

The background of the slide is a light gray gradient, decorated with numerous realistic water droplets of various sizes. Some droplets are at the top left, some are scattered in the middle, and a larger cluster is on the right side. The droplets have highlights and shadows, giving them a three-dimensional appearance.

LANDMARK JUDGEMENTS IN OPPRESSION & MISMANAGEMENT

BY

ASHISH O. LALPURIA

PRACTISING COMPANY SECRETARY



PREVENTION OF OPPRESSION AND MISMANAGEMENT

SECTION 241 TO 246 OF THE COMPANIES ACT, 2013 (CORRESPONDS TO SECTION
397, 398, 401 TO 404 OF THE COMPANIES ACT, 1956)

PROVISIONS UNDER COMPANIES ACT, 2013

APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL (“NCLT”):-

ANY **MEMBER** OF THE COMPANY CAN FILE AN APPLICATION UNDER SECTION 241 WITH NATIONAL COMPANY LAW TRIBUNAL IF:

- THE AFFAIRS OF THE COMPANY **HAVE BEEN OR ARE BEING** CONDUCTED IN A MANNER PREJUDICIAL TO PUBLIC INTEREST **OR** IN A MANNER PREJUDICIAL **OR** OPPRESSIVE TO HIM **OR** ANY OTHER MEMBER **OR** MEMBERS **OR** IN A MANNER PREJUDICIAL TO THE INTERESTS OF THE COMPANY; **OR**
- THE COMPANY WILL BE CONDUCTED IN A MANNER PREJUDICIAL TO ITS INTERESTS **OR** ITS MEMBERS **OR** ANY CLASS OF MEMBERS, MAY APPLY TO THE TRIBUNAL , PROVIDED SUCH MEMBER HAS A RIGHT TO APPLY UNDER SECTION 244 THE MATERIAL CHANGE, NOT BEING A CHANGE BROUGHT ABOUT BY, **OR** IN THE INTERESTS OF, ANY CREDITORS, INCLUDING DEBENTURE HOLDERS OR ANY

CLASS OF SHAREHOLDERS OF THE COMPANY, HAS TAKEN PLACE IN THE MANAGEMENT OR CONTROL OF THE COMPANY, WHETHER BY AN ALTERATION IN THE BOARD OF DIRECTORS , OR MANAGER, OR IN THE OWNERSHIP OF THE COMPANY'S SHARES , OR IF IT HAS NO SHARE CAPITAL, IN ITS MEMBERSHIP, OR IN ANY OTHER MANNER WHATSOEVER, AND THAT BY REASON OF SUCH CHANGE, IT IS LIKELY THAT THE AFFAIRS OF THE COMPANY WILL BE CONDUCTED IN A MANNER PREJUDICIAL TO ITS INTERESTS OR ITS MEMBERS OR ANY CLASS OF MEMBERS, MAY APPLY TO THE TRIBUNAL.

Section of the Companies Act, 2013	Section of the Companies Act, 1956	Particulars
Section 241	Section 397, 398 and 401 to 404	Application to Tribunal for Relief in Cases of Oppression, etc.
Section 242	Section 402	Powers of the Tribunal
Section 243	Section 404	Consequences of termination or modification of certain agreements
Section 244	Section 399	Right to apply u/s 241 of the Companies Act, 2013 and Section 397 and 398 of the Companies Act, 1956
Section 245	NA	Class Action
Section 247	Section 406	Application of certain provisions to proceedings under section 241 to Section 245

