

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

ITEM No.304  
CP/39(AHM)2022

**Under Section 212 & 213 of Co. Act, 2013**

**IN THE MATTER OF:**

Parth Merchant

V/s

Detox India Pvt Ltd & Ors

.....Applicant

.....Respondent

**Order delivered on: 08/12/2025**

**C O R A M:**

MR. SHAMMI KHAN, HON'BLE MEMBER (J)

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

**ORDER**  
**(Hybrid Mode)**

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

*Sd/-*

**SANJEEV SHARMA**  
**MEMBER (TECHNICAL)**

*Sd/-*

**SHAMMI KHAN**  
**MEMBER (JUDICIAL)**

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

**CP/39(AHM) 2022**

*(Petition under Section 212 and 213 of the Companies Act,  
2013)*

**In the Matter of:**

**Parth Merchant**

Having address at:

I-17-18-19, Road No.6(1A), GIDC  
Sachin, Surat-394230  
Gujarat, India

**.... Petitioner**

**VERSUS**

**1. Detox India Private Limited**

Having address at:

501, 5<sup>th</sup> Floor, Detox House  
H.No. 2/819 to 823, Hira Modi Ni Seri  
Ring Road, Sagrampura, Surat-395002

**2. Veolia India Private Limited**

Having address at:

A-15,4<sup>th</sup> Floor, Pratap Nagar, Mayur Vihar  
Phase-1, Delhi East- 110091 India

**3. Saurashtra Enviro Project Private Limited**

Having address at:

3<sup>rd</sup> Floor K.G. Chambers, Udhna Darwaja,  
Ring Road, Surat-395002 Gujarat

**4. Safe Enviro Private Limited**

Having address at:

501, 5<sup>th</sup> Floor, Detox House,  
H.No. 2/819 to 823, Hira Modi Ni Seri  
Ring Road Sagrampura, Surat-395002

**5. Chetan Chantrkantbhai Contractor**

Having address at:  
B-601, Omraj Residency, Vesu  
Surat-395007

**6. Hiral Parimal Desai**

Having address at:  
Flr-12-1203, Anupam Heights, Near Someshwar Enclave,  
UdhnaMagdalla Road, Vesu  
Surat-395007

**7. Guillaume Bertrand Marie Henri Dourdin**

Having address at:  
J-14, B.K. Dutt Colony, Lodhi Road,  
Delhi-110003

**8. Himanshu Goel**

Having address at:  
16053, Plot No. 17ATS, Advantage Ahinsakhand 1,  
Indirapuram, Ghaziabad, UP-201014

**9. Gurpreet Brar**

Having address at:  
49, Wisdom Road, Greenwich, NSW,  
Australia-2065

**10. Shakshi Mahendra Sharma**

Having address at:  
E320, Saidham Palace, Shilpa Park Society  
LH Road Surat-395006 Gujarat

**11. SRBC & CO LLP**

Having address at:  
21<sup>st</sup> Floor, B Wing, Privilon, Ambli BRT Road,  
Behind Iskcon Temple, Off SG Highway,  
Ahmedabad-380059, Gujarat

**12. JC PATEL & COMPANY**

Having address at:

90, LB Avenue, Opp Nairboy Colony,  
College Road, Nadiyad-387001

**13. CA Purvesh Choksi**

Having address at:

404, Sundaram Square, Nr. Hills Nursery,  
Darji Sheri, Surat-395003

**14. Mishal P. Mehta & Co.**

Having address at:

C-8, Padam-2, Near Handloom House,  
Nanpura, Surat Gujarat

**15. CS GovilRathi & Associates**

Having address at:

Floor, Akashganga Complex, Parimal Under Bridge,  
Near Suvidha Shopping Centre, Paldi,  
Ahmedabad-380007 Gujarat, India

**16. JKPA & Associate**

Having address at:

2014, Trade House, Ring Road,  
Surat-395002 Gujarat

**17. Registrar of Companies-Ahmedabad**

Having address at:

ROC Bhavan, opp Rupal Park Society,  
Behind Ankur Bus Stop, Naranpura,  
Ahmedabad-380013, Gujarat India

.... Respondents

**Order Pronounced On: 08.12.2025**

**C O R A M :**

**SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)**

**SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)**

## **APPEARANCE:**

For the Applicant : Mr. Dhiren Dave, Adv  
For the Respondents : Mr. Nipun Singhvi, Adv, a.w.  
: Mr. Mayur Jugtawat, Adv. &  
: Mr. Varun Lamb Adv for R-1 Company

## **ORDER** **(Per: Bench)**

1. This Company Petition bearing no. **CP/39(AHM) 2022** is filed on 29.09.2022 by Mr. Parth Merchant under Section 212 and 213 of the Companies Act, 2013 seeking the following reliefs:

### **A. Ad Interim Relief**

*This petition has all prima facie evidences of manipulations or records and filing of various forms against the law and in sheer violation of law and procedure and rules prescribed by the Ministry of Corporate Affairs. R-1 company has done all these violations and not paid penalty & fees of Crores of rupees to the central government and put the government to huge losses and all wrong doer respondents are likely to be punished for their wrong submissions, signing of documents and false certificates issued by them. In the interest of justice and with the sole purpose to expedite the justice it is necessary that with regard to all incidents stated in the Petition one preliminary report is required by the Registrar of Companies to assist Hon'ble Bench to do justice and dispose of the petition expeditiously.*

- i. R-17 Registrar of Companies is ordered to submit their primary findings regarding all alleged forms claimed to be filed wrongly and against the provisions of law.
- ii. Any other relief Hon. Bench may deem fit.

