



4. The first Respondent is a private company limited by shares incorporated on 17<sup>th</sup> June 2019 under registration number 80020001907975.
5. The second Respondent is a male adult Indian national of sound mind and a registered shareholder of Dharani Boreholes Ltd.
6. The third Respondent is an adult female Indian national of sound mind to whom 10 shares were allegedly transferred.
7. This is a Petition brought by Padamati Reddy Linga and Nalla Vamshidhar Reddy (“the Petitioners”) against Dharani Boreholes Ltd (“the first Respondent”), Kandadi Reddy Mahipal (“the second Respondent”), and Kandadi Manasa (“the third Respondent”). The Petitioners allege that their shareholding and directorship positions in the Company were unlawfully and fraudulently altered through forged resolutions and unauthorized filings at the Uganda Registration Services Bureau (“URSB”). The Respondents counter-allege that it is the Petitioners who perpetrated irregularities and forgeries regarding the Company’s shareholding. Both sides seek rectification of the Company’s register and expungement of allegedly fraudulent filings.

***C. Petitioners’ Case***

8. It was argued that at all material times the Petitioners and the second Respondent were shareholders and directors of the first Respondent company with Padamati Reddy Linga holding 10 shares and Nalla Vamshidhar Reddy holding 18 shares and the second Respondent Kandadi Reddy Mahipal with 72 shares.
9. That while the Petitioners were away in India, on 15<sup>th</sup> April 2025, the first Respondent fraudulently passed a special resolution with forged signatures of the Petitioners and purportedly had the 10 shares of Padamati Reddy Linga, the first Petitioner, transferred to the second Respondent. The resolution was filed and registered with URSB on the 22<sup>nd</sup> day of April 2025.
10. Furthermore, on the said date of 15<sup>th</sup> April 2025, the first Respondent company fraudulently passed an ordinary resolution with the forged signature of the

second Petitioner and purportedly removed the first Petitioner as a director of the first Respondent company. The resolution was registered with URSB on the 24<sup>th</sup> day of April 2025.

11. On the 27<sup>th</sup> day of January 2026, the first Respondent company wrongfully passed a Board resolution where the second Respondent transferred 10 shares to the third respondent, without the authorization of the other shareholders, the resolution was registered with URSB on the 29<sup>th</sup> day of January 2026.
12. The current shareholding of the company, following the structural changes in shareholding is Kandadi Reddy Mahipal with 72 shares, Nalla Vamshidhar Reddy with 18 shares and Kandadi Manasa with 10 shares.
13. The Petitioners averred that the signatures on the documents referred to were fabricated and the Petitioners never signed or authorized the respective resolutions.
14. No meeting was ever convened, and no valid resolution was passed to authorize the transfer of shares or the removal of the first Petitioner as shareholder and director.
15. The transfer of shares by the second Respondent to the third Respondent was illegally done and was never approved by the general meeting.
16. The Petitioners therefore prayed that the Registrar be pleased to;
  - a) *Cancel and strike out the fraudulent filings.*
  - b) *Rectify the Register of members to reinstate Linga as a shareholder and remove Kandadi Manasa.*
  - c) *Rectify the company form 20 (notification of appointment of Director and Secretary) and reinstate Padamati Reddy Linga as a director.*
  - d) *Update the beneficial ownership information form to reflect the true status of the company.*

