

THE NATIONAL COMPANY LAW TRIBUNAL

MUMBAI BENCH-I

**CP 269 OF 2022 ALONG WITH CA 13/2024,
IA COMPANIES ACT)/197(MB)2025 & IA
(COMPANIES ACT)/41(MB) 2026**

*In the matter of the Companies Act, 2013
under Sections 241,242 and 244;*

And

In the matter of;

GUNVANT G TREVADIA

... Petitioner

Versus

JULIET APPARELS PRIVATE LIMITED & ORS

... Respondents

Order Pronounced on 07.07.2026

Coram :

Shri Prabhat Kumar

Hon'ble Member (Technical)

Shri Sushil Mahadeorao Kochey

Hon'ble Member (Judicial)

Appearances:

For the Petitioners

: Adv. Pulkit Sharma a/w Adv. Rohan Agarwal,
Adv. Rohan Vasa, Adv. Dishang Shah and
Adv. Kinjal Gogri

For the Respondent

: Adv. Aradhya Dixit

ORDER**Background of the case**

1. The present Company Petition has been instituted under Sections 241, 242 and 244 of the Companies Act, 2013 by Mr. Gunvant G. Trevadia (Petitioner No. 1) and Mr. Pinkesh Gunvant Trevadia (Petitioner No. 2) (hereinafter collectively referred to as “the Petitioners”), who are stated to be shareholders of Respondent No. 1, namely, *Juliet Apparels Private Limited* (hereinafter referred to as “the Company” or “Respondent No. 1”). The Petition has been filed against Mr. Bhavesh Mulchand Trevadia (Respondent No. 2), Mr. Kritesh Bhavesh Trevadia (Respondent No. 3), Mr. Hitesh Mulchand Trevadia (Respondent No. 4), Mr. Shashikant Mulchand Trevadia (Respondent No. 5), Mr. Abhay Shashikant Trevadia (Respondent No. 6), Mr. Hemendra Gopalji Trevadia (Respondent No. 7), and Mr. Krutik Hitesh Trevadia (Respondent No. 8). The Petitioners have alleged that Respondent Nos. 2 to 6 and 8 have indulged in various acts which are arbitrary, oppressive to the Petitioners, and prejudicial to the interests of the Company, resulting in the mismanagement of its affairs and business. On the basis of the aforesaid allegations, the Petitioners have sought appropriate reliefs under the provisions of the Companies Act, 2013. It is further stated that both the Petitioners are residing at 1501/1502, 15th Floor, Bay View Terrace, Hatiskar Marg, Prabhadevi, Mumbai – 400025, and also have an address at Juliet House, Plot No. 0.5/238, Tokersey Jivraj Road, Sewree, Mumbai – 400015.
2. Respondent No. 1, Juliet Apparels Private Limited, is a private company limited by shares, incorporated and registered under the provisions of the Companies Act. The registered office of the Company is situated at Juliet House, Plot No. 5/238, Tokersey Jivraj Road, Sewree, Mumbai – 400015. It is further stated that the Company also maintains a sales office at 227, Night Industrial Estate, Hirji Govindji Compound, T.J. Road Junction, Sewree Naka, Sewree (West), Mumbai. The Company was incorporated on 19.01.2000 and presently has an authorised share capital of ₹7,50,00,000/-

(Rupees Seven Crores Fifty Lakhs only), divided into 75,00,000 equity shares of ₹10/- each. The issued, subscribed and paid-up share capital of the Company is stated to be ₹7,09,56,950/- (Rupees Seven Crores Nine Lakhs Fifty-Six Thousand Nine Hundred Fifty only).

3. It is stated that Respondent Nos. 2, 4, 5 and 7 are Directors as well as shareholders of Respondent No. 1 Company. Respondent Nos. 3, 6 and 8 are stated to be Directors of the Company.
4. The Petitioners have filed the present Company Petition and the connected Company Applications under Sections 241 and 242 of the Companies Act, 2013 (hereinafter referred to as “the Act”), seeking, inter alia, the following reliefs:
 - a. A declaration of the transfer of shares of Respondent No. 1 Company from Petitioner no. 2 and wife of Petitioner no. 1 taken place in July/August 2021 as illegal, null and void, and consequential restoration of the shareholding pattern of Respondent No. 1 Company as it stood on 31.03.2021;
 - b. A declaration of the Board Resolutions dated 23.09.2022 illegal, null and void, whereby, the board had approved (i) the financial statement for the year ended 31.03.2022 along with the draft Auditor’s Report and Director’s Report thereon, (ii) the increase in Authorized Capital of the Company from Rs. 5.00 crores to 7.50 crores, (iii) filing of an application with RoC for extension of time for convening an AGM, (iv) change an Authorized Signatory of operation of Bank Account authorizing any two of Respondent No. 5, Respondent No. 2, Respondent No. 6, Respondent No. 8 and Respondent No. 3 to operate the bank account of the company and to make statutory filings as well as execution of agreement on behalf of Respondent Company, (v) the fixation of AGM on 22.10.2022, and (vi) Declaration in relation to ownership of

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- the company over trademarks filed in the name of the company;
- c. Reinstatement of Petitioner No. 1 as a Director of Respondent No. 1 Company removed on 18.02.2025 and for restraining Respondent Nos. 2 to 8 from removing him from the directorship of the Company in future; and
 - d. Denial of inspection of the books, records and documents of the Company, as well as access to the premises of the Company for such purpose;
5. The petitioner has alleged commission of following acts of oppression and mismanagement:
- a. Illegal transfer of 7,47,000/- equity shares from the Petitioner No. 2 and wife of Petitioner No. 1 under coercion and undue influence;
 - b. The fabrication of the minutes of board meeting dated 23.09.2022 to record passage of Resolution, which were in-fact not transacted at such meeting;
 - c. Removal of Petitioner No. 1 as Director in EoGM held on 18.02.2025 during the pendency of present petition;
 - d. Denial of the inspection of Statutory records and Books of Account of the Respondent Company, which the Petitioners were statutorily entitled to a Shareholder and Director of Respondent Company under Companies Act, 2013;
 - e. Allotment of unsubscribed portion of the right issue, arising from non-subscription of right shares by Respondent No. 7, to Respondent Nos. 2, 4 and 5 to the exclusion of the Petitioner No. 1 despite having express his willingness to subscribed the same.
 - f. Sale consideration of sewing machines received in cash in June 2023 and not accounted in the Books of Respondent Company;

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- g. Sale of an immovable property at undervalued price in 2023 apprehending that the undervalued consideration of Rs. 5 Crore received in cash from Mr. Razi Khan;
 - h. Respondent No. 3 engaging in competing business in the name of M/s Styelo from the business premises leased to Respondent Company by Respondent No. 2 and payment of an advance of Rs. 50 lakhs to a related company namely M/s Infenia Life Style Pvt. Ltd.;
 - i. Misuse of company's fund/resources for their personal purposes;
 - j. Respondents refraining from estopping one of the cousins from using Trademark/Tradename deceptively similar to the Trademark/Tradename of the Respondent Company.
 6. The present Company Petition came to be amended pursuant to the liberty granted by this Tribunal vide order dated 08.04.2025.
 7. During the pendency of the present Company Petition, the Petitioners also filed Company Application No. 13 of 2024 seeking various interim and ad-interim reliefs, including, inter alia, restraint orders against alienation of the assets of Respondent No. 1 Company, restraint against alteration of the shareholding pattern, appointment of an independent auditor, and directions permitting the Petitioners to participate in the management and affairs of the Company.
 8. The Petitioners have also filed IA (Companies Act) No. 197(MB)/2025 seeking restoration of Petitioner No. 1 to the office of Director of Respondent No. 1 Company, contending that he was removed from the Board of Directors pursuant to a resolution passed at the Extraordinary General Meeting held on 18.02.2025.
 9. It is the case of the Petitioners that Petitioner No. 1 and Respondent No. 7 are brothers, and Respondent Nos. 2, 4 and 5 are their first cousins. According to the Petitioners, Petitioner No. 1 originally started business in the name of M/s Juliet Trading (later renamed as *M/s Juliet Products*) in

partnership with one Mr. Harshadbhai Trevadia, the uncle of Petitioner No. 1, who later on retired from said firm in 1984 and Respondent No. 5 was admitted as partner having equal profit sharing ratio therein. Thereafter, his father Gopalji Kanji Trevadia was admitted as partner in 1985 and father of Respondent No. 5 was admitted in 1987, whereby, the profit share between his father's family and Respondent No. 5 father's family. The father of the Respondent No. 5 was succeeded by Respondent No. 2 on demise of father of the Respondent No. 5 in 2000. It is stated by the Petitioner that the working partner of the said firm were only Petitioner No. 1 and Respondent No. 5. It is further stated that two additional partnership firms, namely *M/s Saffaran Fashions* and *M/s Shades Creation*, were subsequently constituted in the year 1994 and 2000 respectively to carry on businesses allied and complementary to the business of *M/s Juliet Products*, wherein Petitioner No. 1 and other family members were partners. Thereafter, on 19.01.2000, Respondent No. 1 Company was incorporated with a view to consolidating the business interests of the Trevadia family.