### **B. Final Relief**

- iii. Investigation in to the affairs of the R 1 company is ordered along with all other respondents involved in false certification and reports.

- iv. ROC to initiate action against the company and all those who have certified false forms filed with MCA.
- v. Impose costs
- vi. Any other relief this Bench May deem fit.

## **2. Facts of the Case:**

2.1. It is submitted that the Respondent No.1 Company, M/s Detox India Private Limited, is a private limited company incorporated on 02.04.2010, bearing CIN No. U90000GJ2010PTC060122, having its registered office at 501, 5th Floor, Detox House, H.No. 2/819 to 823, Hira Modi Ni Seri, Ring Road, Sagrampura, Surat - 395002, Gujarat, India. The Company was originally incorporated in the name and style of Ankleshwar Cleaner Process Technology Centre Ltd., and its name was subsequently changed to Detox India Private Limited w.e.f. 25.10.2018.

2.2. The authorised share capital of the Respondent No.1 Company is Rs. 1,000,000,000/- (Rupees One Hundred Crore only) divided into 10,00,00,000 equity shares of Rs.10/- each, and the paid-up share capital of the Company is Rs. 6,07,81,000/- (Rupees Six Crore Seven Lakhs Eighty-One Thousand Only) divided into 60,78,100 equity shares of Rs.10/- each. Copies of the

Master Data, Memorandum and Articles of Association along with the Certificate of Incorporation downloaded from the MCA Portal are annexed as **Annexure - A** (Colly).

- 2.3. That the Petitioner is a person having business association with the Respondent No.1 Company. The Petitioner has come across various documents and evidences which prima facie establish that the business of the company is being conducted with intent to defraud its creditors and/or for fraudulent and unlawful purposes.
- 2.4. That the particulars of Respondent No.1 have already been stated hereinabove and are not repeated for the sake of brevity.
- 2.5. That Respondent No.2 is the holding company of Respondent No.1, holding 70% of the shareholding of Respondent No.1 Company. Respondent No.2 acquired the said shares sometime in the year 2018, by way of purchase from Respondent No.3 at an exorbitant and unrealistic valuation, which gives rise to strong

suspicion of probable money laundering activities, warranting through investigation.

- 2.6. That Respondent No.3 is a company under the same management as that of Respondent No.1 and presently holds 30% of the shares of Respondent No.1. Prior to the alleged transfer of shares to Respondent No.2, Respondent No.3 was holding 100% equity shareholding in Respondent No.1 Company, which was obtained by way of irregular and illegal allotment of shares. The acquisition and transfer of such shares are tainted with serious irregularities, manipulation, and illegalities, which require investigation.
- 2.7. That Respondent No.4 is also a company under the same management as Respondent No.1 and has allegedly been used as a conduit for illegal diversion of funds to the extent of Rs. 20 crores from Respondent No.1 Company.
- 2.8. That Respondent No.5 is at the helm of the affairs of Respondent No.1 Company and its associated concerns. The entire conspiracy of manipulation of records has been designed and executed under his leadership,

making him liable for punishment under various provisions of the Companies Act, 2013, including Sections 447 and 448.

2.9. That Respondent No.6, a Chartered Accountant by profession and a Whole-Time Director of Respondent No.1 Company, acted as the mastermind in giving effect to the plans of Respondent No.5. He is the epicentre of the manipulation of the books of accounts and statutory records, through the creation of false and concocted entries with the sole intention of defrauding creditors. He is also liable for punishment under various provisions of the Companies Act, 2013, including Sections 447 and 448.

2.10. That Respondent Nos.7 to 9 are the Directors of the Company and, by virtue of their position, attract vicarious liability for approving and permitting false records of the Company and becoming part of the alleged conspiracy (Section 149(12)).

2.11. That Respondent No.10, being the Company Secretary of Respondent No.1 Company, had complete knowledge of the concocted records and is the first officer in default,

thereby rendering himself liable for punishment under Sections 447 and 448 of the Companies Act, 2013.

2.12. That Respondent No.11, being the Statutory Auditor of the Company appointed after the sale of shares to Respondent No.2 at an exorbitant valuation, remained silent on the various irregularities including manipulation of accounts, illegal loans, and unlawful diversion of funds to associate concerns.

2.13. That Respondent No.12, also a Statutory Auditor of Respondent No.1 Company, signed false financial statements without qualification and thereby actively aided in the manipulation of the books of accounts of the Company.

2.14. That Respondent No.13, a Practicing Chartered Accountant, signed false and frivolous statutory Forms including Form PAS-3, relating to illegal allotment and illegal reduction of shares of Respondent No.3, as well as forms relating to illegal appointment and retirement of Directors. By such acts, Respondent No.13 has actively assisted in the creation of false statutory records and non-compliances.

2.15. That Respondent No.14, a former Statutory Auditor of the Company for the financial year 2018-2019, failed to qualify his audit report despite the Company having violated Sections 185 and 186 of the Companies Act, 2013, and thereby facilitated the manipulation of accounts and records.