*D. Respondents' Case*

17. The Respondents argued that contrary to the Petitioners' allegations, the Respondents are the ones that were aggrieved and affected by the forgeries and illegalities perpetrated by the Petitioners.
18. It was argued that at all material times, the first Petitioner and the second Respondent were the shareholders of the first Respondent with 10 shares and 90 shares respectively.
19. That on 01<sup>st</sup> December 2024, and while the second Respondent was in India, the first Petitioner working in concert with the company accountant (one in possession with the Company OBRS login details) fraudulently passed a special resolution by which the first Petitioner purported to transfer 18 shares out of 90 shares to the second Petitioner. It was argued that the said special resolution was passed illegally for the following reasons;
- a) No special notice to convene the alleged extra-ordinary meeting to pass a special resolution was given and no extra ordinary meeting was ever convened and/or held.
  - b) By the said resolution, the first Petitioner purports to transfer 18 out of 90 shares he never owned in the company to the second Petitioner.
  - c) At the time and date of the alleged extra ordinary meeting, the second Respondent was in India and his signature was electronically generated using Artificial Intelligence.
  - d) Similarly, the second Respondent's signature on the transfer form supposedly transferring 18 shares to the second Petitioner was generated in the same manner as indicated in clause c above.
  - e) It was argued that the second Petitioner does not have any proof of payment for the 18 shares he claims to have got in the first Respondent Company.
  - f) Additionally, the extra ordinary meeting which allegedly passed an ordinary resolution dated 15<sup>th</sup> April 2025 purportedly appointing the second Petitioner as the company secretary was never convened and/or

held. That on 15<sup>th</sup> April 2025, when the meeting is alleged to have been conducted at the company premises, the second respondent was in India and did not participate in any such company meetings whatsoever.

20. The second Respondent further averred that it is the Petitioners who allegedly passed the special resolution dated 15<sup>th</sup> April 2025 in a bid to restore the second Respondent's shares that they had illegally transferred. In any event, the said meeting was never held and/or conducted as alleged.
21. The second and third Respondent admit that the resolution dated 27<sup>th</sup> January 2026 in which the second respondent transferred 10 shares out of his shares was passed irregularly and the said shares ought to be restored to the second Respondent.
22. The second Respondent maintained that he had never forged the signatures of any of the Petitioners as alleged.
23. The Respondent prayed that the Registrar rectifies the register and expunge the following documents from the record;
  - a) *Resolution for share transfer dated 01<sup>st</sup> December 2024.*
  - b) *Share transfer form registered on 08<sup>th</sup> January 2025.*
  - c) *Resolution for share transfer dated 15<sup>th</sup> April 2025.*
  - d) *Share transfer form registered on 22<sup>nd</sup> April 2025.*
  - e) *Resolution for appointment of secretary dated 15<sup>th</sup> April 2025.*
  - f) *Resolution for share transfer dated 27<sup>th</sup> January 2026.*
  - g) *Share transfer form registered on 29<sup>th</sup> January 2026.*
24. That the Registrar further be pleased to rectify the register and restore the original shareholding of 90 shares for the second respondent and 10 shares for the first Petitioner.

**E. First Petitioner's Rejoinder**

25. The first Petitioner submitted a statutory declaration in which he articulated his intention to contest the false allegation concerning the alleged transfer of 18 shares he did not possess, the validity of the second Respondent, Kandadi

Reddy Mahipal's, authorization of the December 2024 share allotment to Vamshi while abroad, the forgery of the resolution dated 15<sup>th</sup> April 2025 that dismissed the first Petitioner from his shareholding and directorship, and the legal ramifications of the memorandum of understanding dated 03<sup>rd</sup> January 2026.

26. The first Petitioner argued under paragraph four of his statutory declaration that he has never purported to transfer any shares belonging to Mahipal. He deposed that he held only 10 shares of his own. That it was always and exclusively Kandadi Reddy Mahipal, the sole holder of 90 shares who transferred 18 of his own shares to the second Petitioner, Vamshi. The resolution of 01<sup>st</sup> December 2024 records Mahipal's own transfer of his own shares. The Respondents mischaracterization of this transaction was argued to be either a deliberate falsehood or a fundamental misreading of the resolution.
27. That the admission of Vamshi into the company was an action solely conducted and overseen by Mahipal, and the first Petitioner was never a party to, nor a participant in the process. The first Petitioner averred that at the time, Mahipal held 90 shares in the company, from which he personally authorized the transfer of 18 shares to Vamshi. That it was Mahipal, who caused the resolution and share transfer documents to be prepared, signed and transmitted with express instructions to have the same registered on the company OBRS account. The first Petitioner stressed that at no stage did he or anyone else act without Mahipal's knowledge or consent.
28. That it was the consistent and established practice of the second Respondent – Mahipal, throughout his tenure as managing director to manage company affairs remotely from India issuing instructions via whatsapp, telephone and email to the company accountant, a one Francis and other staff members. This was not an isolated incident. That Mahipal regularly directed company filings, authorized transactions and communicated decisions remotely. His physical

location was never an obstacle to or a precondition of his authority over company affairs.