10. The Petitioners further submit that the aforesaid three partnership firms, namely *M/s Juliet Garments* (formerly *M/s Juliet Products*), *M/s Saffaran Fashions* and *M/s Shades Creation*, were converted into private limited companies under Part IX of the Companies Act, 1956 in February, 2006 and were thereafter amalgamated with Respondent No. 1 Company on 27.04.2007 in terms of the order approving the Scheme of Arrangement passed by Hon'ble Bombay High Court. According to the Petitioners, the entire family business subsequently came to be carried on through Respondent No. 1 Company.
11. On the basis of the aforesaid facts, the Petitioners contend that Respondent No. 1 Company is in nature of quasi partnership firm vesting right in each group to participate in the affairs of Respondent Company having been incorporated as a vehicle for carrying on the business of the Trevadia family. It is also contended that (a) the name of Respondent No. 1 Company is derived from the original partnership firm established by Petitioner No. 1;

(b) the businesses of various partnership firms, in which both the Petitioners and the Respondents were partners, were amalgamated into Respondent No. 1 Company; (c) the Petitioners and the Respondents were the original shareholders as well as subscribers to the Memorandum and Articles of Association of the Company; and (d) the management and control of the Company have been historically exercised by two branches of the Trevadia family, namely the Petitioners' branch and the branch represented by Respondent No. 5.

12. On issue of locus on Petitioner No. 2, not being a shareholder of the Respondent Company, it is submitted that Petitioner No. 2 has challenged the transfer of his shares in favour of Respondent Nos. 2, 4 and 5 on the grounds of coercion and undue influence. It is further submitted that Petitioner No. 2, being a Director of the Company, has joined Petitioner No. 1 in raising various allegations of oppression and mismanagement. The Petitioners further point out that Petitioner No. 1 admittedly holds 23.53% of the shareholding of Respondent No. 1 Company and, therefore, the threshold requirements prescribed under Section 244 of the Companies Act, 2013 stand duly satisfied.
13. The Petitioner has also alleged that the Board Resolution dated 23.09.2022, the refusal to allot to Petitioner No. 1 a proportionate share in the unsubscribed portion of the impugned rights issue, and the subsequent removal of Petitioner No. 1 from the Board of Directors are contrary to the principles governing quasi-partnership companies, deprive the Petitioners of their legitimate rights and expectations, and are therefore liable to be set aside.
14. It is further alleged by the Petitioners that the transfer of shares standing in the names of Petitioner No. 2 and Mrs. Pushpa Trevadia was effected as a consequence of undue influence and coercion exercised upon Petitioner No. 1. The Petitioners contend that the said transfer was undertaken in complete disregard of the procedure prescribed under the Articles of Association, without any valuation of Respondent No. 1 Company, without the

- execution of any share purchase agreement, and without the passing of any Board resolution authorising or effectuating the transfer. It is also submitted that neither Petitioner No. 2 nor Mrs. Pushpa Trevadia had issued any notice to the Company expressing their intention to transfer the said shares.
15. The Petitioners further contend that the impugned transfer of shares is in violation of the Articles of Association of Respondent No. 1 Company. According to the Petitioners, the manner and circumstances in which the transfer was effected demonstrate the undue influence allegedly exercised upon them, particularly when no Board resolution was passed authorising such transfer. It is further submitted that Petitioner No. 1 lodged a criminal complaint on 03.10.2022, which was subsequently registered as an FIR on 03.03.2023, concerning, inter alia, the alleged illegal transfer of the shares held by Petitioner No. 2 and Mrs. Pushpa Trevadia in July 2021. The Petitioners state that although a 'C-Summary' report came to be filed by the investigating authorities, the closure of the FIR is presently under challenge in Case No. 1731 of 2025 pending before the learned Magistrate's Court at Mumbai.
16. The Petitioners further contend that, while exercising jurisdiction under Sections 241 and 242 of the Companies Act, 2013, this Tribunal possesses wide and equitable powers to grant appropriate relief where the affairs of a company are being conducted in a manner oppressive to any member, prejudicial to the interests of the company, or contrary to public interest. According to the Petitioners, where the impugned transfer of shares itself forms part of a larger scheme of oppression, dilution of shareholding, fraud, coercion or mismanagement, the Tribunal is empowered to grant appropriate consequential reliefs, including restoration of shareholding. It is, therefore, contended that a separate petition under Section 59 of the Companies Act, 2013 is not necessary in the facts of the present case.
17. It is further contended by the Petitioners that the resolutions passed at the Board Meeting held on 23.09.2022 have effectively resulted in the ouster of Petitioner No. 1 from the management and affairs of Respondent No. 1

Company. Nonetheless, these the Minutes of the Board Meeting dated 23.09.2022 is forged and fabricated and do not record the business transaction thereat correctly. It is further submitted that his signature was obtained on the last page and he was not aware of contents of all other pages forming part of said minutes. The Petitioner has also sought to corroborate this allegation with an email dated 28.09.2022, whereby, Cosmos Bank Ltd. informed all the Directors of Respondent No. 1 Company that two Board Resolutions bearing the same date had been submitted to the Bank, one of which contained the signature of only one Director. It is also stated that, immediately upon receipt of the said communication, the Petitioners addressed letters dated 30.09.2022 to the Respondents recording their objections to the purported resolutions alleged to have been passed at the said Board Meeting, and also registered their objections to the said resolutions with Cosmos Bank vide an email dated 01.10.2022. Further, pursuant to its email dated 28.09.2022, the Cosmos Bank sought a resolution duly certified by a Company Secretary and duly signed by all Directors in relation to the operation of the Company's bank accounts, but, no such resolution was furnished by Respondent No. 1 Company as Petitioners declined to sign the same. Despite this, the Respondents are operating the bank account in accordance with the mandate contained in Resolution dated 28.09.2022.

18. The Petitioners further contend that Petitioner No. 1 had specifically conveyed to the Board of Directors his willingness to subscribe to the unsubscribed portion of the rights issue in order to avoid dilution of his shareholding, however, when Respondent No. 7 failed to subscribe to his entitlement under the rights issue, the unsubscribed portion thereof was allotted, pursuant to the Board Meeting held on 17.02.2023, exclusively to Respondent Nos. 2, 4 and 5. It is case of the Petitioners that such allotment was made to his exclusion to bring down the aggregate shareholding of Petitioner No. 1 and his immediate family below 25%, so as to empower

Respondent to pass a special resolution in the affairs of the company without support of petitioner group.

19. The Petitioners further submit that Respondent No. 5 issued a notice dated 03.02.2025, under Section 169 of the Companies Act, 2013 convening an Extraordinary General Meeting on 10.02.2025 for the removal of Petitioner No. 1 from the Board of Directors of Respondent No. 1 Company, and the said meeting was later rescheduled to 18.02.2025 as decided in meeting dated 10.02.2025 wherein Petitioner Guntant Trevadia was also present. It is contended that the allegations pertaining to the use of the Company's letterheads and the undertaking of cash transactions to make a ground for removal are ex facie false, inasmuch as the Respondents were fully aware of, participated in, and derived benefit from the said transactions
20. The Petitioners further allege that the actions of Respondent Nos. 2 to 6 and 8 received an amount of approximately ₹5 crore in cash in connection with the sale of one of the properties of Respondent No. 1 Company and misappropriated the same for their personal benefit. It is further alleged that Respondent Nos. 2 to 6 and 8 have either misplaced or sold as many as 1,446 sewing machines in cash and appropriated the proceeds thereof for their personal use. The Petitioners also allege that the aforesaid Respondents have deliberately permitted Mr. Dinesh Trevadia, to use and infringe the trademark "Senora from Juliet" belonging to Respondent No. 1 Company. According to the Petitioners, an identical business is being carried on under the said brand name, resulting in loss and prejudice to Respondent No. 1 Company. It is further alleged that the Respondent Directors have facilitated the diversion of business and profits away from Respondent No. 1 Company through the said competing business, thereby causing grave prejudice to the Company and the Petitioners. The Petitioners submit that they had raised objections regarding the unauthorised use of the Company's trademark even prior to the Board Resolution dated 23.09.2022.
21. The Petitioners further allege that a proprietary concern by the name of "Styelo", owned and operated by Respondent No. 3, is engaged in a

business directly competing with that of Respondent No. 1 Company with the knowledge and support of Respondent Nos. 2 to 6 and 8. It is alleged that Respondent No. 1 Company has supplied goods to the said concern at prices lower than the prevailing sale price, thereby conferring undue benefits upon the said entity.