THE TERMS 'OPPRESSION' AND 'MISMANAGEMENT' ARE NOT DEFINED UNDER THE COMPANIES ACT

- THE INITIAL DEFINITION OF THIS PRINCIPLE CAME TO FORM THE CASE OF ELDER V. ELDER & WATSON AND THE SUPREME COURT OF INDIA IN THE CASE OF RAJAHMUNDARY ELECTRIC COMPANY V. NAGESHWARA RAO HAS ALSO HELD TERM "OPPRESSION" AS LACK OF PROBITY AND FAIR DEALING IN THE AFFAIRS OF THE COMPANY TO THE PREJUDICE OF SOME PORTION OF ITS MEMBERS.
- "OPPRESSION" MAY TAKE DIFFERENT FORMS AND NEED NOT NECESSARILY BE FOR OBTAINING PECUNIARY BENEFIT. IT MAY BE DUE TO A DESIRE TO OBTAIN POWER AND CONTROL, OR BE MERELY VINDICTIVE. [IN RE, H.R. HARMER LTD., (1958) 3 ALL ER 689: (1959) 29 COM CASES 305 (CA)]
- A RESOLUTION PREJUDICING THE INTERESTS OF THE COMPANY OR ITS SHAREHOLDERS GENERALLY IS ALSO OPPRESSIVE. [A.M. VARKEY V. J.R. MOTISHAW, AIR 1964]

What can be Oppression and Mismanagement

- Oppressive manner in conducting the affairs
- Acts of omission or commission
- Usurpation of office of Director
- Majority undermining the minority by exercising their rights
- Commercial Misjudgement (not oppressive generally)
- Illegal Acts, invalid or Illegal Acts
- Diverting of company funds
- Private agreements for investments in order to divert funds or for changing the shareholding
- Clandestine Loans to Directors

What can be Oppressive and Mismanagement

- Secret profits
- Issue of further capital and impropriety in Rights Issue
- Ousting from management
- Payment of excessive remuneration to Directors or relative of directors
- Refusal to accept transfer of shares
- Breach of any shareholders agreement
- Non cooperation by the majority members
- Oppression of Majority by Minority (though holding the Board)

COMPARISON OF THE COMPANIES ACT, 1956 & THE COMPANIES ACT, 2013

Companies Act, 1956	Companies Act, 2013
The CLB was empowered to grant relief against oppression and mismanagement.	The 2013 Act has transferred these functions to NCLT & NCLAT.
The remedies available under 1956 Act were only restricted to acts which were continuing in nature.	The 2013 Act covers continuing acts and the acts which have been concluded in its ambit.
The Central Government had the power to waive the threshold requirement for filing an application alleging oppression and mismanagement.	This power has now been given to the Tribunal to decide the same.
No provision of Class Action under 1956 Act	The 2013 Act introduced the provision of Class Action that can be filed by members or depositors before the NCLT. (Section 245).
The powers of the CLB on application under Section 397 or 398 and Section 404 were limited.	The 2013 Act provided wide powers to the NCLT including restriction on transfer/allotment, recovery of undue gains, initiation of class action, serious rigors against the directors, auditors and any other experts or advisors for any fraudulent/ unlawful/ wrongful/ act, etc.,



LANDMARK JUDGEMENTS ON OPPRESSION & MISMANAGEMENT



**CYRUS INVESTMENTS PRIVATE LIMITED &
ANR.
VS.
TATA SONS LIMITED & ORS.**

FACTS OF THE CASE

- **THE 'TATA TRUSTS' AND 'TATA GROUP COMPANIES' ALONG WITH 'TATA FAMILY MEMBERS' COLLECTIVELY HELD OVER 81% OF TOTAL SHAREHOLDING WHILE THE 'SP GROUP' HOLDS OVER 18% OF THE EQUITY SHARE CAPITAL OF 'TATA SONS LIMITED'.**
- **CYRUS MISTRY WAS FIRST APPOINTED AS THE 'EXECUTIVE DEPUTY CHAIRMAN' IN TATA SONS LIMITED (TSL) ON 16TH MARCH 2012, WITH SUBSTANTIAL POWERS OF MANAGEMENT FOR A PERIOD OF 5 YEARS WITH EFFECT FROM 1ST APRIL, 2012 TO 31ST MARCH, 2017**
- **MR. CYRUS MISTRY WAS APPOINTED AS THE EXECUTIVE CHAIRMAN OF THE FIRM BY THE BOARD OF DIRECTORS IN ITS MEETING HELD ON 18TH DECEMBER, 2012, W.E.F. 29TH DECEMBER, 2012, WHILE MR. RATAN TATA HAD THE POSITION OF CHAIRMAN EMERITUS.**