2.16. That Respondent No.15, being a Practicing Company Secretary, certified that the Company had not manipulated its books of accounts and statutory registers, while later admitting that inadvertent incorrect forms had been filed. By issuance of such certificate, he became a participant in the fraudulent acts and is liable under Sections 447 and 448 of the Companies Act, 2013.

2.17. That Respondent No.16, also a Practicing Company Secretary, admittedly certified false forms and issued a false Secretarial Audit Certificate, stating compliance of the provisions of law despite having knowledge of illegal reduction of share capital and illegal occupation of office by directors after cessation. Through such false

certification, he aided in creation of false and fabricated records.

2.18. That Respondent No.17 is the Registrar of Companies, having jurisdiction over the registered office of Respondent No.1 Company and is the public authority under the Ministry of Corporate Affairs under whose supervision and jurisdiction the investigation is required to be conducted.

2.19. It is submitted that this Hon'ble Tribunal has jurisdiction to entertain and adjudicate upon the present petition, as the registered office of Respondent No.1 Company is situated in the State of Gujarat, and thus falls within the territorial jurisdiction of the Hon'ble NCLT, Ahmedabad Bench.

2.20. It is submitted that the acts of manipulation and creation of fabricated and concocted records are continuous in nature. The evidences relating to such unlawful acts fall within the period of limitation. In any event, since the matter involves fraud and wilful non-compliance, as defined under Sections 447 and 448 of

the Companies Act, 2013, the law of limitation is not applicable to acts of fraud.

2.21. The R-1 Company was incorporated on 02.04.2010 in the name and style of M/s Ankleshwar Cleaner Process Technology Centre Ltd., by certain third parties, having address at Ankleshwar, as is evident from the Subscriber Page of the Memorandum and Articles of Association.

2.22. R-3 Company took over R-1 Company on 15.04.2014 by acquiring the entire share capital. The Particulars of Transfer of Shares, as attached with the Annual Return as on 30.09.2014, are annexed herewith as **Annexure-B**.

- R-3 purchased shares in 7 different folios, meaning that while shares were formally held jointly with family members of the Directors, the entire consideration was paid by R-3 Company.
- As per the Financial Statements of R-3 Company, it purchased 19,40,000 shares of R-1 Company during FY 2014-15 for a total consideration of Rs.

6,21,25,001/-, which equals approximately Rs. 32/- per share.

- R-5 and R-6 were Directors in both the Companies.
- Relevant financial extracts of R-3 and Balance Sheet / Profit & Loss Accounts of R-1 for March 2013 & March 2014 are annexed as **Annexure-C** (Colly.)

2.23. On 21.08.2015, R-1 Company issued 18,70,000 further shares at Rs. 10/- each to R-3 Company, resulting in the paid-up capital becoming 20,64,000 shares of Rs.10/- each.

This is highly suspicious and illegal because:

- The shares earlier purchased at Rs. 32/- per share were effectively now reduced to Rs.10/- per share.
- This reflects an arbitrary and unjustified dilution/distortion of share value.

2.24. During 2017-18, R-1 Company issued further shares to R-3 Company for consideration other than cash, without any valid agreement and without proper Board Resolution. The entire allotment process is based on

false, fabricated, and contradictory documents, as detailed below:

- Board Resolution 15.03.2018 for allotment of 7,02,786 shares. Not for consideration other than cash. Attached with return of Allotment is attached as **Annexure-D**.
- Board Resolution 02.04.2018 for allotment of 7,02,786 shares. Not for consideration other than cash. Attached with Return of Allotment is as **Annexure-E**.
- List of Allottee dated 02.04.2018 for allotment of 7,02,786 shares not for consideration other Cash attached with form PAS-3 as **Annexure-F**.
- Form PAS-3 for allotment of 7,02,786 shares for Consideration other than Cash. Contrary to Board Resolutions is attached as **Annexure-G**.

2.25. Both R-1 and R-3 were under common management and Directors and all adjustments were done through mere book entries, resulting in allotment of shares practically free of cost. This mandates thorough investigation.

As per PAS-3 filed on 09.04.2018, Paid-up Capital post allotment stands at:

45,12,786 shares of Rs.10/- each

Total = Rs. 4,51,27,860/-

2.26.R-1 Company passed a Resolution dated 21.05.2018 stating that only 4,22,077 shares out of 7,02,786 were allotted. This is an admission that the previous filings were false and fabricated. They then created further false records:

- Board Resolution for Cancellation of Shares
- List of Allottees
- Form PAS-3

These are annexed as **Annexure-H** (Colly) and were again certified by R-13 (Chartered Accountant).

No.	Date	Issued Shares	Paid up capital (Rs)	Reduced capital
1	02.04.2018	45,12,786	4,51,27,860	2,80,709 of Rs. 10 per share Rs 28,07,090
2	21.05.2018	42,32,077	4,23,20,770	

Section 66 of the Companies Act, 2013 requires NCLT approval for reduction of share capital. No such approval was taken.

Text of Section 66 is annexed as **Annexure-I**.

This alleged activity attracts liability under Sections 447 (fraud) and 448 (false statements), punishable per Section 447.