22. It is further submitted by the Petitioners that the cash borrowings of Rs. 50 crores were raised for and utilised towards the business requirements of Respondent No. 1 Company with the consent and knowledge of Respondents. It is contended that this position is borne out from the Minutes of Meeting dated 08.12.2022 held at the premises of Respondent No. 1 Company in the presence of the concerned creditors, wherein it was resolved that certain properties belonging to Respondent No. 1 Company as well as properties owned by Respondent Nos. 2 to 6 and 8 would be sold within a stipulated period for repayment of the said liabilities. The Petitioners further state that the said minutes bear acknowledgment by both Petitioner No. 1 and Respondent No. 4.
23. The Petitioners have also submitted that the two cheques in favour of one Mr. Shah, each for an amount of ₹10,00,000/-, were issued by Petitioner No. 1 prior to the year 2017 during his tenure as a Director of Respondent No. 1 Company. It is contended that although the cheques were issued at the relevant point of time, they came to be presented for encashment by Mr. Shah at a much later date. The Petitioners further submit that a perusal of the said cheques would reveal that they were drawn from a cheque book bearing the name "Juliet Apparels Ltd.", whereas the name of Respondent No. 1 Company was changed to "Juliet Apparels Pvt. Ltd." only in the year 2018. It is further submitted that the dispute arising out of the said cheques was subsequently settled amicably outside Court.
24. The Petitioners further submit that the proceedings initiated under Section 7 of the Insolvency and Bankruptcy Code, 2016 were necessitated on account of legitimate and outstanding financial dues payable by Respondent No. 1 Company to Mrs. Pushpa Trevadia and Mrs. Hinal Trevadia solely

for the purpose of protecting their financial interests as creditors of the Company. It is further submitted that Respondent Nos. 2 to 6 and 8 continued to make payments to themselves and their relatives in breach of the restrictions in terms of credit facility sanction letter. It is further submitted that the withdrawal of the Section 7 proceedings was without prejudice to the rights and contentions of Mrs. Pushpa Trevadia to pursue appropriate remedies for recovery of interest and any other amounts due and payable over and above the settlement amount.

Submissions of Respondent Nos. 2 to 6 and 8

25. It is submitted by these answering Respondents that the personal conduct of Petitioner No. 1 renders him unfit to continue as a Director of Respondent No. 1 Company. It is further submitted that Respondent Nos. 2 to 6 and 8 collectively hold 69.24% of the shareholding of Respondent No. 1 Company, and had 6 nominee director on the board of Respondent Company and were already in majority of members and the directors even prior to the removal of Petitioner No. 1 from the Board of Directors. Accordingly, it would have the removal of the Petitioner from the board could not have any effect on the control of the board.
26. It is further contended that the Petitioner No. 2 is not a shareholder of Respondent No. 1 Company and, therefore, lacks the locus to maintain the present Petition under Section 241 of the Companies Act, 2013, however, Petitioner No. 2 in capacity of the Director of the Company actively participates in the meetings of the Board, and has not alleged any independent act of oppression against Respondents. It is, therefore, contended that the Petition, insofar as it has been filed by Petitioner No. 2, is not maintainable.
27. It is further submitted that the present Petition does not seek rectification of the Register of Members and has not been instituted under Section 59 of the Companies Act, 2013. Nonetheless, the statutory procedure contemplated under Section 59 has also not been followed. Thus, the Petitioners are

effectively seeking reliefs pertaining to rectification and transfer of shares without invoking the appropriate statutory remedy.

28. The Respondents further contend that several submissions advanced during oral arguments, as well as the factual assertions contained in the list of dates tendered by the Petitioners, however, the petitioners have claimed relief only in relation to cancellation of transfer of shares from Petitioner No. 2 and wife of Petitioner no. 1, setting aside the resolution passed at board meeting dated 23.09.2022, removal of Petitioner No. 1 as Director and denial of access to the records of the Respondent Company. Accordingly, all other submissions either travel beyond the scope of the pleadings on record or in consequential in the absence of specific relief in relation thereto and, therefore, ought not to be taken into consideration.
29. The Respondents submit that the case pleaded in the Petition is that Respondent Nos. 4 and 8 exercised undue influence, coercion and pressure upon Petitioner No. 1, resulting in the transfer of shares held by Petitioner No. 2 and Mrs. Pushpa Trevadia. It is contended that while the Petition proceeds on the aforesaid basis, the written notes and submissions subsequently circulated by the Petitioners seek to challenge the transfer on entirely different grounds, namely non-compliance with the Articles of Association and the alleged inadequacy of the transfer consideration at ₹128 per share. According to the Respondents, such a departure from the pleadings is impermissible in law.
30. The Respondents further contend that no relief concerning the transfer of shares can be granted in the absence of proceedings under Section 59 of the Companies Act, 2013 and without following the statutory procedure contemplated under Section 59. Further, in the absence of any contemporaneous notice or communication alleging coercion, blackmail or undue influence in relation to the impugned transfer, the said transfer cannot be challenged in the present proceedings besides such challenge on this ground, if there is one, is falls within jurisdiction of Civil Courts. According to the Respondents, in the absence of a cause of action under

Section 59 and in the absence of any application seeking rectification of the Register of Members, no relief can be granted in relation to the impugned transfer of shares. The Respondents further submit that the law is well settled that allegations of such nature must be supported by specific pleadings and full particulars, and that a party cannot be permitted to travel beyond its pleadings while seeking relief before this Tribunal. It is further submitted that Mrs. Pushpa Trevadia is not a party to the present proceedings and, therefore, any challenge to the transfer of shares standing in her name is not maintainable at the instance of the Petitioners.

31. The Respondents further submit that the impugned transfer of shares was effected for valuable consideration. According to the Respondents, an amount of ₹6.92 crore was paid to Petitioner No. 2 towards transfer of 5,40,000 shares at the rate of ₹128 per share, while an amount of ₹2.65 crore was paid to Mrs. Pushpa Trevadia towards transfer of 2,07,000 shares at the same rate, aggregating to a total consideration of approximately ₹9.56 crore.
32. With regard to the Board Meeting held on 23.09.2022, the Respondents submit that a notice dated 15.09.2022 was duly issued convening the meeting and setting out the agenda items proposed for consideration. According to the Respondents, the notice clearly specified the business to be transacted and was duly acknowledged by the Petitioners. It is submitted that the meeting was held on 23.09.2022, wherein all agenda items were deliberated upon and resolutions were passed with the consent of all Directors present. The Respondents deny the allegation that any agenda item was inserted subsequently. It is further submitted that the allegation that signatures were obtained on blank sheets is demonstrably false, as the signed resolution itself contains the relevant resolution numbers and text on the very pages bearing the signatures of the Directors. According to the Respondents, no material has been placed on record to establish that the resolutions were altered after execution or that any signatures were procured on blank pages.