- **Mr. Cyrus Pallonji Mistry was removed as 'Executive Chairman' from the 'Tata Sons Limited vide resolution passed by the Board of Directors' of the 'Tata Sons Limited dated 24th October, 2016.**
- **Upon removal of the Mr. Cyrus Pallonji Mistry from the post of 'Executive Chairman', the Cyrus Investments Private Limited' and 'Sterling Investment Corporation Pvt. Ltd.', the minority group of shareholders/ 'Shapoorji Pallonji Group' ("SP Group" for short) moved an application under Sections 241-242 of the Companies Act, 2013 alleging prejudicial and oppressional acts of the majority shareholders (Tata Groups) to the Hon'ble NCLT.**
- **the 'Cyrus Investments Private Limited & Anr.' also filed an Application for waiver under Section 244 of the Companies Act, 2013.**

NCLT VERDICT

- **THE HON'BLE NCLT HAD DISMISSED THE PETITION FILED BY MR. CYRUS MISTRY ON GROUND OF THE MAINTAINABILITY CITING THEY DIDN'T MEET THE CRITERIA 10 PER CENT OWNERSHIP IN A COMPANY FOR THE FILING OF A CASE OF ALLEGED OPPRESSION OF MINORITY SHAREHOLDERS UNDER THE COMPANIES ACT.**
- **NCLT MUMBAI ALSO REJECTED THE PLEA BY THE TWO INVESTMENT FIRMS SEEKING WAIVER IN THE CRITERIA OF HAVING AT LEAST 10 PER CENT OWNERSHIP IN A COMPANY FOR FILING CASE OF ALLEGED OPPRESSION OF MINORITY SHAREHOLDERS.**
- **NCLT FURTHER OBSERVED THAT REMOVAL OF CYRUS AS THE EXECUTIVE CHAIRMAN CANNOT BE PROJECTED AS OPPRESSION OF MINORITY SHAREHOLDERS.**
- ***THE MISTRY FAMILY OWNS 18.4 PER CENT STAKE IN THE CLOSELY-HELD TATA SONS BUT THE HOLDING IS LESS THAN 3 PER CENT IF PREFERENCE SHARES ARE EXCLUDED.***

NCLAT VERDICT

- **Cyrus Investments Pvt. Ltd. filed an appeal to the NCLAT against Order passed by NCLT.**
- **NCLAT held that the removal and other actions taken against Mr. Cyrus Pallonji Mistry is declared illegal and is set aside.**
- **Mr. Cyrus Pallonji Mistry is restored to his original position as Executive Chairman of 'Tata Sons Limited' and consequently as Director of the 'Tata Companies' for rest of the tenure. As a sequel thereto, the person who has been appointed as 'Executive Chairman' in place of Mr. Cyrus Pallonji Mistry, his consequential appointment is declared illegal.**
- **Mr. Ratan N. Tata (2nd Respondent) and the nominee of the 'Tata Trusts' shall desist from taking any decision in advance which requires majority decision of the Board of Directors or in the Annual General Meeting.**

- The decision of the Registrar of Companies changing the Company ('Tata Sons Limited') from 'Public Company' to 'Private Company' is declared illegal and set aside.
- NCLAT also directed the majority shareholders, i.e., Tata Group, to consult the minority shareholder SP Group for all future appointments of Executive Chairman or Directors.

[NCLAT Judgement - TATA Sons - 18-12-2019.pdf](#)

SUPREME COURT VERDICT

- ON MARCH 26, 2021, THE SUPREME COURT ISSUED ITS DECISION IN THE TATA-CYRUS MISTRY CASE. THE HON'BLE SUPREME COURT REVERSED THE ORDER OF HON'BLE NCLAT AND THE VERDICT CAME DOWN IN FAVOUR OF THE TATA GROUP.
- ALL ACCUSATIONS OF OPPRESSION AND MISMANAGEMENT LEVELLED AGAINST TATA SONS LIMITED BY CYRUS MISTRY WERE REJECTED BY THE BENCH.