2.27. It is stated that the common management of Respondent No.1 and Respondent No.3 continued to commit illegalities by way of irregular and illegal allotments of shares and by creation of false and fabricated records of the Company. After effecting false allotments of shares on 04.02.2018 and 21.05.2018, the Respondents were still not satisfied and, therefore, on 08.10.2018, Respondent No.1 Company again made a further illegal, irregular, and forged allotment of 18,46,065 equity shares to Respondent No.3 for consideration other than cash.

2.28. It is further alleged that the said allotment was made purportedly under Section 42 of the Companies Act, 2013, i.e., by way of Private Placement. As per Section 42 of the Act, the consideration is mandatorily required to be received only through banking channels and is required to be deposited in a separate bank account,

and the same cannot be utilised by the Company until the Return of Allotment is filed with the Registrar of Companies.

2.29. The text of Section 42 of the Companies Act, 2013 along with the relevant rules relating to allotment of shares has been annexed and marked as **Annexure - J**.

2.30. It is further stated that all the three false allotments were made by Respondent No.1 Company in favour of Respondent No.3 Company only through mere book entries of highly inflated figures, without any supporting or legally mandated Valuation Report, which was compulsory for such allotments.

2.31. By such illegal and fabricated book entries, Respondent No.3 was allegedly made richer by an amount of approximately more than ₹400 Crores. These manipulations in the books of accounts resulted in the creation of wrong and inflated share capital, with the sole intention of subsequently selling such illegally created shares to third parties at higher valuations and siphoning the money into personal accounts.

2.32. It is further alleged that most of the shares were held in joint names and the shares were allotted to Respondent No.3 for consideration other than cash, which itself is irregular, illegal and requires investigation.

2.33. It is alleged that Respondent No.1 Company has manipulated the Register of Share Transfer as well as the Register of Members and has shown highly inconsistent and contradictory data in its Annual Returns year after year. A Table showing Folio Nos. and the number of shares held and transferred has been relied upon in the petition, which establishes that the Register of Members and Register of Share Transfers contain incorrect, false, and misleading details.

2.34. As per the said Table, only 7 transfers have been shown in favour of Respondent No.2 Company, which is allegedly holding 70% shares of Respondent No.1 Company. There is no direct allotment of shares in favour of Respondent No.2 Company reflected in the records.

No.	Date of Transfer	Folio No.	Name of transferor	Name of transferee	shares
1	02.04.2018	16	Saurashtra Enviro projects	Veolia India Pvt Ltd	10000

			Pvt Ltd		
2	02.04.2018	17	„	„	147500
3	02.04.2018	18	„	„	451250
4	02.04.2018	19	„	„	1584204
5	02.04.2018	19	„	„	1292246
6	02.04.2018	20	„	„	7500
7	02.04.2018	21	„	„	222000
8	02.04.2018	22	„	„	540000

MGT-7 of 2018-2019 (**Annexure-O**) shows only 7 transfers, while there is no direct allotment to R-2, yet R-2 is shown holding 70%.

2.35. In view thereof, it is stated to be unclear and suspicious as to how Respondent No.2 Company acquired 70% shareholding in Respondent No.1 Company and how Respondent No.3 Company holds 30% shareholding, thereby clearly pointing towards grave irregularities, manipulation of statutory records, and fraudulent conduct, which requires thorough investigation.

2.36. In the Annual Returns filed in 2014, inconsistencies appear in Folio Numbers of shareholders. The same share transfer appearing in 2014 and 2015 reflects different folio numbers, and Folio No. 15 disappeared subsequently. For the years 2016, 2017 and 2018, no folio numbers are mentioned at all in the list of shareholders. In 2019, only two shareholders are shown

without explanation of how that shareholding was derived.

2.37. However, as per their own filings, the total paid-up share capital of the company should be 67,80,928 shares.

2.38. It is stated that:

- R-1 filed Form PAS-3 for the above illegal allotment for consideration other than cash – **Annexure – K.**
- No separate bank account was opened, whereas the Board Resolution stated that total consideration received was ₹138,08,56,620/-, which is contradictory to PAS-3 – **Annexure – L.**
- The Offer Letter (PAS-4) attached was in the wrong format and therefore illegal – attached as **Annexure – M**, whereas correct format prevailing at that time is attached as **Annexure – N.**
- Shares were stated to be issued to R-3 under Folio No.19, but the said folio contains three names – R-3, R-6 and Mr. Bhavesh Kumar M. Shah, therefore undue benefit was given to persons other than the offeree, which is against Section 42.

- This is also in violation of Section 191 and the Directors derived undue benefit.
- Allotment was done without any valuation report and only through false book entries.

				Up (Rs)	
1	Initial Subscription	52,500	5,25,000	5,25,000	Initial Subscription
2	04.10.2012	18,87,500	1,88,75,000	1,94,00,000	Allotment
3	21.08.2015	18,70,000	1,87,00,000	3,81,00,000	PAS-3 filed in 2016
4	02.04.2018	7,02,786	70,27,860	4,52,17,860	PAS-3 filed in 2018
5	21.05.2018	4,22,077	42,20,770	4,93,48,630	PAS-3 filed in 2018
6	21.05.2018	18,46,065	1,84,60,650	6,78,09,280	PAS-3 filed in 2018

2.39. As per Latest MGT-7 (Annual Return) – Annexure – O, paid-up capital is only 60,78,142 shares (₹6,07,81,420), which is contradictory to earlier filings, showing habitual manipulation and filing of contradictory documents. R-16 certified the Annual Return and also issued a Secretarial Audit Certificate falsely stating no irregularities.

