Reports required to be furnished to shareholders under Sections 134 and 136 of the Companies Act, 2013 were not provided to the Petitioners.
- e. **Tax Penalties:** The Company incurred Income Tax penalties aggregating to Rs. 51,86,524/- during FY 2023–24 under the management of Respondent Nos. 2 to 4.
10. Further, the Petitioners, upon inspection of records on the MCA Portal, discovered that an Extraordinary General Meeting purportedly took place on 06.01.2025. They allege that no notice of this meeting was served upon them. At this meeting, resolutions are stated to have been passed authorising the Board to advance loans, provide guarantees, and create securities in favour of the following related entities:

Entity	Authorised Amount
Maheshwari Commercial Corporation	Rs. 5 Crores
Global Coal and Mining Private Limited	Rs. 10 Crores
Mandhani Properties Private Limited	Rs. 5 Crores
Mandhani Carriers Private Limited	Rs. 5 Crores
Maheshwari Brothers Holdings Private Limited	Rs. 5 Lakhs
Total	Rs. 25.05 Crores

¹ AIR 1963 SC 250

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11. The Petitioners contend that an amount aggregating to Rs. 25.05 Crores were directed entirely towards related parties and were authorised without the knowledge or participation of shareholders holding 71.79% of the Company's equity. No proof of conduct of the meeting or service of notice was placed before the Petitioners.
12. Subsequently, the Petitioners, through a letter and email dated 11.06.2025, formally raised their concerns regarding the management of the Company with Respondent No. 2. They sought the appointment of Shri Raj Kumar Mandhani, Shri Ashok Kumar Mandhani and/or their nominees as Directors, thereby asserting their right to representation on the Board commensurate with their majority shareholding.
13. Thereafter, upon inspection of MCA records, the Petitioners discovered that an Extraordinary General Meeting had purportedly been held on 28.06.2025, pursuant to which 2,49,95,000 equity shares were allotted, comprising 2,29,23,450 shares to Respondent No. 5 and 20,71,550 shares to Respondent No. 6, increasing the paid-up share capital of the Company from 4,99,90,000 shares to 7,49,85,000 shares.
14. Prior to the impugned allotment, the shareholding pattern of Respondent No. 1 Company, as reflected in its Annual Return for the Financial Year 2023–24, was as under:

S. No.	Name of Shareholder	Category	No. of Shares	Percentage of Shareholding	Group-wise Shareholding
1	Shri Raj Kumar Mandhani (P1)	Petitioner	1,82,78,300	36.56%	71.79%
2	Shri Ashok Kumar Mandhani (P2)	Petitioner	1,04,94,200	21.00%	
3	Smt. Nirmala Devi Mandhani (P3)	Petitioner	20,17,700	4.03%	

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4	Shri Amit Kumar Mandhani (P4)	Petitioner	15,00,000	3.00%	
5	Smt. Archana Devi Mandhani (P5)	Petitioner	36,03,000	7.20%	
6	Smt. Anju Devi Mandhani (R5)	Respondent	99,53,700	19.91%	
7	Avantika Mandhani (R6)	Respondent	41,43,100	8.28%	

15. Consequent upon and by virtue of the said allotment, the shareholding structure of Respondent No. 1 Company underwent a substantial alteration and came to be reflected as follows:

S. No.	Name of Shareholder	Category	No. of Shares	Percentage of Shareholding	Group-wise Shareholding
1	Shri Raj Kumar Mandhani (P1)	Petitioner	1,82,78,300	24.38%	47.87%
2	Shri Ashok Kumar Mandhani (P2)	Petitioner	1,04,94,200	14.00%	
3	Smt. Nirmala Devi Mandhani (P3)	Petitioner	20,17,700	2.69%	
4	Shri Amit Kumar Mandhani (P4)	Petitioner	15,00,000	2.00%	
5	Smt. Archana Devi Mandhani (P5)	Petitioner	36,03,000	4.80%	
6	Smt. Anju Devi Mandhani (R5)	Respondent	3,28,77,150	43.84%	52.12%