[SUPREME COURT JUDGEMENT - TATA 26-MAR-2021.PDF](#)

PANKAJ OSWAL VS. ARUNA OSWAL & ORS.

**(MAINTAINABILITY OF THE OF THE PETITION WHEN THE PARTITION SUIT IS PENDING TO
DETERMINE THE OWNERSHIP OF THE SHARES)**

FACTS OF THE CASE

- **LATE MR. ABHEY KUMAR OSWAL WAS HOLDING 5,35,30,960 SHARES IN 'M/S. OSWAL AGRO MILLS LIMITED'.**
- **LATE MR. ABHEY KUMAR OSWAL, ON OR ABOUT 18TH JUNE, 2015 FILED A NOMINATION IN TERMS OF SECTION 72 OF THE COMPANIES ACT, 2013 IN FAVOUR OF HIS MRS. ARUNA OSWAL.**
- **MR. PANKAJ OSWAL SON OF LATE MR. ABHAY KUMAR OSWAL FILED A PARTITION SUIT IN FEBRUARY, 2017 BEFORE THE HON'BLE DELHI HIGH COURT CLAIMING TO BE ENTITLED TO 1/4TH OF THE ESTATE OF LATE MR. ABHEY KUMAR OSWAL AND ALSO CLAIMED THAT PART OF THE ESTATE COMPRISED OF THE SAID 5,35,30,960 SHARES.**
- **THE ABOVE SAID SUIT WAS STILL PENDING DURING THE NCLAT PROCEEDINGS.**

- **MR. PANKAJ OSWAL ALSO HAD FILED PETITION U/S 241 AND 242 OF THE COMPANIES ACT, 2013.**
- **AT THE TIME OF INSTITUTION OF THE SAID PROCEEDINGS BEFORE THE NCLT MR. PANKAJ OSWAL DID NOT HOLD 10% OF THE TOTAL ISSUED, PAID-UP AND SUBSCRIBED CAPITAL OF THE COMPANY IN HIS OWN NAME.**
- **HE DID NOT SEEK ANY WAIVER IN TERMS OF SECTION 244 OF THE COMPANIES ACT, 2013 BUT CLAIMED THAT HE WAS ENTITLED TO MORE THAN 10% OF THE CAPITAL OF THE COMPANY ON THE BASIS THAT HE WAS ONE OF THE FOUR HEIRS ON INTESTACY OF LATE MR. ABHEY KUMAR OSWAL AND THUS WAS ENTITLED TO CLAIM 1/4TH OF 5,35,30,960 SHARES WHICH WERE REGISTERED IN THE NAME LATE MR. ABHEY KUMAR OSWAL AND ON THAT BASIS CLAIMED THAT HE HAD MORE THAN 10% OF THE SHAREHOLDING IN THE APPELLANT COMPANY.**

NCLT VERDICT

- **HON'BLE NCLT VIDE ITS ORDER DATED 13TH NOVEMBER, 2018 HELD MR. PANKAJ OSWAL AS LEGAL HEIR WAS ENTITLED TO ONE FOURTH SHARE OF THE PROPERTY/SHARES AND A PETITION FILED BY PANKAJ OSWAL ALLEGING "OPPRESSION AND MISMANAGEMENT" INTO THE AFFAIRS OF OSWAL AGRO MILLS LTD AT THE NCLT AS "MAINTAINABLE" UNDER THE COMPANIES ACT.**

AGGRIEVED BY THE SAID ORDER PASSED BY THE HON'BLE NCLT, ARUNA OSWAL, OSWAL AGRO MILLS LTD AND ITS ASSOCIATE FIRM OSWAL GREENTECH LTD MOVED THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL QUESTIONING THE MAINTAINABILITY OF PANKAJ OSWAL'S PLEA.