2.40. After creation of false share records in 2018-19, R-1 Company changed its name to Detox India Pvt. Ltd. on 25.10.2018, appointed new directors and inducted new professionals. The illegally created shares were ultimately transferred to M/s Veolia India Pvt. Ltd. at

abnormal valuation of more than ₹300 Crores, without any valuation report.

2.41. During 2018-19, R-1 advanced a loan of more than ₹5 Crores to R-4 Company, which is under the same management. This violated Sections 185 and 186 as the company was in loss and limits were exceeded.

Calculation as per Section 186 of Companies Act, 2013:

Details	Rs.
Paid up capital	3,81,00,000
Free Reserves	-32,07,47,177
Share premium	0
Total	-28,26,47,177
60% of total (A)	-16,95,88,306
100% of free reserves and securities premium (B)	-32,07,47,177
Limit as per 186(A) or (B) whichever is more	0

- Master data of R-1, R-3, R-4 – **Annexure – P**
- Loan entry – **Annexure – Q**
- False Audit Report – **Annexure – R**
- False MGT-8 – **Annexure – S**

2.42. During 2020-21 Loan of ₹15 Crores given to R-4 without Special Resolution.

Calculation of limit as per section 186 of Companies Act, 2013.

Details	Rs.
Paid up capital	3,81,00,000
Free Reserves	-32,07,47,177
Share premium	0

Total	-28,26,47,177
60% of Total (A)	-16,95,88,306
100% of free reserves and securities premium (B)	-32,07,47,177
Limit as per 186 (A) or (B) whichever is more	0

This is illegal diversion of funds, requiring investigation.

2.43. Ms. Justine Josephine Jill Lerche was appointed Additional Director on 29.05.2018 but ceased after AGM on 30.09.2018. However, she continued to act as a director unlawfully till 02.11.2018.

- Appointment – **Annexure – T**
- Resignation – **Annexure – U**
- AGM Notice – **Annexure – V**

2.44. The company created false minutes and records, including:

- BEN-2 dated 21.08.2019 – **Annexure – W**
- DIR-12 (29.09.2018) not per SS-1 – **Annexure – X**
- MGT-14 backdated and filed in 2022 – Annexure – Y, Section 460 – Annexure – Z
- Two DPT-3 forms – Annexure – ZA (Colly)
- DIR-12 filed without DIN – Annexure – ZB (Colly)
- MGT-7 for 2019-20 – Annexure – ZC
- False MGT-8 – Annexure – ZD
- MGT-7 for 2018-19 – Annexure – ZE

2.45. These acts attract penalties under Sections 159, 62(10), 42(10), 172, 186(13), 191(5), 166(7), 92(5), 92(6), 147, 117(2), 447, 448 of the Companies Act, 2013.

2.46. It is stated that further investigation will reveal more frauds, falsifications, and loss to Government revenue. Reliance has been placed upon the following precedents wherein investigation was ordered:

1. *Vijay Kumar Arora vs Jaswant Rai Arora – NCLAT*
2. *R S India Wind Energy Pvt Ltd vs PTC India Financial – NCLAT*
3. *K Muthusamy vs Balasubramanian – Madras High Court*
4. *Red Apple vs Jinbhuvish Power – CLB Mumbai*
5. *Sunair Hotels Ltd vs UOI – Delhi HC*
6. *Khandelwala Securities vs Kowa Spinning – CLB*
7. *Rakesh Kumar Garg vs Supreme Build-Cap – CLB*
8. *Union of India vs Shonkh Technologies – CLB*
9. *Bank of Rajasthan vs Rajasthan Breweries*
10. *IFCI Ltd vs Usha India / Malvika Steels / Kohika Telecom*

2.47. The Petitioner reserves the right to seek similar investigation against R-2, R-3 and R-4 Companies.

**3.** That, in compliance with the order dated 05.12.2024, the Petitioner filed an additional affidavit on 16.01.2025 vide

Inward Diary No. D-217 to bring on record the NCLAT Proceedings in support of the contentions raised in the petition herein the Petitioner has disclosed the following documents of the NCLAT proceedings:

- 3.1. The Hon'ble NCLT, Ahmedabad Bench, by order dated 05.12.2024, recorded that the matter have been remanded by the Hon'ble NCLAT vide order dated 12.11.2024 in Company Appeal No. 55 of 2024, permitting the Respondents to raise the issues of locus and maintainability, which were required to be addressed prior to examining the merits of the application.
- 3.2. The Respondent No. 1 submitted that no separate reply was required on the issue of maintainability and that submissions would be made based on the pleadings already on record. The applicant sought liberty to place on record the relevant NCLAT proceedings. The order dated 05.12.2024 is annexed as **(Annexure A)**
- 3.3. Copy of Appeal No. 55 of 2023 filed by the Petitioner against the order dated 23.11.2023 passed by the NCLT, Ahmedabad Bench is annexed here as **(Annexure B)**.