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33. It is submitted that the Petitioners admittedly received the minutes and only thereafter raised objections to certain resolutions passed at the meeting. According to the Respondents, even in their subsequent correspondence, the Petitioners objected only to specific resolutions and did not allege that the entire set of resolutions had been fabricated or inserted subsequently. The Respondents, therefore, contend that the Petitioners' present challenge to the validity of the Board Meeting and the resolutions passed therein lacks credibility and has been raised only as an afterthought.
34. The Respondents further submit that minutes and resolutions of a Board Meeting constitute prima facie evidence of the proceedings conducted therein unless rebutted by cogent evidence. The Respondents further submit that the contention that Petitioner No. 1 was not conversant with the English language is untenable, particularly when the correspondence subsequently addressed by the Petitioners is itself in English. It is also pointed out that Petitioner No. 2 is well versed in English and corporate affairs, has signed other documents likewise. Accordingly, the Respondents submit that the challenge to the Board Meeting dated 23.09.2022 and the resolutions passed therein deserves to be rejected.
35. With regard to the allotment of the unsubscribed portion of the rights issue, the Respondents submit that the Petitioners have challenged the decision to allot the Board of Directors, taking into consideration the conduct of Petitioner No. 1, including the issuance of acknowledgements to personal lenders on the letterhead of Respondent No. 1 Company and other acts allegedly prejudicial to the interests of the Company, resolved by majority not to allot the unsubscribed portion of the rights issue to Petitioner No. 1. It is submitted that the said decision was duly recorded in the minutes of the Board Meeting held on 17.02.2023.
36. The Respondents further submit that Section 62(1)(a)(iii) of the Companies Act, 2013 confers discretion upon the Board of Directors to dispose of shares remaining unsubscribed under a rights issue in a manner that is not disadvantageous to the Company and its shareholders. According to the

Respondents, the exercise of such discretion by the Board ought not to be interfered with in the ordinary course, particularly where it has been exercised in accordance with the provisions of the Act. It is further submitted that, following the allotment of the unsubscribed shares to Respondent Nos. 2, 4 and 5, the percentage shareholding of Petitioner No. 1 remained unchanged, whereas only the shareholding of Respondent No. 7, who had failed to subscribe to his entitlement, stood diluted. The Respondents, therefore, contend that no prejudice has been caused to Petitioner No. 1 on account of the said allotment.

37. The Respondents submit that the measures impugned by the Petitioners were necessitated by the continuous acts of mismanagement allegedly committed by Petitioner No. 1 and were taken solely to safeguard the interests of Respondent No. 1 Company and its shareholders.
38. It is submitted that Petitioner No. 1 has admittedly conducted substantial cash transactions on behalf of Respondent No. 1 Company and has claimed to have infused approximately ₹50 crore in cash, which was not reflected in the books of account. According to the Respondents, such conduct is contrary to law and demonstrates that Petitioner No. 1 is not fit to be entrusted with the management and financial affairs of the Company.
39. The Respondents further submit that Petitioner No. 1 obtained substantial loans from various individuals in his personal capacity and allegedly used the name and letterheads of Respondent No. 1 Company in connection therewith. It is contended that acknowledgements were issued on behalf of the Company in respect of liabilities which were personal to Petitioner No. 1, despite no corresponding funds being received by the Company. According to the Respondents, these circumstances necessitated corrective measures, including his removal from management.
40. It is further submitted that several notices and proceedings, including complaints under Section 138 of the Negotiable Instruments Act, 1881, were initiated against the Company and its Directors on account of the

financial transactions allegedly undertaken by Petitioner No. 1, requiring the Company to defend such proceedings.

41. The Respondents deny the Petitioners' contention that they were aware of or participated in the alleged cash transactions. It is submitted that their attendance at meetings with creditors was only with a view to resolving disputes and cannot be construed as acceptance of, or participation in, the alleged transactions. According to the Respondents, the material on record demonstrates that the financial irregularities, if any, were attributable solely to Petitioner No. 1.
42. The Respondents further allege that Petitioner No. 1 maintained a personal relationship with an employee of the Company, which, according to them, constituted a breach of his fiduciary duties as a Director and justified his removal from office.
43. It is further submitted that the wife of Petitioner No. 1 and Petitioner No. 2 initiated insolvency proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 against Respondent No. 1 Company. According to the Respondents, such proceedings were pursued to exert pressure on the Company and adversely affected its business and banking relationships. The Respondents further submit that disputes relating to the underlying financial claims are presently the subject matter of proceedings before the competent Civil Court.
44. On the aforesaid basis, the Respondents contend that Petitioner No. 1 cannot seek reinstatement as a Director while simultaneously pursuing proceedings, through his family members, adverse to the interests of Respondent No. 1 Company. It is, therefore, submitted that the present Company Petition and the connected applications deserve to be dismissed.
45. The Respondents further submit that the Petitioners simultaneously, addressed complaints to Cosmos Bank alleging excessive withdrawals by the Directors. It is submitted that acting upon such complaints, Cosmos Bank directed the Company not to make payments towards Directors' loans,

resulting in non-payment of interest not only to the wife of Petitioner No. 1 and Petitioner No. 2 but also to other Directors.

46. It is further submitted that the Petitioners lodged complaints with Kongaon Police Station alleging theft of sewing machines and also filed complaints before the Registrar of Companies regarding transactions with Infinia Lifestyle. According to the Respondents, such complaints were false and were intended to harass the management and disrupt the Company's operations.
47. The Respondents submit that the Petitioners and their family members, being co-borrowers along with the Respondents in respect of personal loans availed from Kotak Bank, failed to service their share of the EMIs, resulting in default notices being issued by the Bank. It is contended that such defaults exposed the Company and its Directors to the risk of cross-defaults. According to the Respondents, the overdue amounts were ultimately paid from the unsecured loan account of the wife of Petitioner No. 1.
48. It is further submitted that during 2023 the Company proposed to sell certain immovable properties to reduce its liabilities towards Cosmos Bank. While prospective purchasers had been identified for the properties, the Petitioner No. 1 misused his position as a Director and created obstacles in the completion of the proposed sale transactions, thereby acting against the interests of the Company.
49. The Respondents submit that, having regard to the aforesaid conduct, Petitioner No. 1 was removed from the office of Director pursuant to a resolution passed at the Extraordinary General Meeting held on 18.02.2025.
50. It is further submitted that Petitioner No. 1 cannot seek reinstatement as a Director merely by asserting that Respondent No. 1 Company is in the nature of a quasi-partnership. According to the Respondents, there exists no deadlock in management, the Respondents continue to hold majority shareholding as well as control of the Board, and the Articles of Association do not confer any special or affirmative voting rights upon the Petitioners.

It is, therefore, contended that the principles applicable to quasi-partnership companies are not attracted in the facts of the present case.

51. The Respondents further contend that the Petitioners have neither pleaded nor established any circumstances warranting winding up of the Company on just and equitable grounds, which is a foundational requirement for invoking the jurisdiction under Sections 241 and 242 of the Companies Act, 2013.
52. It is also submitted that the Respondents had earlier expressed willingness to purchase the Petitioners' shareholding at a value to be determined by an independent valuer appointed by the Tribunal. However, the said offer was not accepted by the Petitioners. The Respondents further submit that there is no management deadlock warranting intervention, particularly when Petitioner No. 2 continues to remain on the Board of Directors and is capable of representing the Petitioners' interests.
53. Accordingly, the Petitioners have failed to establish any case of oppression or mismanagement and that the present Company Petition is liable to be dismissed.
54. The Respondents have also filed IA (COMPANIES ACT)/41(MB)2026 seeking, inter alia, that the Affidavit in Rejoinder dated 31.01.2026 filed by the Petitioners in IA No. 197 of 2025 be not taken on record on the ground that the same was filed belatedly and seeks to introduce an entirely new case beyond the scope of the original pleadings. That be so, this Tribunal had allowed the Respondents to argue the matter considering the contents of said rejoinder on equitable considerations.

Analysis and Decision

55. Heard learned counsel appearing for the Petitioners and the Respondents at length and perused material on record.
56. The Respondents have raised a preliminary objection to the maintainability of the Petition on the ground that Petitioner No. 2 is not a shareholder of Respondent No. 1 Company and, therefore, lacks locus standi to invoke the

jurisdiction of this Tribunal under Section 241 of the Act. Therefore, before examining the allegations of oppression and mismanagement, it is necessary to determine whether the present Petition satisfies the statutory requirements prescribed under Sections 241 and 244 of the Companies Act, 2013.

57. The Respondents contend that the Petitioner No.2 is admittedly not a shareholder and consequently he cannot maintain a petition alleging oppression and mismanagement. It is further submitted that Petitioner No.2 continues to remain a Director of the Company and no specific act of oppression against him has been pleaded. Per contra, the Petitioners submit that the present Petition is maintainable as Petitioner No.1 admittedly holds 23.53% of the issued share capital of Respondent No.1 Company. It is further contended that the transfer of shares standing in the name of Petitioner No.2 is itself under challenge in the present proceedings and therefore the maintainability of the Petition cannot be defeated merely because the Respondents rely upon the very transfer which is alleged to be illegal and oppressive.
58. Section 241 of the Companies Act, 2013 confers a right upon a member of a company to approach the Tribunal where the affairs of the company are being conducted in a manner prejudicial to public interest, oppressive to any member, or prejudicial to the interests of the company. Section 244 prescribes the eligibility criteria for invoking such jurisdiction. In the case of a company having share capital, members holding not less than one-tenth of the issued share capital or one tenth of total members are entitled to maintain a petition under Section 241. The material placed on record demonstrates that Petitioner No.1 continues to hold 23.53% of the shareholding of Respondent No.1 Company. The said fact is admitted by the Respondents themselves. Therefore, irrespective of the status of Petitioner No.2, the threshold requirement under Section 244 stands satisfied through Petitioner No.1 alone. Nonetheless, it is noteworthy that the Petitioner No. 2 is part of Petitioner No. 1 group and is representing that

group as director on the board of Respondent Company. The proceedings relating to oppression and mismanagement are representative in nature and the primary requirement is satisfaction of the statutory qualification prescribed under the Act. Once the threshold requirement is met, the Tribunal acquires jurisdiction to examine the allegations on merits.