NCLAT VERDICT

- NCLAT VIDE ITS ORDER DATED 14TH NOVEMBER, 2019 DISMISSED THE APPEALS FILED BY MRS. ARUNA OSWAL, OSWAL AGRO MILLS LTD AND ITS ASSOCIATE FIRM OSWAL GREENTECH LTD.
- THE NCLAT HELD THAT WE FIND NO MERIT IN THESE APPEALS. THEY ARE ACCORDINGLY DISMISSED.
- THE NCLAT HELD THAT THE APPLICATION UNDER SECTIONS 241, 242 & 244 OF THE COMPANIES ACT, 2013 WAS MAINTAINABLE AT THE INSTANCE OF MR. PANKAJ OSWAL OTHERWISE ALSO, IN VIEW OF THE MATTER THAT HIS CLAIM RELATING TO THE SHARES OF LATE MR. ABHEY KUMAR OSWAL WHICH IS PENDING IN A SUIT BEFORE THE COURT OF COMPETENT JURISDICTION, WE HOLD THAT THIS IS A FIT CASE FOR WAIVER UNDER SUB-SECTION (4) OF SECTION 244 OF THE COMPANIES ACT, 2013 AND FOR THAT THE APPLICATION UNDER SECTIONS 241, 242 SHOULD BE HEARD ON MERIT.

[ARUNA OSWAL - NCLAT ORDER - 14-NOV-2019.PDF](#)

SUPREME COURT VERDICT

- **MRS. ARUNA OSWAL FILED AN APPEAL AGAINST THE JUDGMENT AND ORDER DATED 14.11.2019 PASSED BY THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL.**
- **THE HON'BLE SUPREME COURT ALLOWED THE APPEAL FILED BY MRS. ARUNA OSWAL.**
- **THE HON'BLE SUPREME COURT REFRAINED TO DECIDE THE QUESTION FINALLY IN THE PROCEEDINGS CONCERNING THE EFFECT OF NOMINATION, AS IT BEING A CIVIL DISPUTE, CANNOT BE DECIDED IN THE PROCEEDINGS AND THE DECISION MAY JEOPARDISE PARTIES' RIGHTS AND INTEREST IN THE CIVIL SUIT. WITH REGARD TO THE DISPUTE AS TO RIGHT, TITLE, AND INTEREST IN THE SECURITIES, THE FINDING OF THE CIVIL COURT IS GOING TO BE FINAL AND CONCLUSIVE AND BINDING ON PARTIES. THE DECISION OF SUCH A QUESTION HAS TO BE ESCHEWED IN INSTANT PROCEEDINGS.**

- **HON'BLE SUPREME COURT FURTHER HELD THAT**
 - **IT WOULD NOT BE APPROPRIATE, IN THE FACTS AND CIRCUMSTANCES OF THE CASE, TO GRANT A WAIVER TO MR. PANKAJ OSWAL OF THE REQUIREMENT UNDER THE PROVISIO TO [SECTION 244](#) OF THE ACT, AS ORDERED BY THE NCLAT.**
 - **IT PRIMA FACIE DOES NOT APPEAR TO BE A CASE OF OPPRESSION AND MISMANAGEMENT.**
 - **WE ARE OF THE OPINION THAT THE PROCEEDINGS BEFORE THE NCLT FILED UNDER [SECTIONS 241](#) AND [242](#) OF THE ACT SHOULD NOT BE ENTERTAINED BECAUSE OF THE PENDING CIVIL DISPUTE AND CONSIDERING THE MINUSCULE EXTENT OF HOLDING OF 0.03%.**

[SUPREME COURT ORDER - ARUNA OSWAL 06-JUL-2020.PDF](#)

➤ **WE DEEM IT APPROPRIATE TO DIRECT THE DROPPING OF THE PROCEEDINGS FILED BEFORE THE NCLT REGARDING OPPRESSION AND MISMANAGEMENT UNDER [SECTIONS 241](#) AND [242](#) OF THE ACT WITH THE LIBERTY TO FILE AFRESH, ON ALL THE QUESTIONS, IN CASE OF NECESSITY, IF THE SUIT IS DECREED IN FAVOUR OF PANKAJ OSWAL AND SHAREHOLDING OF PANKAJ OSWAL INCREASES TO THE EXTENT OF 10% REQUIRED UNDER SECTION 241 AND 242 OF THE COMPANIES ACT, 2013.**

THE HON'BLE SUPREME COURT HAD SET ASIDE THE ORDER PASSED BY THE NCLT AND NCLAT.