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7	Avantika Mandhani (R6)	Responde nt	62,14,6 50	8.28%	
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16. The Petitioners also contend that:
- a. No notice of the EGM dated 28.06.2025 was served upon them, and they were afforded no opportunity to participate, object to the proposed allotment, or exercise their pre-emptive rights.
 - b. No offer letter, explanatory statement, or justification for the increase in share capital was furnished to them.
 - c. The direct and immediate consequence of the impugned allotment was that the Petitioners' collective shareholding stood diluted from 71.79% to 47.87%, while Respondent Nos. 5 and 6, together acquired majority and controlling interest in the Company.
17. The petitioners rely upon the audited financial statements for FY 2023–24, which disclose that there is no genuine necessity and the same is evident from the following particulars:
- a. Net worth of approximately Rs. 255 Crores
 - b. Cash and cash equivalents exceeding Rs. 151 Crores (including fixed deposits of Rs. 150 Crores)
 - c. Trade receivables exceeding Rs. 120 Crores
 - d. Net profit exceeding Rs. 26 Crores
18. The Petitioners contend that the aforesaid financial position unequivocally demonstrates that the Company had no bona fide requirement to raise additional capital through the impugned rights issue. The Petitioners further allege that, shortly thereafter, the Company acquired a Bentley luxury vehicle for approximately Rs. 8 Crores. According to the Petitioners, such expenditure is wholly inconsistent with the purported need for urgent working capital and lends credence

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to their contention that the rights issue was undertaken for a collateral purpose rather than any genuine business necessity.

19. The Petitioners contend that the rights issue is ex facie contrary to Sections 62(1)(a) and 62(2) of the Companies Act, 2013. Even on the Respondents' own timeline, the Letter of Offer was dispatched on 17.06.2025 and the issue opened on 19.06.2025. It is averred that this time the gap of 2 days does not satisfy the statutory notice period required for a valid rights offer. The Petitioners rely upon **Soban Babu Sagina v. Aurella Laterite Mining Pvt. Ltd.**, and the principle in **Nazir Ahmad v. King Emperor** that where a statute prescribes a particular manner of doing an act, it must be performed in precisely that manner or not at all.
20. Moreover, the Petitioners contend that the sequence of events surrounding the allotment and the benefits arising therefrom disclose its dominant purpose. The chronology relied is as follows:
- **09.06.2025:** Board Resolution approving the rights issue (two days before the Petitioners' letter of 11.06.2025).
 - **11.06.2025:** Petitioners' letter demanding transparency and Board representation.
 - **17.06.2025:** Letters of Offer allegedly dispatched.
 - **19.06.2025:** Rights issue opened, and on the same day Respondent No. 5 subscribed not only to her pro-rata entitlement of 49,76,850 shares but also applied for the entire unsubscribed portion of approximately 1,79,46,600 shares, remitting approximately Rs. 45.84 Crores on the very first day of the issue.
 - **27.06.2025:** Rights issue closed.
 - **28.06.2025:** Date of Allotment
 - **01.07.2025:** Form PAS-3 filed
21. The Petitioners contend that the application for the entire unsubscribed portion on the opening day itself demonstrates a predetermined outcome.

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The allotment was made exclusively to Respondent Nos. 5 and 6, being the wife and daughter of Respondent No. 2. The direct consequence was the reduction of the shareholding of the Petitioners holding 71.79% of the shareholding in the Company to a minority position.

22. The Petitioners rely upon the following precedents for the proposition that the power to allot shares is fiduciary in nature and cannot be exercised to alter voting control or consolidate ownership:

- *Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan*, (2005) 1 SCC 212
- *Howard Smith Ltd. v. Ampol Petroleum Ltd.*, [1974] AC 821
- *Hogg v. Cramphorn Ltd.*, [1967] Ch 254
- *Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holding Ltd.*, (1981) 3 SCC 333
- *Mrs. Shailja Krishna v. Satori Global Ltd.*, 2025 INSC 1065
- *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*, (2021) 9 SCC 449

23. In continuation of the above irregularities, the Petitioners avers that by order dated 13.05.2026, this Tribunal stayed a proposed EGM scheduled for 14.05.2026, recording that there appeared to be no immediate necessity for the proposed increase in share capital, that the main Company Petition had already been substantially heard, and that undue haste was evident in convening the meeting. The Petitioners rely upon this as corroborating evidence of a continuing pattern of attempts to alter the Company's capital structure during the pendency of these proceedings.

II. CASE OF THE RESPONDENTS:

24. The Respondent Nos.1 and 2 have filed their counter, and the same was adopted by other respondent no. 3,4,5 and 6. The Respondents state that Petitioner Nos. 1 and 2 resigned from the Board pursuant to Board Resolutions dated 05.10.2015 and 10.11.2015, respectively, and thereafter ceased to participate in the day-to-day management of the

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Company. Petitioner No. 4, however, continued to exercise control over the affairs of the Company until 04.06.2022.