29. That after the December 2024 allotment, Mahipal personally signed and filed the Company's 2025 Annual return with URSB while physically present in Uganda. That return listed all three shareholders: Mahipal, Vamshi and the first Petitioner as members/shareholders. That Mahipal raised no objection whatsoever to the shareholding structure at that time. His signature on that statutory document is an unambiguous affirmation and ratification of all three shareholders.
30. The first Petitioner deposed that the resolution purportedly dated 15<sup>th</sup> April 2025 was never authorized by him and was never the subject of any duly convened or held extraordinary general meeting and was not signed by him. The first Petitioner insisted that his signature on the said resolution was forged.
31. That Mahipal, who claims to be an innocent victim of fraud, never once raised any alarm, complaint or question about the first Petitioner's removal from the Company as a shareholder and director by the April 2025 resolution. That if that resolution had been fabricated by the Petitioners without Mahipal's knowledge as the Respondents now claim, then Mahipal would have been alarmed to discover that his co-director had been removed and the company's shareholding changed without his knowledge. That any honest person in his position would have immediately demanded an explanation. He said nothing. He did nothing and that he accepted the first Petitioner's removal in complete silence.
32. That worse still, rather than questioning the first Petitioner's removal, Mahipal actively built upon the structure created by the fraudulent April 2025 resolution. He proceeded to add his wife, Kandadi Manasa the third respondent, as a shareholder by the resolution dated 27<sup>th</sup> January 2026 using the very shareholding structure that had been created by purporting to strip the first Petitioner of his shares. It was argued that this is not conduct of an

innocent man. It is conduct of a person who knew exactly how the first Petitioner came to be removed from the register because he arranged it.

33. That on 03<sup>rd</sup> January 2026, at Commercial Road, Naguru, Uganda, Mahipal, Vamshi, and the first Petitioner signed a memorandum of understanding (MOU) for share transfer. The MOU expressly states that all three parties are shareholders of Dharani Boreholes Ltd. Mahipal agreed to purchase the first Petitioner's shares for INR 5,000,000 and Vamshi's shares for INR 5,500,000. The MOU bears Mahipal's own signature. That it is not conceivable that a person agrees to pay INR 50 Lakhs to acquire shares he believes were fraudulently held, or shares he had already caused to be stripped from their holder by a forged resolution.
34. That under clause 3.1 of the MOU, Mahipal was required to pay an advance of INR 1,000,000 Lakhs to the first Petitioner within one week of signing. He paid only INR 900,000 Lakhs falling short even of the agreed advance. Under clause 3.2 the balance of INR 4,000,000 Lakhs was due on or before 28<sup>th</sup> January 2026. Mahipal paid nothing further. He defaulted entirely.
35. That by operation of clause 5 of the MOU, which is the default and forfeiture clause, Mahipal's default triggered the following automatic consequences;
  - a) The advance payment of INR 9 lakhs paid to the first Petitioner was forfeited.
  - b) The agreement to transfer shares was null and void.
  - c) The first Petitioner retained full ownership of shares and continued as a shareholder of Dharani Boreholes Ltd without any claim by Mahipal regarding the forfeited advance.
36. The first Petitioner averred that these were Mahipal's own contractual terms, as he drafted and agreed to the aforementioned clause and is therefore bound.
37. The first Petitioner contended in paragraph 13 of his statutory declaration that the Respondents admitted in paragraph 5 of their answer to the Petition that the resolution dated 27<sup>th</sup> January 2026, which involved the transfer of shares to

Kandadi Manasa, was passed irregularly. It was argued that this admission, in conjunction with the repercussions of Mahipal's default under the MOU, indicated that Manasa possessed no shares in the company. The first Petitioner deposed that Manasa could not be considered a bona fide purchaser, as she was the spouse of the second Respondent, who perpetrated this fraud and enabled Manasa to acquire shares with complete awareness of their questionable origins.