**DYNATRON SERVICES PRIVATE LIMITED VS.
YEOMAN MARINE SERVICES PVT. LTD & ORS
(POWER TO DECIDE MATTERS IN PRESENCE OF ARBITRATION
CLAUSE)**

FACTS OF THE CASE

- DYNATRON SERVICES PRIVATE LIMITED FILED COMPANY PETITION UNDER SECTION 241-244 R/W SECTION 246 OF COMPANIES ACT, 2013 AGAINST YEOMAN MARINE SERVICES PVT. LTD.', 'DHANANJAY MISHRA AND SEEMA DHANANJAY MISHRA.
- WHILE THE COMPANY PETITION WAS PENDING DETERMINATION, MR. DHANANJAY MISHRA FILED PETITION UNDER SECTION 11 OF THE ARBITRATION AND CONCILIATION ACT, 1996 BEFORE BOMBAY HIGH COURT PRAYING FOR APPOINTMENT OF SOLE ARBITRATOR TO DECIDE ALL CLAIMS, DISPUTES AND DIFFERENCES BETWEEN THE PARTIES.
- BOMBAY HIGH COURT APPOINTED SOLE ARBITRATOR WITH THE CONSENT OF BOTH THE PARTIES.
- DYNATRON SERVICES PRIVATE LIMITED HAD APPROACHED THE SOLE ARBITRATOR WITH APPLICATION UNDER SECTION 17 OF THE ARBITRATION AND CONCILIATION ACT, 1996 PRAYING FOR A DIRECTION TO THE APPELLANT TO APPOINT TWO NOMINEES OF DYNATRON SERVICES PRIVATE LIMITED AS DIRECTORS ON THE BOARD OF 'YEOMAN MARINE SERVICES PVT. LTD' AND RESTRAIN THE APPELLANT FROM ALIENATING, SELLING OR TRANSFERRING ANY OF ITS ASSETS.

- **THE CASE SET UP BY DHANANJAY MISHRA BEFORE THE TRIBUNAL FOR REFERRING THE DISPUTES BETWEEN THE PARTIES TO ARBITRATION UNDER SECTION 8 OF THE ARBITRATION AND CONCILIATION ACT, 1996 WAS THAT THE DISPUTES RAISED BY THE 'DYNATRON SERVICES PRIVATE LIMITED' IN COMPANY PETITION ARE THE DISPUTES WHICH ARE FINALLY TO BE SETTLED BY A SOLE ARBITRATOR.**

NCLT VERDICT

- **THE TRIBUNAL FOUND THAT THE GROUNDS URGED IN APPLICATION U/S 17 OF THE ARBITRATION AND CONCILIATION ACT AND THE ISSUES RAISED IN THE COMPANY PETITION ARE SEPARATE. THEREFORE APPLICATION UNDER SECTION 17 OF ARBITRATION AND CONCILIATION ACT, 1996 DOES NOT PRECLUDE THE DYNATRON SERVICES PRIVATE LIMITED' TO AGITATE ITS GRIEVANCE OF OPPRESSION AND MISMANAGEMENT IN THE PETITION.**
- **THE TRIBUNAL WAS FURTHER OF THE OPINION THAT THE RELIEFS SOUGHT IN THE COMPANY PETITION DID NOT ARISE OUT OF ANY CONTRACTUAL OBLIGATION AND THE ACTS COMPLAINED OF COULD NOT BE ADJUDICATED UPON BY THE SOLE ARBITRATOR.**
- **IT WAS FURTHER HELD THAT THE POWERS AVAILABLE TO NATIONAL COMPANY LAW TRIBUNAL TO ADJUDICATE UPON ISSUES OF OPPRESSION AND MISMANAGEMENT, FINANCIAL IRREGULARITIES, APPOINTMENT OF DIRECTORS, ETC. COULD NOT BE EXERCISED BY THE SOLE ARBITRATOR.**
- **THUS ALL CONTENTIONS RAISED BY MR. DHANAJAY MISHRA WERE REPELLED RESULTING IN DISMISSAL OF THE APPLICATION. THE COMPANY PETITION WAS HELD TO BE MAINTAINABLE.**