25. The Respondents state that the Company's financial position declined significantly during this period, resulting in losses in FY 2020–21 and FY 2021–22. They attribute this decline in part to the diversion of business opportunities to competing entities linked to the Petitioners, including Ishani Commodities Pvt. Ltd.
26. The Respondents allege that Petitioner No. 4, while serving as Director, diverted business to Ishani Commodities Pvt. Ltd., which is substantially controlled through SAAAN Avenues LLP, whose designated partner is his wife, without making the required disclosure of interest. This conduct is alleged to breach his fiduciary obligations and violate Section 184 of the Companies Act, 2013 and Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014.
27. The Respondents further state that by 2022, the Company was in financial distress. To meet lender requirements² and stabilise operations, Respondent No. 2 was appointed Director on 16.10.2023. Respondent Nos. 2 and 5 provided personal guarantees and collateral security to support the Company's borrowings. As a result, the Company's financial performance improved. In FY 2023–24, the Company recorded a profit, secured new business from APGENCO and Tamil Nadu Newsprint and Papers Limited, and recovered loans totalling Rs. 30 crores in FY 2024–25.
28. The Respondents further allege that, Petitioner No. 1 executed a Sale Deed dated 29.04.2023 in respect of a Company property on the strength of a forged Board Resolution dated 01.03.2023 and failed to provide a satisfactory explanation when questioned about the transaction. It is also alleged that fabricated communications and an acknowledgement

² A conditional sanction letter dated 26.09.2023 issued by karur vysya bank

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card were subsequently generated to create a false record in support of the transaction. The Respondents contend that the present Petition has been filed as a pressure tactic to compel a family settlement, relying on communications exchanged by the Petitioners proposing such a settlement.

29. The Respondents maintain that the affairs of the Company have been conducted in accordance with law and that all Board Meetings, General Meetings, and Annual General Meetings were duly convened after giving proper notice to the shareholders.
30. Also, it is specifically averred that Petitioner No. 4 attended the AGM held on 28.09.2023 but deliberately refused to sign the attendance register. The Respondents further state that all statutory and regulatory compliances have been duly met and that any tax demands or penalties are routine business incidents that do not constitute oppression or mismanagement.
31. It is the case of the Respondents that, the R.1 Company has duly issued the notice dated 27.11.2024³ and the EGM was held on 06.01.2025. At the said EGM, the shareholders approved resolutions authorizing the Company to advance loans and/or provide guarantees to Maheswari Commercial Corporation, Global Coal and Mining Private Limited, Mandhani Properties Private Limited, Mandhani Carriers Private Limited and Maheswari Brothers Holdings Private Limited up to the limits specified therein.
32. However, the said resolutions were not implemented in full. Since 06.01.2025, the Company has advanced only an aggregate sum of Rs.47,800/-. No amount has been advanced to Maheswari Commercial Corporation, Global Coal and Mining Private Limited or Mandhani Properties Private Limited. Further, the Company has credit balances

³ At Ann.40 Of the Counter

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payable to Global Coal and Mining Private Limited and Mandhani Carriers Private Limited. In the case of Maheswari Brothers Holdings Private Limited, only Rs.10,000/- has been advanced.

33. As regards the rights issue, the Respondents state that, in view of the Company's growing business requirements and its proposed participation in further PSU tenders, the Board of Respondent No. 1 Company, at its meeting held on 09.06.2025, approved a rights issue of 2,49,95,000 equity shares in the ratio of 1:2 to augment the Company's working capital. Letters of offer were dispatched to all shareholders on 17.06.2025, and the issue remained open for subscription from 19.06.2025 to 27.06.2025.
34. Although the Petitioners were duly informed and given an opportunity to participate, they did not subscribe to any shares. Upon closure of the issue, the unsubscribed shares were allotted to Respondent No. 5, and Form PAS-3 was duly filed on 01.07.2025, recording the allotment.
35. It is asserted that the funds raised from the rights issue were used for legitimate business purposes, including working capital and ongoing contracts, and that the Petitioners were aware of this impugned issue of shares, through records and related circumstances. Further, it is contended that the petitioners' inconsistent stands regarding the receipt of the rights issue documents, which they submit undermine the plea of non-service. The Petitioners, having opted out of the rights issue, cannot contest the dilution of their shareholding.