59. In the present case, the objection of the Respondents is directed more towards the entitlement of Petitioner No.2 to claim individual relief rather than the maintainability of the Petition itself. Even otherwise, the challenge to the transfer of shares allegedly belonging to Petitioner No.2 forms one of the substantive grievances raised in the Petition. At this stage, the Tribunal is not required to conclusively adjudicate upon the validity of such transfer merely for deciding maintainability. We are therefore of the considered view that the Petition cannot be rejected at the threshold on the ground urged by the Respondents. The objection regarding Petitioner No.2's membership status may have relevance while evaluating the reliefs sought by him individually, but the same does not affect the maintainability of the present proceedings. Accordingly, we hold that the Petition satisfies the requirements prescribed under Sections 241 and 244 of the Companies Act, 2013.
60. The foundation of the Petitioners' case rests substantially upon the assertion that Respondent No.1 Company is not merely a corporate entity but a family venture possessing the attributes of a quasi-partnership. According to the Petitioners, the business traces its origin to partnership concerns established and developed by members of the Trevadia family. It is contended that the Company emerged from the amalgamation and corporatization of family-owned partnership firms and that both factions of the family were always intended to participate in management. The Petitioners submit that Petitioner No.1 was the founder of the original business and was instrumental in creating and expanding the "Juliet" brand. It is therefore argued that the removal of Petitioner No.1 from management amounts to exclusion from a quasi-partnership and consequently constitutes

oppression. The Respondents dispute the aforesaid contention and submit that the Company has, since inception, functioned strictly as a corporate entity governed by its Articles of Association. It is contended that the Respondents have consistently held majority shareholding and majority representation on the Board and that no agreement guaranteeing equal participation exists.

61. It is settled law that the three principles, as recognized by the Hon'ble Supreme Court in the case of *Hind Overseas vs. Raghunath Prasad* [(1976) 3 SCC 259] placing reliance on the judgment of the House of Lords in *Ebrahimi vs. Westbourne Galleries Ltd.* ([1973] A.C. 360 (1972)), determine the nature of quasi-partnership are as follows — (a) Company formed or continued on the basis of a personal relationship, (b) There is restriction in transfer of a member's interest in the company; and (c) An understanding that all or some of the shareholders shall participate in the conduct of business
62. The question therefore is whether the material on record demonstrates the existence of any enforceable understanding guaranteeing participation of the Petitioners in management. There is no dispute that the business originated from family concerns, and it was Petitioner No. 1 and one Harshadbhai Trevadia started the business of Apparels as Partnership firm under the trade name "Juliet" and Respondent No. 5 succeeded Harshadbhai Trevadia on his retirement with Petitioner No. 1 and Respondent No. 5 participating in profit & loss of business of firm equally as well as in the business affairs. There is also no dispute that members of both family branches became shareholders and directors of Respondent No.1 Company. Thereafter, the said partnership firm along with other partnership family ventures, after their conversion into a corporate entity, were amalgamated into Respondent Company, which was incorporated by sons of Sh. Gunavant Trevadia, the father the Petitioner 1 and Petitioner No. 7, and sons of Sh. Mulchand Trevadia, the father of Respondent No. 2,4, and 5, and these two branches are families held the total share capital of the Respondent Company. As it noted the shareholding of Sh. Gunavant

Trevadia family was 56.47% as on 31.03.2021 and the remaining were held by Sh. Mulchand Trevadia family. Further, the Petitioner no. 1 from Sh. Gunavant Trevadia family and Respondent No. 5 from Sh. Mulchand Trevadia family were actively participating in the business of predecessor entities who were succeeded by the Respondent Company and continue to be so. It is undisputed that Respondent No. 7 the brother of Petitioner No. 1 remained neutral and may have succeeded his father share in the partnership firm/successor entities on his demise. Further, prior to appointment of Respondent Nos. 3, 6 and 8 as Director of the Respondent Company, Sh. Mulchand Trevadia family and Sh. Gunavant Trevadia family were having three directors each (it is not clear whether Respondent No. 7 continued to be director of Respondent Company after his appointment on 1.4.2011 as per MCA records and it seems that either he was not a director at any time or had ceased to be so prior to alleged transfer of shares). The appointment of Respondent Nos. 3, 6 and 8 was made after transfer of shares from Petitioner No. 1's Wife and Petitioner No. 2, whereby the majority control over the board as well as share capital shifted in the hands of Sh. Mulchand Trevadia family. In the light of these facts, it can be said that the affairs of Respondent Company were being carried out as a quasi partnership firm giving both the family groups right of participation in the business as was required in terms of their stake in the Respondent Company and the Petitioner group's representation by one person in the Board of 7 directors, after removal of Petitioner No. 1 as director, is disproportionate to historical understanding between two families as discernible from the facts of this case.

63. Having said so we are of considered view that on the removal of petitioner No. 1 as a director, if such removal was necessitated in the interest of Respondent Company, the Respondent Nos. 2 to 6 and 8 ought to have offered a Directorship to any other member of Sh. Gunvant Trevedia Family.

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64. The Petitioners also raised challenged the transfer of shares held by Petitioner No.2 and Mrs. Pushpa Trevadia in favour of certain Respondents during July-August 2021. According to the Petitioners, the impugned transfers were not voluntary transactions but formed part of a larger design conceived by Respondent Nos. 2, 4 and 5 to consolidate control over Respondent No.1 Company and marginalize the Petitioners. It is contended that the transfer was executed by exerting coercion and undue influence upon Petitioner No.1 and that the transfers were affected in complete disregard of the Articles of Association of the Company.
65. The Petitioners further submit that no notice of intention to transfer shares was issued as required under the Articles of Association and that the transfers were completed without following the procedure governing pre-emptive rights of existing shareholders. It is also contended that no independent valuation was undertaken and the consideration of Rs.128/- per share was arbitrarily determined.
66. The Respondents, on the other hand, submit that the transfers were completed voluntarily for valuable consideration and that the transferors received an aggregate amount of approximately Rs.9.56 Crores. The Respondents have pointed out that the consideration received under the transfers was reflected in the income tax returns of the transferors and that no contemporaneous protest was raised for more than one year after completion of the transaction. It is further submitted that the Petitioners have neither disputed receipt of consideration nor offered restitution thereof.
67. The first question that arises is whether the Petitioners have established coercion, undue influence or fraud perpetrated upon Petitioner No. 2 and wife of Petitioner No. 1 in relation to impugned transfer of shares.
68. The Hon'ble Supreme Court in the case of *Bishundeo Narain v. Seogeni Rai [1951 SCC 447]* held that “*Now if there is one rule which is better established than any other, it is that in cases of fraud, undue influence and coercion, the parties pleading it must set forth full particulars and the case can only be decided on the*

*particulars as laid. There can be no departure from them in evidence. General allegations are insufficient even to amount to an averment of fraud of which any court ought to take notice however strong the language in which they are couched may be, and the same applies to undue influence and coercion.” Accordingly, the allegations involving fraud, undue influence, coercion or misrepresentation must be pleaded with full particulars and cannot be founded upon vague, general or omnibus averments. Although the said decision arose in the context of a partition suit and not proceedings under Sections 241 and 242 of the Companies Act, 2013, the principles enunciated therein are of general application and equally govern all proceedings where fraud, coercion, undue influence or similar allegations are pleaded. The rationale underlying the said principle is that allegations of such a serious nature carry significant civil consequences and, therefore, the party making such allegations must clearly plead the material facts, particulars and circumstances constituting the alleged fraud, coercion or undue influence. Similar principles have been reiterated by the Hon'ble Supreme Court in **Sangramsinh P. Gaekwad v. Shantadevi P. Gaekwad AIR 2005 SUPREME COURT 809** wherein it was observed that: “It has to be borne in mind that when a complaint is made as regard violation of statutory or contractual right, the shareholder may initiate a proceeding in a civil court but a proceeding under [Section 397](#) of the Act would be maintainable only when an extraordinary situation is brought to the notice of the court keeping in view of the wide and far-reaching power of the court in relation to the affairs of the company. In this situation, it is necessary that the alleged illegality in the conduct of the majority shareholders is pleaded and proved with sufficient clarity and precision. If the pleadings and/ or the evidence adduced in the proceedings remains unsatisfactory to arrive at a definite conclusion of oppression or mis- management, the petition must be rejected.”*

69. The aforesaid observations assume considerable significance in the facts of the present case. Since the Petitioners seek to invalidate completed share transfers on allegations of coercion, undue influence and fraud, the burden

lies heavily upon them to establish such allegations through clear, cogent and specific pleadings supported by credible evidence.