- 3.4. Copy of reply to the appeal dated 13.03.2024 filed by the Respondent No. 1 is annexed here as **(Annexure-C)**.
- 3.5. Copy of rejoinder dated 13.03.2024 to the reply filed by the Respondent No. 1 is annexed as **(Annexure D)**.
- 3.6. Copy of the Additional Affidavit with compilation of various Judgements dated 25.04.2024 filed by the Petitioner is annexed as **Annexure E** which are already mentioned and detailed in para 2.46.
- 3.7. As per the Board Resolution dated 31.08.2022 of M/s Rajdeep Boiler Pvt. Ltd., the Company authorized Mr. Parth Merchant to initiate and pursue all legal actions on behalf of the Company to protect its interests. The Resolution further provided that all actions and decisions taken in such proceedings shall be binding on the Company and a copy of the Resolution may be produced before any Court or judicial authority whenever required. (Copy of the Board Resolution dated 31.08.2022 is annexed as **Annexure F**)
4. Further, in compliance with the order dated 07.08.2025, the Respondent filed written Synopsis on 14.08.2025 vide Inward Diary No. D-5539 which is stated as below.

- 4.1. It is submitted that the Petition under Sections 212 and 213 of the Companies Act, 2013 was filed on 29.09.2022 by the Petitioner alleging manipulation of records and seeking (i) a direction to ROC to file a report under Section 212, and (ii) an investigation under Section 213.
- 4.2. Between 09.11.2022 to 22.03.2023, the Tribunal recorded objections of Respondent No.1 ("R1 Company") on maintainability, asserting that (a) Section 212 does not contemplate NCLT intervention at the instance of private parties, and (b) the Petitioner is neither a shareholder nor creditor nor connected with the affairs of the R1 Company as required under Section 213.
- 4.3. By order dated **23.11.2023**, this Tribunal dismissed the petition, holding that the prayers under Section 212 were premature as the Petitioner had not approached the ROC.
- 4.4. The Petitioner preferred **Company Appeal (AT) No. 55 of 2024** before Hon'ble NCLAT. During the appellate proceedings, the Petitioner made contradictory assertions—first claiming to be an unconnected third

party, and later stating he was a shareholder of a creditor of R1 Company.

- 4.5. Vide order dated 12.11.2024, Hon'ble NCLAT remanded the matter to this Tribunal with a specific direction to first adjudicate the issues of locus standi and maintainability under Section 213, before examining the merits.
- 4.6. Section 212 operates only upon a report of the ROC under Section 208, and the statute does not grant a right to private individuals to approach the NCLT directly. Admittedly, the Petitioner did not approach the ROC, nor is there any ROC report triggering the jurisdiction of this Tribunal.
- 4.7. Section 213 may be invoked only by members under clause (a), or by creditors or persons connected with the company's affairs under clause (b). The Petitioner admittedly falls within none of these categories. He is neither a shareholder nor a creditor of R1 Company and has shown no connection with its affairs.
- 4.8. His contradictory positions before the Hon'ble NCLAT— first claiming to be an unconnected outsider and later

asserting that he is only a shareholder of a creditor—  
further undermine his claim of locus. On this basis  
alone, the Petition is not maintainable.

4.9. The phrase “any other person” under Section 213 refers  
only to individuals directly or indirectly connected with  
the company’s affairs, such as an RP, Liquidator,  
Administrator or Independent Director, and cannot be  
expanded to include the general public.

4.10. The Petitioner has neither pleaded nor established any  
connection, prejudice or injury arising from the affairs of  
R1 Company. Treating Section 213 as a public-interest  
avenue is impermissible, and therefore the Petitioner  
cannot rely on the expression “any other person” to  
overcome the lack of locus.

4.11. The R-1 Company further relied on the following  
Judgements:

- i. Lagadapati Ramesh v. Mrs. Ramanatham  
Bhuvaneshwari Comp Appeal (AT) (Ins) No. 574 of 2019
- ii. (Capt.) Valdammanni Jaya Pushpakumar v. Madras  
Race Club & Ors; Comp App. (AT)(CH) 17 of 2022
- iii. M. Murugan v. Neomax properties Pvt. Ltd. & Ors.; CP  
(CA)/72/(CHE)/2022

- iv. Ranjan Mukherjee vs. Madarkhat Tea Co Pvt. Ltd. & Others CP No. 24/GB/2022
  - v. Jitesh Sanmukhlal vs. Correttech International Ltd & Ors Comp App No. 406 of 2024
5. Furthermore, in compliance with the order dated 07.08.2025, the Petitioner filed written synopsis on 18.08.2025 vide Inward Diary No. D 5567. The same has been taken on record.
6. We have heard the arguments of Counsel for the Petitioner as well as the Respondent Company and have perused the material available on record. In lieu of the same we are of the following **opinion**: -

6.1. Mr. Parth Merchant, purportedly on behalf of M/s Rajdeep Boiler Pvt. Ltd., filed petition under Sections 212 and 213 of the Companies Act, 2013 against Respondent No.1, Detox India Pvt. Ltd.. The Petitioner alleges, inter alia, manipulation and creation of fabricated statutory records, filing of various forms, false certification, unauthorized reduction of share capital, diversion of funds, revenue loss to the government, and other acts of mismanagement,

seeking directions for investigation into the affairs of the Respondent Company.

6.2. The Hon'ble NCLAT, vide order dated 12.11.2024, remanded the matter to this Tribunal with a specific direction to first examine the issues of locus standi and maintainability under Section 213 of the Companies Act, 2013, before considering merits.