III. REJOINDER:

36. In their Rejoinder, the Petitioners reiterated that the present Petition concerns acts of oppression and mismanagement, illegal allotment of shares, exclusion of majority shareholders, and violations of shareholder rights and corporate governance norms.
37. It is submitted that although Respondent No. 2 claims to have retired from the partnership firm on 18.01.2011, his wife, Respondent No. 5,

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was inducted as a partner on the same date. The Applicants contend that this arrangement was effected during the pendency of enquiries by the Enforcement Directorate. They further allege that despite his purported retirement, Respondent No. 2 continued to exercise control and influence over the affairs of the firm through Respondent No. 5. In support of their case, the Petitioners rely upon an order passed by Shri Shailender Malik, Learned Special Judge (PC Act), Rouse Avenue Court Complex, New Delhi.

38. The petitioners deny the averments of the Respondents regarding the post-allotment shareholding pattern insofar as they flow from the impugned allotment pursuant to the alleged Rights Issue of 28.06.2025. The Petitioners emphasize that the operation of the said Rights Issue has been stayed by this Tribunal by order dated 25.08.2025.
39. The Petitioners also point out that, while Petitioner Nos. 1 and 2 resigned on 05.10.2015 and 10.11.2015 respectively, Respondent No. 5 herself had resigned earlier, on 10.11.2014. The Petitioners contend that the circumstances surrounding these resignations, taken together with subsequent developments, demonstrate that Respondent No. 2 continued to exercise significant influence over the affairs of the Company despite not formally joining the Board until 2023. These surrounding circumstances and continued involvement, the Petitioners submit, ultimately necessitated the filing of the present Petition.
40. Additionally, they submitted that the following interim orders have been passed in these proceedings:
 - a. **Order dated 25.08.2025:** The Respondents were restrained from acting upon the decisions taken at the EGM held on 28.06.2025, and Respondent Nos. 5 and 6 were directed not to exercise voting rights on the basis of the altered shareholding pattern consequent upon the impugned allotment.
 - b. **IA (CA)/258/2025:** Filed by Anju Devi Mandhani and Avantika Mandhani, seeking maintenance of status quo.

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- c. **Docket Order dated 13.10.2025:** This Tribunal noted that the shareholding percentage was directly in dispute in the main Company Petition and that an appeal against the interim order dated 25.08.2025 was pending before the Hon'ble NCLAT. Accordingly, it was directed that no decision be taken regarding appointment of new Directors until final disposal of the appeal.
- d. **Order dated 13.05.2026:** Proposed EGM scheduled for 14.05.2026, was stayed, recording the absence of any immediate necessity for the proposed capital increase, the advanced stage of hearing of the main Petition, and the undue haste evident in convening of the meeting.

IV. FINDINGS:

41. The Petitioners have approached us, alleging acts of oppression and mismanagement by the Respondents in the affairs of Respondent No. 1 Company.
42. For grant of relief in cases of oppression and mismanagement, the Companies Act, 2013 requires fulfilment of the conditions prescribed under Sections 242(1)(a) and 242(1)(b), namely, (i) proof of oppression of members or mismanagement of the Company, and (ii) circumstances justifying winding up of the Company on just and equitable grounds.
43. Section 242, thus, casts a higher threshold on the petitioner to demonstrate that the affairs of the Company are being conducted in a manner oppressive to any member or prejudicial to the interests of the Company, or that circumstances exist warranting its winding up on just and equitable considerations.
44. In the present case, the Petitioners collectively hold 47.87% of the paid-up share capital of Respondent No. 1 Company, which satisfies the statutory requirement under Section 244(1) read with the proviso

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thereto. Being members of the Company, they are entitled to maintain the present petition alleging oppression and mismanagement.

45. Section 242 empowers this Tribunal to grant appropriate relief upon being satisfied that the affairs of the Company are being conducted in a manner oppressive to any member or prejudicial to the interests of the Company.
46. In the aforesaid backdrop, we may now determine the validity of the meeting held on 06.01.2025 and 28.06.2025, and the resolutions passed thereat.
47. In regard to the meeting held on 06.01.2025, the respondents have placed on record a notice dated 27.11.2024 calling for the EGM scheduled on 06.01.2025. The said notice dated 27.11.2024 is for passing special resolutions as mandated under Section 185 of Companies Act, 2013.
48. As per Section 185(2), certain transactions can be undertaken “only with the prior approval of the members by way of a Special Resolution passed at a duly convened General Meeting with the prescribed majority.” The Board of Directors, acting alone, is not competent to authorize the same.
49. In this regard, we are of the considered view that the respondents have failed to place on record any substantive material to establish that the notice as claimed, had been duly served on the Petitioners.
50. The petitioners have also placed on record the extract of the minutes of the Extra Ordinary General Meeting purportedly held on 06.01.2025 bearing the signature of a director, namely Mr. Shree Ram Tewari.
51. It is also noted that, nothing has been brought before us to establish the presence of the requisite quorum so as to constitute a valid meeting, nor any material to show that a General Meeting was duly convened wherein