70. In the present case, apart from general allegations that Respondent Nos.4 and 8 exercised pressure upon Petitioner No.1, no clear particulars have been furnished as to the exact nature of the coercion, the circumstances under which it was exercised, or the specific acts constituting undue influence. The transfer instruments stand executed. Consideration admittedly passed to the transferors. The transferors retained and utilized the consideration. The said consideration has also been reflected in their income tax records. No material has been produced demonstrating that the transferors ever sought rescission of the transaction immediately after its execution or when the transferor, in their opinion, came out of such undue influence or coercion. The impugned transfers were completed in July-August 2021. The present Petition came to be instituted only in October 2022. During this interregnum, no contemporaneous communication has been placed on record evidencing protest against the transfer. The conduct of the parties subsequent to a transaction often provides valuable evidence regarding its voluntariness. The prolonged silence maintained by the transferors assumes significance in the facts of the present case. The Petitioners have heavily relied upon the FIR subsequently lodged against certain Respondents. However, the record reveals that the investigating agency ultimately filed a C-Summary Report. Though the challenge to the closure proceedings may still be pending before the competent criminal court, the mere registration of an FIR cannot constitute proof of coercion or fraud. The Tribunal is required to independently evaluate the evidence placed before it. Nonetheless, the closure of such complaint is sub-judice before competent criminal court, which is empowered to order investigation in the said acts of undue influence or coercion and order necessary remedial actions in this relation.

71. The Petitioners have also sought to challenge the transfers on the ground of non-compliance with the Articles of Association. It is settled law that

restrictions on transferability of shares in a private company must be strictly complied with, however, the restrictions on transferability are provided in the Articles generally to safeguard transfer from the shareholders to third persons so as to protect the interest of the remaining shareholders in the company. In the present case, the transfer has, indubitably, taken place from one group to another group of shareholders. However, even assuming procedural irregularities in compliance with the Articles, such irregularities do not automatically establish coercion or undue influence.

72. More importantly, the present proceedings are primarily instituted under Sections 241 and 242 of the Act. The Respondents have contended that no proceedings under Section 59 have been instituted. We are unable to fully accept the Respondents' contention that absence of a petition under Section 59 completely bars consideration of the transfer. The powers conferred upon this Tribunal under Section 242 are of wide amplitude. If a transfer of shares forms an integral part of an oppressive scheme designed to prejudice a member, the Tribunal is not rendered powerless merely because a separate petition under Section 59 has not been filed.
73. Nevertheless, the exercise of such power presupposes proof of oppression or illegality. In the present case, the Petitioners have failed to establish that the impugned transfers were procured by fraud, coercion or undue influence. Equally, the evidence placed on record does not establish that the transfers were part of an oppressive scheme warranting interference under Sections 241 and 242. The Tribunal cannot invalidate completed share transfers merely on the basis of suspicion or conjecture. The burden cast upon the Petitioners has not been discharged. The Petitioners have failed to establish that the transfers of shares held by Petitioner No.2 and Mrs. Pushpa Trevadia were procured through coercion, undue influence, fraud or any oppressive conduct warranting interference under Sections 241 and 242 of the Companies Act, 2013. Consequently, the relief seeking cancellation of the impugned transfers cannot be granted. It is clarified that our observation in relation to exercise of coercion or undue influence or perpetration of fraud

upon transferor(s) by transferee(s) shall not have a bearing on any other proceedings in relation to such allegation, as the observations, herein, are based on the facts before us.

74. The Petitioners have challenged the validity of the Board Meeting dated 23.09.2022 and the resolutions passed therein on the ground that the same were allegedly fabricated by the Respondents and that the signatures of Petitioner No.1 and Petitioner No.2 were procured on blank sheets through misrepresentation. In support of this contention, reliance has been placed upon the email dated 28.09.2022 issued by Cosmos Bank and the objections subsequently raised by the Petitioners through communications dated 30.09.2022 and 01.10.2022. Upon a careful consideration of the material on record, we are unable to accept the said contention.
75. The record reveals that a notice dated 15.09.2022 convening the Board Meeting scheduled for 23.09.2022 was duly issued and contained the agenda items proposed for consideration at the meeting. The Petitioners have admittedly acknowledged receipt of the said notice. The contention that no agenda was circulated prior to the meeting is, therefore, contrary to the documentary evidence available on record.
76. It is further evident that the Minutes and Board Resolutions dated 23.09.2022 bear the signatures of Petitioner No.1 and Petitioner No.2 along with the other directors of the Company. Significantly, the Petitioners do not dispute the authenticity of their signatures. Their case is confined to the allegation that such signatures were obtained on blank papers. However, a perusal of the minutes of meeting containing impugned resolutions demonstrates that the signatures of the directors, including the Petitioners, appear on pages containing substantive text and appear in a table printed on the last page against his name. No material has been placed on record to establish that the contents were subsequently inserted or altered after execution. It is trite that the minutes of a Board/Members Meeting constitute prima facie evidence of the proceedings conducted therein.

Unless cogent and convincing evidence is produced to establish fabrication, manipulation or fraud, such minutes cannot be lightly disregarded.

77. The email correspondence from Cosmos Bank merely indicates that two resolutions of the same date had been submitted to the Bank and that clarification was sought in relation thereto. By itself, such communication does not establish that the Board Meeting was fabricated or that the resolutions were not validly passed.
78. It is true that the Petitioners addressed letters dated 30.09.2022 and an email dated 01.10.2022 recording objections to certain resolutions. However, the mere fact that objections were raised after the meeting does not necessarily lead to the conclusion that the minutes of the meeting itself was fabricated, more so when the Respondent Group had majority control over the Board since inception. Significantly, even in their subsequent correspondence, the Petitioners did not dispute every item contained in the resolutions. Their objections were confined only to certain specific resolutions in relation to signatories for operation of bank accounts, increase in authorised capital and authority to represent before various authorities, which itself mitigates the allegation that the entire proceedings were fabricated.
79. The Petitioners have also sought to contend that Petitioner No.1 is not conversant with the English language and, therefore, did not fully comprehend the contents of the resolutions. This contention is equally unpersuasive. Petitioner No.2, who is the son of Petitioner No.1 and admittedly well versed in English, participated in the meeting and signed the resolutions. Furthermore, the record discloses that the subsequent objections, correspondence and communications relied upon by the Petitioners themselves were drafted and exchanged in English. In such circumstances, the plea of lack of understanding of the contents of the resolutions appears to be an afterthought and does not inspire confidence.
80. In the absence of any credible evidence establishing fabrication, interpolation or fraudulent insertion of resolutions, the challenge to the

validity of the Board Meeting and resolutions dated 23.09.2022 cannot be sustained.