7. Accordingly, this Tribunal has framed and examined the following issues: -

(A) Issue 1: Whether the petitioner has locus standi under Section 213(b)?

(B) Issue 2: Whether the petition under Section 212 is maintainable?

7.1. The Petitioner is neither a shareholder, nor a member, and nor a creditor of Respondent No.1 Company. No document evidencing shareholding or creditor status has been produced. The Board Resolution of Rajdeep Boiler Pvt. Ltd. dated 31.08.2022 (Annexure-F) merely authorizes proceedings but does not assign debt or create privity under Section 2(8).

7.2. The only basis claimed for maintainability is a Board Resolution dated 31.08.2022 of Rajdeep Boiler Pvt. Ltd.

(a purported creditor, as per para 3.7), authorizing the Petitioner to file on its behalf; however, no evidence of subsisting debt or assignment of rights has been produced, rendering it insufficient for locus. Further, it is not demonstrated that Rajdeep Boiler Private Limited is a creditor and secondly, even if it is, why it authorised the petitioner and did not file the petition through its authorised person sya director or its official. . Who is the petitioner and what is his relationship with the Rajdeep Boiler? This Tribunal finds that such “authorization” does not create any legal relationship between the Petitioner and Respondent No.1 Company.

7.3. Such a Board Resolution from a third-party company (Rajdeep Boiler Pvt. Ltd.) cannot confer locus standi, as rights under Section 213 are non-transferable without privity on an individual who otherwise has no direct legal, financial, or statutory connection with the company sought to be investigated. NCLT jurisprudence consistently holds that the right to invoke Section 213 is not transferable.

7.4. Section 213 of the Companies act read as follows:

**213. Investigation into company's affairs in other cases. —**

**The Tribunal may, —**

*(a) on an application made by—*

*i) not less than one hundred members or members holding not less than one-tenth of the total voting power, in the case of a company having a share capital; or*

*(ii) not less than one-fifth of the persons on the company's register of members, in the case of a company having no share capital,*

*and supported by such evidence as may be necessary for the purpose of showing that the applicants have good reasons for seeking an order for conducting an investigation into the affairs of the company; or*

*(b) on an application made to it by any other person or otherwise, if it is satisfied that there are circumstances suggesting that—*

*(i) the business of the company is being conducted with intent to defraud its creditors, members, or any other person or otherwise for a fraudulent or unlawful purpose, or in a manner oppressive to any of its members or that the company was formed for any fraudulent or unlawful purpose;*

*(ii) persons concerned in the formation of the company or the management of its affairs have in connection therewith been guilty of fraud, misfeasance, or other misconduct towards the company or towards any of its members; or*

*(iii) the members of the company have not been given all the information with respect to its affairs which they might reasonably expect, including information relating to the calculation of the commission payable to a managing or other director, or the manager, of the company,*

*order, after giving a reasonable opportunity of being heard to the parties concerned, that the affairs of the company ought to be investigated by an inspector or inspectors appointed by the Central Government and where such an order is passed, the Central Government shall appoint one or more competent persons as inspectors to investigate into the affairs of the company in respect of such matters and to report thereupon to it in such manner as the Central Government may direct:*

*Provided that if after investigation it is proved that—*

*(i) the business of the company is being conducted with intent to defraud its creditors, members, or any other persons or otherwise for a fraudulent or unlawful purpose, or that the company was formed for any fraudulent or unlawful purpose; or*

*(ii) any person concerned in the formation of the company or the management of its affairs have in connection therewith been guilty of fraud,*

*Then, every officer of the company who is in default and the person or persons concerned in the formation of the company or the management of its affairs shall be punishable for fraud in the manner as provided in section 447.*

7.5. Section 213(b) uses the expression “any other person”, but this phrase must be construed ejusdem generis with members (Section 213 (a)) and cannot be expanded to include strangers. Section 213 (a) obligates strict requirements even for members, who have direct interest in the functioning of the company. The members must submit application supported by such evidence as may be necessary for the purpose of showing that the applicants have good reasons for seeking an order for conducting an investigation into the affairs of the company. This principle has been settled in:

7.6. NCLAT in the case of ***R.S. India Wind Energy Pvt. Ltd. V. PTC India Financial Services Ltd. Comp App No. 15 of 2016*** (para47) holds that any other person will include any individual **who is aggrieved** and it includes a member who does not otherwise satisfy the conditions prescribed in s.213 (a)(i) and s.213(a)(ii). However, this

wider interpretation requires demonstration of 'aggrieved' status through personal prejudice which is absent here. Further, the petitioner filed petition on behalf of so called creditor M/s Rajdeep Boilers Private Limited but the creditor has not demonstrated that what prejudice or injury has been afflicted from the affairs of R-1 company and what fraud has been committed by the company against it or other creditors.

7.7. Therefore, the Petitioner is an outsider and has shown no connection with internal affairs, shareholders, creditors, or management. He squarely falls within the category of "complete alien." The Petitioner has taken contradictory positions before the NCLT in the main petition that he had a business association with R-1 Company and subsequently in NCLAT—first claiming to be "an unconnected third party," and subsequently claiming to be "a shareholder of a creditor." Either case does not meet the statutory conditions under Section 213. Such shifting stands weaken the claim of locus standi and reveal that the petitioner himself is unsure on the basis on which he has invoked this jurisdiction.