⁴ At pages 614 to 619 of Volume 4 of the Counter

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the approval mandated under Section 185 was placed for consideration and put to vote.

52. In view of the above, the resolution dated 06.01.2025, passed without the requisite approval of the members and disclosures, cannot be sustained in the eyes of law. In any case, as per the Respondent the authorisation obtained through the resolutions passed in the meeting of 06.01.2025 was not acted upon largely.
53. We now deal with the Extra Ordinary General Meeting of R1 Company held on 28.06.2025, where the rights issue shares were allotted to R5 and R6.
54. In this regard, the Petitioners contend that no notices convening the impugned meeting were served upon them, and submitted that in the impugned meeting, resolutions were passed relating to rights issue of equity shares for augmentation of working capital, along with consequential allotment of shares.
55. Per contra, the Respondents aver that Respondent No. 2 travelled to Visakhapatnam and Dubai on 06.06.2025 and 09.06.2025, respectively, to personally apprise Petitioner Nos. 1 and 2 of the Rights Issue. They further contend that due notice of the meeting was issued to all shareholders and rely upon the postal records annexed to the Counter Affidavit in support thereof, the details whereof are tabulated below.

S. No.	Recipient Name	Reference No.	Delivery Date	Remarks
1	Archana Mandhani (P5)	614IN	23.06.2025	Returned to sender
2	Raj Kumar Mandhani (P2)	384IN	19.06.2025	Delivered to addressee
3	Amit Kumar Mandhani (P4)	183IN	18.06.2025	Delivered to addressee
4	Nirmala Devi	375IN	19.06.2025	Delivered to addressee

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	Mandhani (P3)			
5	Avantika Mandhani (R6)	197IN	18.06.202 5	Delivered to addressee
6	Ashok Kumar Mandhani (P1)	490IN	23.06.202 5	Returned to sender
7	Anju Devi Mandhani (R5)	206IN	18.06.202 5	Delivered to addressee

56. In the context of the alleged non-service of notices, reliance is placed on the decision of the Hon’ble Company Law Board, Principal Bench, Mumbai, in ***Hansraj Gokuldas Ved and Ors. Vs. Nitin Dyeing and Bleaching Mills Private Ltd. and Ors.***⁵, wherein it was held that-

*“12. Regarding the appointment of the 4th respondent as a whole time director in the AGM held on 30.9.2001, the grievance of the petitioners is that they did not receive notice for this meeting which was also held on Sunday. Other than claiming that the petitioners attended this meeting, the respondents have not produced either the attendance sheet containing the signatures of the petitioners nor any other material to prove their attendance. If the petitioners had received the notice with the agenda item regarding appointment of the 4th respondent, as a whole time director, they would not have kept quiet and would have attended that meeting. **While a single shareholder alleging that he has not received notice for an AGM cannot challenge an AGM, in the present case, the petitioners hold substantial shares and failure to notice to them, being oppressive, warrants a declaration that the resolutions passed in that meeting were invalid. Accordingly, I declare so.**”*

57. Apart from the abovesaid judgement, we also profitably rely upon the ruling of Hon’ble NCLAT, New Delhi, in the matter of ***Adbhut Vincom***

⁵ [[2005] 64CLA64(CLB)]

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Private Limited Vs M/s. Hotel Birsa Private Limited⁶, where it was held that:

“Therefore, the omission to give notice of the meeting was held to be oppression. Not sending notices to the shareholders/directors and passing resolutions therein is held oppressive to members and constitute mismanagement of companies. Moreover, the Respondents claim to have served the notice to the Petitioners through "Certificates of Posting and it is their case that the Petitioners despite being in the know of the meetings chose not to attend the same. However, the Petitioners contend that they were never notified about the meetings that were held to pass the aforementioned resolutions and therefore, the meetings were convened in violation of the Companies Act, 1956. Section 97 of the Companies Act, 1956 contemplates notice of increase of share capital or of members. Serving of notice to members for general meetings is mandatory under all circumstances. Serving of notice to members for general meetings is mandatory under all circumstances. Even though the Petitioner had apparently been notified of all the meetings and the on goings of the company which are evident only through "Certificates of Posting", the Petitioner failed to attend any of the meetings. Moreover, since the Petitioner, until the share capital was increased, was the holder of 49% shareholding in the company, no special resolutions could have been passed without his participation and vote on the same.