***F. Second Petitioner's Rejoinder***

38. The second Petitioner swore a statutory declaration wherein he deposed under paragraph three that his shareholding arose from a genuine and substantial investment. That in 2024, the second Petitioner contributed approximately 44% of the total acquisition cost of a drilling rig purchased for the benefit of the company. That this investment was negotiated directly with and accepted by Mahipal as managing director. That the company continues to hold and commercially exploit that drilling rig to this day. That no offer has ever been made to refund this capital contribution. The second Petitioner averred that a party cannot retain the fruits of another's investment while denying that investor the equity they bargained for.
39. The second Petitioner deposed in paragraph four of his statutory declaration that the allegation that Linga purported to transfer 18 shares he never owned is false. The second Petitioner averred that Linga held 10 shares and transferred nothing to the second Petitioner. That it was Mahipal alone, the holder of 90 shares who transferred 18 of his own shares to the second Petitioner. This was Mahipal's decision, negotiated and authorized by Mahipal. Linga's role was that of a co-director with knowledge of the transaction, not a transferor.
40. That the allegation that the December 2024 resolution is invalid because Mahipal was physically in India at the time is irrelevant. That Mahipal negotiated, agreed to and authorized the transfer of his own shares to the second Petitioner. He caused the documents to be prepared and transmitted

the complete documents to the Company accountant, Francis, with express instructions to register them with URSB. It was argued that a director's physical location is irrelevant to the validity of his consent.

41. The second Petitioner deposed under paragraph six of his statutory declaration that the allegation that Mahipal's signatures were generated by Artificial intelligence is false. That this allegation was a fabrication made without any forensic expert evidence whatsoever. That if the Respondents genuinely believed this, the burden was on them to file a forensic handwriting or digital forensics report, which they failed to do.
42. That after the second Petitioner's shares were registered, Mahipal personally signed and filed the Company's 2025 annual return while physically present in Uganda. That return listed all three shareholders, Mahipal, the second Petitioner and Linga. That Mahipal raised no objection to the shareholding structure at that time. It was argued that it was inconceivable that a man who believed he had been defrauded into giving away 18% of his company could sign a statutory annual return affirming the fraudster's shareholding.
43. That regarding the resolution of 15<sup>th</sup> April 2025, the Petitioner was never notified of and never attended any meeting on that date. The second Petitioner argued that he did not sign any resolution and that his signature was forged and that the resolution was fabricated and uploaded by/or at the direction of Mahipal to restructure the company in his favour, beginning with the elimination of Linga as co-director and shareholder.
44. That it was quite intriguing that Mahipal, who claims the Petitioners are fraudsters, never raised any alarm about the April 2025 resolution removing Linga from the Company. He did not ask how or why Linga had disappeared from the register. He did not complain. Instead, he built upon that structure by adding his wife, Manasa, as a shareholder in January 2026. That this silence and subsequent conduct is entirely inconsistent with innocence and entirely

consistent with the conduct of a person who himself orchestrated the April 2025 forgery.