7.8. Moreover, Hon'ble NCLAT in **Jitesh Sanmukhlal vs Corrttech International Ltd & Ors (2025) ibclaw.in**

**280 NCLAT has held that:**

11. We have gone through the circumstances necessary for exercise of powers under sub-section (b) of Section 213 of the Companies Act, 2013. It is not the case of the appellant the business of Respondent No.1 company is being conducted for a fraudulent or unlawful purpose; or any person managing affairs of the company is guilty of fraud. **Admittedly the appellant is not a member of the Respondent No.1 company, hence cannot allege the business of Respondent No.1 company is being conducted in a manner oppressive to its members; or the company is guilty of fraud, misfeasance or other misconduct towards its members; or members of the company have not been given due information etc.** The only argument of appellant is the business of the respondent company is being conducted with an intent to defraud its creditors, though the appellant was unable to substantiate his allegations the creditors of the company are being defrauded.

This aligns with the ejusdem generis principle, limiting 'any other person' to those with direct stake (e.g., creditors defrauded), not strangers (Scope of Section 213, Jus Corpus, 2023).

- 7.9. The Tribunal has examined Section 212, which mandates that inspection of books and records of a company is initiated only on the report of the Registrar of Companies (RoC) under Section 208. Section 212 does not grant any independent right to a shareholder, creditor, or outsider to directly approach this Tribunal for inspection.
- 7.10. In the present case, it is admitted that the Petitioner did not approach the RoC prior to filing the present petition. Thus, the statutory pre-condition under Section 212 is not fulfilled. The Hon'ble NCLT had already considered this point and dismissed the petition under the Impugned Order dated 23.11.2023 on this very ground, observing that the process under Section 212 is triggered by RoC's report and not by a third-party petition.
- 7.11. It is further noted that the Petitioner has, at various stages, attempted to expand the scope of Section 212 to include public interest or general complaints, which is impermissible under the statutory framework. Any interpretation allowing such a right to an outsider would

defeat the clear legislative intent that Section 212 proceedings are triggered by regulatory oversight through the RoC, not by independent third parties.

7.12. In view of the above, the Petition under Section 212 is not maintainable, and this issue independently justifies dismissal of the claim insofar as Section 212 is concerned.

7.13. While the Petition contains allegations of financial irregularities, including diversion of funds, illegal reduction of capital, revenue loss to the government, and manipulation of statutory records, the Petitioner has not demonstrated statutory entitlement to invoke Section 213. The Petitioner has submitted documents regarding alleged manipulation of records, diversion of funds, and non-compliance with statutory provisions but he failed to show why he, specifically, is legally competent to seek the extraordinary remedy of a Section 213 investigation.

7.14. The Tribunal observes that even assuming the documents are accurate, they do not demonstrate that the Petitioner, as a third party without shareholder or

creditor status, is personally affected or entitled to seek action under Sections 212 or 213. Allegations without locus cannot sustain maintainability. While the allegations, if substantiated by a person with locus, could warrant investigation under Section 213(b)(i) [as in ***Vijay Kumar Arora v. Jaswant Rai Arora, NCLAT***], the petitioner's status as an outsider precludes such consideration here.

7.15. The Petitioner has relied upon complaints made before professional regulatory bodies such as ICAI and ICSI, alleging that certain professionals associated with R-1 Company certified false statutory forms and aided in manipulation of records. It is noted that any disciplinary action taken by these professional bodies against members of ICAI or ICSI pertains solely to professional misconduct and liability of those individuals under the respective professional regulations.

7.16. Such findings, while relevant to the conduct of the professionals involved, do not create a personal grievance or legal standing for the Petitioner under Sections 212 or 213 of the Companies Act, 2013. The

Petitioner cannot derive locus merely based on professional misconduct of third parties, as he has no direct connection with the management, affairs, or shareholder/creditor status of R-1 Company.

7.17. Therefore, while the Tribunal takes note of the complaints to ICAI/ICSI regarding professional misconduct (as alleged in para 2.45), such findings pertain to disciplinary actions under respective regulations and do not confer locus under Sections 212/213. As Professional misconduct actionable under ICAI Regulations, 2021, not Companies Act, 2013.

7.18. It is on record that the Petitioner had previously filed a petition under the Insolvency and Bankruptcy Code (CP IB No. 64 of 2023) before this Hon'ble Tribunal, which was dismissed by order dated 02.09.2024. The matter is now sub-judice before the Hon'ble NCLAT as per order dated 09.12.2024.

8. The Petitioner has failed to establish locus standi, failed to show legal injury, and has not produced any material to justify even for forming a prima facie formation of opinion under Sections 212 or 213 of the Companies Act, 2013.

9. In view of the above reasons:

a. The petition is not maintainable under Section 212, as the petitioner has not approached the ROC.

b. The petition is not maintainable under Section 213, as the petitioner is neither a shareholder, creditor, nor a person connected with the company's affairs.

10. Accordingly, the **CP 39 of 2022** filed by the Petitioner is **dismissed** being not maintainable.

11. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-

**SANJEEV SHARMA**  
**MEMBER (TECHNICAL)**

AJ/LRA

Sd/-

**SHAMMI KHAN**  
**MEMBER (JUDICIAL)**