Therefore, in the light of the contentions, it is concluded that there is a clear case of oppression against the Petitioner. The meetings that were convened by the Board of Directors have not been properly notified to the Petitioner and resolutions therein were passed in absence of the vote of the Petitioner thereby

⁶ [Company Appeal (AT) No. 162 of 2017]

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constituting statutory violation. Also notices that were alleged served by the Respondents onto the Petitioner was not proper. The reason for the same being that the alleged notice for the meeting that was held on 18th February 2010 was stated to have been sent by the company on the same day from Ranchi which was the date of the board meeting on 18th February 2010, another board meeting according to the Respondents was held at Kolkata on 19th February 2010, notice of which was sent on the same date 19 February 2010 to the shareholders of the company. Therefore, issue nos. 1 and 2 are conclusively decided in affirmative in favour of the Petition.”

58. There is also one more judgement on this point, which has been decided by the Hon’ble Company Law Board in **Ms. Varshben S. Trivedi vs M/s. Shree Sadguru Switch Gears Pvt. Ltd. & Ors.**⁷, wherein it was held as follows:

*"21. By virtue of Section 53(b) of the Act (The Companies Act, 1956), a Company may serve a notice upon on any member personally or by post at his address in India, as recorded in the Company's register through post at certificate. However, such notice should be properly addressed and stamped. In the present case, the Respondents have stated to have served the notice by hand delivery as well as through UPC, However, the Petitioner has denied the service of Notice upon her. It is a well-settled proposition of law that if the party denies having received the notice, the burden lies upon the other Party to prove that such notice was delivered to the Addressee. In catena of the decision, it has been held that service through UPC is a rebuttable presumption. Unless it is proved by another corroborative piece of evidence, the service of notice cannot be presumed sufficiently. **In the present case, there is no corroborative material on***

⁷ (2013) 116 CLA 153 (CLB)

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***record to show that the notice was duly served upon the
Petitioner either by hand delivery or through UPC..."***

59. Having regard to the aforesaid principles, we find that the Respondents have placed on record a notice dated 10.06.2025, calling EGM on 28.06.025 and the postal receipts and tracking reports to establish service of notices of the Extraordinary General Meetings upon the Petitioners. Even assuming that such notices were in fact issued, the timing thereof suggests that they were an afterthought, as they were delivered on the 18th and 19th June 2025, i.e., either merely one day prior to or on the very date of the opening of the issue, which is in contravention of the applicable provisions of law.
60. However, it is noted that the said postal receipt and tracking reports merely evidence the dispatch of certain envelopes containing indeterminate contents, therefore, in the absence of any other cogent material establishing due service of the impugned statutory notices, we are unable to accept the Respondent's contention that notice of the Extraordinary General Meetings was duly served upon the Petitioners.
61. Accordingly, as due service of notice constitutes a mandatory statutory requirement under Section 101 of the Companies Act, 2013 for the valid convening of a general meeting, non-compliance therewith vitiates the meetings. Consequently, we hold that the Extraordinary General Meeting dated 28.06.2025, having been convened in contravention of the aforesaid statutory requirements, and is untenable in law.
62. We now proceed to examine whether the rights issue and the consequent allotment of shares, were undertaken in compliance with the requirements of the applicable statutes, if not does it amount to oppression or mismanagement.
63. Upon examination of the material on record, we find that the rights issue was opened on 19.06.2025 and closed on 27.06.2025, thereby remaining

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open for only eight days, contrary to the minimum period prescribed under Section 62(1)(a).