81. It is also argued that Petitioner No.1 is the founder of the business and had remained associated with the Company for several decades and the removal of Petitioner No.1 from the Board of Directors during the pendency of the present proceedings is the culmination of a continuous scheme devised by the Respondents to exclude him from the affairs of the Company. According to the Petitioners, the removal is mala fide and is founded upon allegations which were either known to the Respondents for several years or are otherwise are fabricated and the timing of the removal citing those reasons itself demonstrate its oppressive character. The Respondents, on the other hand, contend that the removal was undertaken strictly in accordance with the procedure laid down in law. It is submitted that a notice dated 03.02.2025 was issued seeking removal of Petitioner No.1 as Director and that an Extraordinary General Meeting was convened on 18.02.2025 wherein the requisite majority resolved to remove him. The Respondents further contend that Petitioner No.1 had acted against the interests of the Company by engaging in unauthorized cash transactions, issuing acknowledgements on Company letterheads, exposing the Company to litigation, initiating hostile proceedings through family members, and creating obstacles in the affairs of the Company.
82. The first question is whether the removal violates Section 169 of the Companies Act. Section 169 recognizes the statutory right of shareholders to remove a director before expiry of his tenure by ordinary resolution. The provision embodies the principle of shareholder supremacy in matters concerning the composition of the Board. Unless the procedure prescribed by law is violated, Courts and Tribunals ordinarily should not interfere with the collective decision of shareholders. The record demonstrates that notice of the proposed resolution was issued.
83. The Petitioners have challenged the validity of the EGM dated 18.02.2025 on the ground that clear twenty-one days' notice, as required under Section

101(1) of the Companies Act, 2013, was not provided. The contention is devoid of merit. By virtue of the MCA Notification dated 05.06.2015 granting exemptions to private companies, Sections 101 to 107 and 109 apply only to the extent the Articles of Association do not provide otherwise. In the present case, Article 89 expressly excludes the applicability of Sections 101 to 109, while Article 42(iii) of Articles of Association provides that a General Meeting may be convened by giving not less than clear three days' notice. Therefore, the notice of three clear days sufficed. Since the Petitioners have failed to establish any violation of the notice period prescribed under the Articles of Association, the challenge to the EGM on the ground of inadequate notice is rejected. The challenge of the Petitioners is therefore essentially directed against the merits of the decision rather than its legality.

84. In *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd AIR ONLINE 2021 SC 179*, the Hon'ble Supreme Court held that, *"In fact the real reason why the complainant companies thought fit, quite tactfully, not to press for the reinstatement of CPM is that the mere termination of Directorship cannot be projected as something that would trigger the just and equitable clause for winding up or to grant relief under Sections 241 and 242. A useful reference can be made in this regard to the decision of this Court in Hanuman Prasad Bagri & Ors. vs. Bagress Cereals Pvt. Ltd."* Thus, it can be understood from above that removal from directorship, by itself, does not constitute oppression unless it forms part of conduct which is oppressive or prejudicial to the interests of either company or its members. The Court further observed that loss of directorship cannot automatically be equated with loss of proprietary rights as a shareholder.
85. In the present case, we have held that Respondent No.1 Company is a quasi-partnership conferring an indefeasible right of participation in management in both the family groups. Though, the Petitioners cannot rely upon the doctrine of legitimate expectation to claim permanent directorship, however, the conduct of the Petitioner No. 1 causing prejudice to the interest of its company and its members cannot justify assertion of such right

even on the ground of quasi-partnership principle. It is noted that several allegations relied upon by the Respondents pertain to events predating the removal. It is also noted that the parties have levelled serious allegations and counter-allegations against each other. However, the Tribunal cannot sit in appeal over the commercial wisdom of Management decision unless these decisions are shown to be perverse or arbitrary. The shareholders, acting through the statutory mechanism prescribed under Section 169, have expressed their lack of confidence in Petitioner No.1 continuing as Director. In absence of procedural illegality, fraud or proven oppression, this Tribunal cannot compel the majority shareholders to retain a director in whom they no longer repose confidence. It is not that the Petitioner group has completely been ousted from the Board of Respondent Company, as petitioner no. 2, his son, continues to remain in the Board. We therefore find no justification to interfere with the resolution dated 18.02.2025.

86. Therefore, we are of the considered opinion that the removal of Petitioner No.1 from the office of Director was affected in accordance with Section 169 of the Companies Act, 2013 and does not constitute oppression warranting interference under Sections 241 and 242. The prayer for reinstatement of Petitioner No.1 as Director is accordingly rejected. Consequently, IA No.197 of 2025 seeking reinstatement of Petitioner No.1 as Director is rejected. However, the Petitioner Group's right to have proportional representation in the Board in consistent with the historical understanding discernible from the facts of the case, we are of considered view that Respondent Family Group ought to allow another nominee from Petitioner Group on the Board of the Respondent Company to represent their group.
87. The Petitioners have also challenged the decision of the Board of Directors dated 17.02.2023 whereby the unsubscribed portion of the Rights Issue, consequent upon Respondent No.7 not exercising his entitlement, was allotted exclusively to Respondent Nos.2, 4 and 5, despite Petitioner No.1 having expressly communicated his willingness to subscribe thereto.

88. The Respondents have sought to justify the allotment by placing reliance upon Section 62(1)(a)(iii) of the Companies Act, 2013, which permits the Board to dispose of shares not accepted under a rights issue "*in a manner which is not disadvantageous to the shareholders and the company.*"
89. There can be no quarrel with the proposition that Section 62(1)(a)(iii) vests discretion in the Board regarding disposal of unsubscribed shares. However, such discretion is not absolute or unfettered. The Board acts in a fiduciary capacity and is required to exercise its powers bona fide, for a proper purpose and in the best interests of the Company as a whole. The Hon'ble Supreme Court in *Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holding Ltd. (1981) 3 SCC 333* held that although directors possess power to allot shares, such power must be exercised bona fide in the interests of the Company. Likewise, in *Dale and Carrington Investment (P) Ltd. v. P.K. Prathapan (2005) 1 SCC 212*, the Hon'ble Supreme Court held that directors occupy a fiduciary position and any exercise of power relating to allotment of shares for a collateral purpose or to alter the balance of control would be liable to be set aside.
90. The crucial question therefore is whether the refusal to allot the unsubscribed shares to Petitioner No.1 was based upon any legitimate commercial consideration concerning the interests of the Company or whether it was motivated by extraneous considerations. The Minutes of the Board Meeting dated 17.02.2023 assume considerable significance. The Minutes expressly record that Petitioner No.1 had, by letters dated 09.12.2022 and 18.12.2022, communicated his intention to subscribe to the entire unsubscribed portion of the Rights Issue. Therefore, there is no dispute that Petitioner No.1 was ready, willing and financially capable of subscribing to such shares. The Minutes further reveal the reasons furnished by the majority directors for denying allotment to Petitioner No.1. The reasons recorded are that:(i) Petitioner No.1 had initiated proceedings before the NCLT; (ii) he had allegedly breached fiduciary duties; (iii) he had misused company letterheads; (iv) he had allegedly created hindrances in

the functioning of the Company by various acts including issuing public notice stating not to transact with the other directors/company and filing various complaints with ROC, Bank, Buyers of the Assets of company as well as filed several Criminal complaints.

91. Significantly, none of the aforesaid reasons bear any nexus to the financial requirements of the Rights Issue, the valuation of shares, the availability of funds with the proposed allottee, or any commercial necessity of the Company. On the contrary, the reasons are intrinsically connected with the conduct of the Petitioner no. 1 as director of the Respondent Company. The duties of a person as director cannot come in way of such director to assert his legitimate rights as shareholders. The Board, in effect, declined allotment to Petitioner No.1 because he had asserted his legal rights requiring allotment in his favour out of unsubscribed portion of right issue.
92. While the allegations forming reasons for rejection of Petitioner No. 1's request for allotment of shares in unsubscribed portion may be relevant for the shareholders to consider while determining whether Petitioner No.1 should continue as a director of the Company or hold any managerial position therein, the same cannot furnish a valid basis for denying him rights and opportunities which are otherwise statutorily available to him in his capacity as a shareholder. The directors cannot, under the guise of such allegations, deprive a minority shareholder of rights, which the law otherwise permits him to avail.
93. Such an exercise of power cannot be sustained in law. A shareholder cannot be penalized for approaching a judicial forum and invoking remedies expressly conferred by statute. The right to seek relief under Sections 241 and 242 of the Companies Act is a substantive statutory right. If the majority shareholders are permitted to deny corporate rights and opportunities to a minority shareholder merely because such shareholder has initiated legal proceedings against them, the very object underlying the oppression and mismanagement provisions would stand defeated.