NCLAT VERDICT

- **AGGRIEVED BY THE ORDER PASSED BY THE NCLT MR. DHANANJAY MISHRA FILED AN APPEAL TO THE NCLAT.**
- **THE IMPUGNED ORDER, VIEWED IN THE LIGHT OF FOREGOING DISCUSSION, DOES NOT SUFFER FROM ANY LEGAL INFIRMITY AND DOES NOT CALL FOR INTERFERENCE. WE ARE OF THE CONSIDERED OPINION THAT THE TRIBUNAL HAS CORRECTLY DEALT WITH THE ISSUE AND THE FINDING IS LEGALLY JUSTIFIED AND SUSTAINABLE.**
- **THE APPEAL WAS ACCORDINGLY DISMISSED.**

[NCLAT ORDER - DHANANJAY MISHRA - 10.04.2019.PDF](#)

JUDGEMENTS PASSED BY NCLT/NCLAT/SUPREME COURT

- **DALE AND CARRINGTON INVESTMENT PVT. LTD. VS. P. K. PRATHAPAN**

- **IN THE PRESENT CASE WE ARE CONCERNED WITH THE PROPRIETY OF ISSUE OF ADDITIONAL SHARE CAPITAL BY THE MANAGING DIRECTOR IN HIS OWN FAVOUR. THE FACTS OF THE CASE DO NOT POSE ANY DIFFICULTY PARTICULARLY FOR THE REASON THAT THE MANAGING DIRECTOR HAS NEITHER PLACED ON RECORD ANYTHING TO JUSTIFY ISSUE OF FURTHER SHARE CAPITAL NOR IT HAS BEEN SHOWN THAT PROPER PROCEDURE WAS FOLLOWED IN ALLOTING THE ADDITIONAL SHARE CAPITAL. CONCLUSION IS INEVITABLE THAT NEITHER THE ALLOTMENT OF ADDITIONAL SHARES IN FAVOUR OF RAMANUJAM WAS BONAFIDE NOR IT WAS IN THE INTEREST OF THE COMPANY NOR A PROPER AND LEGAL PROCEDURE WAS FOLLOWED TO MAKE THE ALLOTMENT. THE MOTIVE FOR THE ALLOTMENT WAS MALAFIDE, THE ONLY MOTIVE BEING TO GAIN CONTROL OF THE COMPANY. THEREFORE, IN OUR VIEW, THE ENTIRE ALLOTMENT OF SHARES TO RAMANUJAM HAS TO BE SET ASIDE.**

SETTLEMENT UNDER OPPRESSION AND MISMANAGEMENT

- **ONE PARTY BUYING THE OTHER PARTY AFTER VALUATION**
- **OUTRIGHT SALE OF COMPANY TO ANY THIRD PARTY AND PROCEEDS TO BE APPROPRIATED AMONG MEMBERS**
- **BY TRANSFER OF PROPERTY/ASSETS TO MEMBER THROUGH REDUCTION OF SHARE CAPITAL**
- **AMICABLE SETTLEMENT**
- **BUYBACK ARRANGEMENT OR REDUCTION UNDER SECTION 66 OF THE COMPANIES ACT, 2013**
- **VOLUNTARY LIQUIDATION**

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Thank you!

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