64. Further, it is also noted that the Letter of Offer was dispatched by the R.1 Company to the Petitioners on 17.06.2025, for the rights issue opening on 19.06.2025, as stated by the Respondent herein. However, in terms of Regulation 106I of the Securities and Exchange Board of India ICDR Regulations, 2018, the abridged letter of offer and application form are required to be dispatched at least three days prior to the opening of the issue. The aforesaid requirement not having been complied with, the process is found to be not in accordance with the prescribed regulatory mandate.
65. Additionally, on 19.06.2025 itself, Respondent No. 5 subscribed not only to her entitlement of 49,76,850 shares but also to the balance of approximately 1,79,46,600 shares, which could have become available for allotment only upon the expiry of the offer period and the failure of the remaining shareholders to subscribe to their respective entitlements. Also, On the same date of opening of the issue, an amount of approximately Rs. 45.84 crores were remitted to the account of Respondent No. 1 Company towards such subscription.
66. The aforesaid facts, when viewed cumulatively, establish that the impugned allotment was effected in contravention of the mandatory requirements governing a rights issue under Section 62 of the Act. The consequence of such contrived allotment was dilution of the Petitioners' collective shareholding from 71.79% to 47.87% and the concomitant transfer of control of Respondent No. 1 Company to Respondent No. 2 and his family.
67. This shows that the Petitioners' majority shareholding has been reduced to minority here. Further, we also rely upon the case of **Dale and Carrington Invt. P. Ltd. & another v. P.K. Prathapan & others**⁸, the

⁸ (2005) 1 SCC 212

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question that came up for consideration before the Supreme Court was whether the majority shareholder being reduced to a minority shareholder by a malafide act of the company or the board of directors against the articles of association amounts to oppression or not. It was observed that a majority member is entitled by virtue of his majority to control, manage, and run the affairs of the company in accordance with the provisions of company law. It was held by the Apex Court that if a member who holds the majority of shares in a company is reduced to the position of a minority shareholder in the company by a malafide act by the board of directors by issuing further share capital, the said act would be considered to be an act of the oppression to the said member.

68. When the intention regarding the selective attendance of directors at the meeting was clear, as in the present case, the Hon'ble Supreme Court in the case of **Rajendra Kumar Tekriwal vs. Unique Construction Private Limited**⁹, held that, the notices for the board meetings in which the shares were to be allotted were issued to the directors selectively with the sole intention of ensuring that certain directors do not attend the meeting. The Court held that the same constitutes the worst type of oppression, especially when the said allotment of shares has reduced the petitioners to a frail minority, and the said allotments were canceled.
69. We are of the considered view, that the facts of the present case are akin to those in the above precedents wherein an allotment effected through a procedurally defective process and resulting in the reduction of the petitioners from a majority to a minority was held to constitute oppression and was consequently set aside. In the present case also, the impugned allotment was effected in contravention of the mandatory requirements of law and diluted the Petitioners' majority shareholding and transferred the control of Respondent No. 1 Company. Accordingly,

⁹ (2017) ibclaw.in 605 SC

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the allotment of shares in favour of Respondent Nos. 5 and 6 is held to be void, and oppressive in nature.

70. Consequently, the Extraordinary General Meetings dated 06.01.2025 and 28.06.2025, having been convened without service of the notice to the Petitioners, is declared void, and all resolutions passed therein are set aside. As such, this Petition is allowed. It is hereby declared that -
- a. The actions of Respondent Nos.2 to 6, including the illegal allotment of shares, dilution of shareholding are hereby declared as acts of oppression under Sections 241 and 242 of the Companies Act, 2013.
 - b. The impugned allotment of 2,49,95,000 equity shares in favour of Respondent Nos.5 and 6 is set aside and cancelled. The register of members of Respondent No.1 Company shall be rectified under Section 59 of the Companies Act, 2013, restoring the Petitioners' shareholding to 71.79%. Pursuant thereto, the filings made in Form PAS-3 vide SRN No. AB5236552 dated 01.07.2025 are declared null, and void and the Respondent No.8/Registrar of Companies, Hyderabad is directed to invalidate the said Form PAS-3 from the MCA records within four weeks from the date of receipt of this order.
 - c. Consequent upon the setting aside of the Extraordinary General Meeting dated 06.01.2025 and the resolutions passed therein, Form MGT-14 bearing SRN No. AB2364408 dated 18.01.2025 filed pursuant thereto is declared invalid and non est, and Respondent No. 8 – Registrar of Companies, Hyderabad, is directed to remove the same from the MCA records within four weeks.

Accordingly, this C.P (Companies Act) No. 32/241/HDB/2025 is **allowed** and disposed of.

Sd/-

**(SANJAY PURI)
MEMBER (TECHNICAL)**

Sd/-

**(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)**