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94. Acceptance of the Respondents' contention would imply that once a minority shareholder questions the conduct of the majority or seeks redressal before a judicial forum, the majority would be at liberty to further diminish such shareholder's position by excluding him from participation in the affairs of the Company. Such a proposition would strike at the very foundation of minority protection jurisprudence and would amount to permitting the majority to perpetuate the very oppression which the statute seeks to prevent. The power conferred by Section 62(1)(a)(iii) is intended to facilitate raising of capital and protect shareholder's interests on equitable considerations. The Board proceeded solely on the basis of allegations against Petitioner No.1 in relation to his conduct as director. A Board of Directors cannot prejudge allegations without conclusive adjudication in relation thereto and use such allegations as a basis for depriving a shareholder of his legitimate right.
95. The Tribunal further notes that Respondent No.7's unsubscribed entitlement was distributed only amongst members belonging to the majority faction. The practical consequence of such allotment was the strengthening of the majority group's position and an allotment undertaken with the dominant purpose of excluding a dissenting shareholder from participation and consolidating majority control would clearly attract the jurisdiction of this Tribunal under Sections 241 and 242 of the Act. The principles laid down in *Needle Industries* make it abundantly clear that directors may not exercise allotment powers for collateral purposes. The facts of the present case indicate that the dominant consideration was not the welfare of the Company but the desire to deny additional shares to Petitioner No.1, which the Petitioner was otherwise entitled to on equitable basis, because of the disputes existing between the parties. Such conduct lacks the standards of fairness, probity and fair dealing expected in the management of a closely held family company.
96. The Petitioners have also alleged receipt of illegal gains from selling Asmita to the tune of 5 cr, it is noted that the Petitioner No. 1 had consented to such

sale, even though such consent of Petitioner No. 1 is now stated to be provided for settling disputes. There is no evidence that the said money was actually received by the Respondents from Razi Khan. As regards allegation of buying expensive cars and personal foreign trips on account of company, these issues are matter of record and the Statutory Auditor is directed to look into the same in their report. If the Statutory Auditor finds these expenses personal in nature, the same shall be recoverable from the concerned person, who shall pay it within 15 days from the date of Auditor's report in this relation.

97. As regards allegation of withdrawal of excess cash from the company bank account by respondents, it is noted that the withdrawal of the cash is accounted for in the cash books of the company, hence, there can be no case of siphoning or embezzlement on this account. Needless to say, the Petitioners as well as Respondents, who so ever, hold cash of the company shall deposit the same within 15 days in the bank account, and the company shall not hold cash in excess of an amount equivalent to monthly average of cash expenditure.
98. As regards allegation of competing business, we do not find any bar on the family to engage in the competing business. However, the Respondent Company, while claiming to own the trademark/tradename 'Juliet' must protect usage of such trademark/tradename by any concern of the Respondent, and for this purpose, the Board of Respondent Company shall charge arm's length consideration for allowing the usage of trademark/tradename "Juliet" in the trademark/tradename SENORA BY JULIET by concerned Respondent. In case, the resources of the Respondent Company are being used by 'Styelo', be it its leased premises, the Respondent Company shall charge arm's length consideration for allowing such usage.
99. As noted above, the Company's share capital is owned by two rival family groups, namely the Petitioners' faction and the Respondents' faction, while Respondent No. 7, original from Petitioners family remain neutral. The relationship between the parties has completely broken down, resulting in loss of mutual trust and confidence. Numerous allegations and counter-allegations have been made by both sides against each other, including

allegations of oppression, mismanagement, siphoning of funds, breach of fiduciary duties, misuse of company resources and other acts prejudicial to the interests of the Company. The parties have also initiated multiple litigations and criminal proceedings against each other before various forums, which clearly demonstrates the deep-rooted disputes and strained relations between them. However, at the same time, the Company continues to be a running concern and an order of winding up would seriously prejudice the interests of the Company, its shareholders, employees and other stakeholders. Therefore, while the facts justify equitable intervention by this Tribunal, the extreme remedy of winding up is neither necessary nor desirable.

100. In view of the foregoing discussion and findings recorded hereinabove, this Tribunal is satisfied that certain acts complained of by the Petitioners constitute oppression and prejudice to the rights of the Petitioners and are liable to be remedied in exercise of powers under Sections 241 and 242 of the Companies Act, 2013.

101. Insofar as the prayer seeking a direction that Petitioner No.1 be made a mandatory signatory to all bank transactions of the Company is concerned, the same cannot be granted. It is an admitted position that Petitioner No.1 stands removed from the office of Director pursuant to the resolution passed in the Extraordinary General Meeting held on 18.02.2025. Once Petitioner No.1 is no longer a director of the Company, this Tribunal cannot direct that he be vested with operational powers relating to the management of the Company's bank accounts. However, the Petitioner No.2 continues to be a Director of the Company, and the Board Resolution dated 23.09.2022 specifically confers the authority to operate the bank accounts upon certain identified directors. The Petitioners themselves were parties to the said resolution and have admittedly signed the same. As already held hereinabove, the challenge to the validity of the said Board Resolution has not been substantiated. In such circumstances, no direction can be issued by this Tribunal requiring that Petitioner No.2 be made a mandatory signatory

to the Company's bank accounts. At the same time, Petitioner No.1 continues to be a substantial shareholder of the Company and is entitled to exercise all rights available to a shareholder under law. Further, Petitioner No. 2 is representing Petitioners group and one more nominee from Petitioners group has been allowed to be appointed, accordingly, the Petitioners are competent to deal with any grievance regarding any particular transaction, diversion of funds, misuse of assets or any act prejudicial to the interests of the Company in accordance with law.

102. Before parting with the matter, it is necessary to clarify that this Tribunal has not returned any finding on the merits of the rival contentions concerning the alleged investments made by certain unsecured creditors in the Company. The Petitioners contend that such amounts were advanced to and utilized for the benefit of the Company, whereas the Respondents assert that the same constituted personal borrowings of Petitioner No.1 and were never valid liabilities of the Company. These disputed questions involve examination of evidence and rights of third parties who are not before this Tribunal in the present proceedings. Accordingly, no conclusive finding is being rendered on the existence, nature, validity or enforceability of such alleged debts. Equally, the Company, Petitioner No.1 or any other person against whom such claims are asserted shall be at liberty to raise all available defences. Any proceedings initiated for recovery, enforcement or adjudication of such alleged debts shall be decided independently on their own merits and without being influenced by any observations contained in the present order.

103. Accordingly, **Company Petition No. 269 of 2022 is partly allowed** in terms of the findings recorded hereinabove and the following directions are issued:

- a. The Petitioners shall be entitled to nominate one person from their group, except Petitioner No. 1, on the board of the Company, and the Respondents shall do necessary filings with the MCA in this relation.
- b. The Respondent Company shall allot shares to Petitioner No. 1 on pro-rata basis i.e. the ratio Petitioner No. 1's shareholding bears to the total

number of shares held by Petitioner No. 1 and allottee(s) of such unsubscribed right shares. The number of shares so allotted to Petitioner No. 1 shall be reduced from the allotment made to existing allottee(s) of such unsubscribed right shares in proportion of their pre-allotment shareholding. Consequently, the amount paid by Petitioner No. 1 towards such allotment shall be refunded back to the existing allottee(s) in proportion of reduction from their allotment of unsubscribed portion.

- c. The Respondent Company shall allow inspection of statutory records and books of accounts to the Petitioners as well as any director from their group to the extent and in the manner as is mandated under Companies Act, 2013 on requisition.
- d. If the Statutory Auditor finds alleged expenses personal in nature, the same shall be recoverable from the concerned person, who shall pay it within 15 days from the date of Auditor's report in this relation.
- e. The Petitioners as well as Respondents, who so ever, hold cash of the company shall deposit the same within 15 days in the bank account, and the Respondent company shall not hold cash in excess of an amount equivalent to monthly average of cash expenditure.
- f. The Board of Respondent Company shall charge arm's length consideration for allowing the usage of trademark/tradename "Juliet" in the trademark/tradename by 'Senora by Juliet' or the resources of the Respondent Company by 'Styelo', be it its leased premises.
- g. The Respondents shall provide exit to the Petitioners, if they express their willingness to exit the company.

104. In terms of above, CP 269 of 2022 is disposed of. In view of the disposal of the main Company Petition, **Company Application No. 13 of 2024** seeking interim and ancillary reliefs does not survive for consideration and is accordingly disposed of. Likewise, **IA (Companies Act) No. 197(MB)/2025**, seeking reinstatement of Petitioner No. 1 as Director of Respondent No. 1 Company, stands disposed of in terms of and subject to

the findings recorded in this Judgment. Further, **IA (Companies Act) No. 41(MB)/2026**, filed by the Respondents seeking exclusion of the Rejoinder Affidavit from consideration, also stands disposed of in view of the final adjudication of the Company Petition. All pending interlocutory applications, if any, shall also stand disposed of.

105. There shall be no order as to costs.

106. The Registry is directed to communicate a copy of this Order to the parties.

Sd/-

Prabhat Kumar

Member (Technical)

Vijay Andhale

Sd/-

Sushil Mahadeorao Kochey

Member (Judicial)