45. That on 03<sup>rd</sup> January 2026, at Commercial Road Naguru, Uganda, Mahipal, Linga and the second Petitioner signed a memorandum of understanding for share transfer (the MOU). The MOU stated verbatim that, *'The Parties are currently shareholders in the company known as Dharani Boreholes Ltd.'* That Mahipal acknowledged both the Petitioners as shareholders and that he agreed to pay the second Petitioner INR 5,500,000 and Linga INR 5,000,000 Lakhs to buy out their respective shareholdings. The second Petitioner argued that a person does not pay tens of millions of Rupees to acquire shares he claims were fraudulently obtained.
46. That under clause 3.1 of the MOU, Mahipal was required to pay an advance of INR 1,000,000 Lakhs to the second Petitioner within one week of signing the MOU. That he only paid INR 900,000 Lakhs falling short of the agreed advance. That under clause 3.2, the balance of INR 4,500,000 Lakhs was due on or before 28<sup>th</sup> January 2026. That Mahipal paid nothing and defaulted on the balance payment.
47. That clause 5 of the MOU – the Default and forfeiture clause – provided that upon Mahipal's failure to pay the balance;
  - a) The advance payments are forfeited and retained by the second Petitioner and Linga.
  - b) The agreement to transfer shares becomes null and void.
  - c) The second Petitioner retains full ownership of shares and continues as a shareholder of Dharani Boreholes Ltd without any claim by Mahipal regarding the forfeited advance.
48. It was argued that by the express terms of Mahipal's own contract, the second Petitioner's 18% shareholding was now confirmed and secured absolutely. That the MOU resolved this dispute by Mahipal's own hand.

49. That the Respondent admitted in paragraph 5 of the answer to the Petition that the January 2026 resolution transferring shares to Manasa was passed irregularly. That the resolution was also passed in breach of the MOU, which was still subsisting at that time. That Manasa held no valid title to any shares as she took shares with the full knowledge of the dispute and cannot claim to be an innocent purchaser.

**G. Schedules**

50. At the closure of the hearing of this matter, I instructed both counsel to present written submissions and issued schedules as follows;

- a) *Written submissions from the Petitioners were to be filed and served by the 08<sup>th</sup> day of April 2026.*
- b) *Written submissions from the Respondents were to be filed and served by the 15<sup>th</sup> day of April 2026.*
- c) *Any submissions in rejoinder were to be filed and served by the 20<sup>th</sup> day of April 2026.*

51. The parties were informed that the ruling would be issued on notice.

**H. Issues**

52. The parties having presented their cases, I find that two issues are sufficient to address the concerns in this matter.

- a. *Whether the contested documents were validly filed?*
- b. *What remedies, if any, are available to the parties?*

**I. Determination**

- a. **Whether the contested documents were validly filed?**

53. This Petition concerns the legality of several resolutions and share transfers effected within the first Respondent Company, and whether the same were validly passed or were tainted with illegality, or procedural irregularity warranting rectification of the company register.

54. A perusal of the Dharani Boreholes Limited company file indicates that the uncontested legitimate shareholding of the company by a resolution registered on the 23<sup>rd</sup> day of July 2020 was as below;
- a) Kandadi Mahipal Reddy – 90% shares
  - b) Padamati Linga Reddy – 10% shares
55. During the proceedings, counsel for both the Petitioners and the Respondents were in agreement that the aforementioned position regarding the Company's shareholding was not in dispute.
56. What emerges from the evidence is a pattern of deeply contested corporate actions, with each party accusing the other of forgery, irregular filings, and abuse of company processes. Notably, neither side provided conclusive forensic evidence to substantiate allegations of signature forgery or the use of artificial intelligence in generating signatures. In such circumstances, the Registrar must place emphasis on procedural compliance in passing the contested resolutions and the conduct of the parties. This dispute underscores the consequences of informal corporate practices and the failure to adhere to statutory procedures. The integrity of company records is paramount and cannot be compromised by irregular or undocumented actions.
57. The controversy, in this case appears to arise from a special resolution filed and registered on 8<sup>th</sup> January 2025, in which the first Petitioner, Padamati Linga Reddy, is indicated as having transferred 18 shares to Vamishi Reddy – the second Petitioner, and as holding 90% of the shares, notwithstanding that he in fact held only 10% of the Company's shares. Interestingly, a transfer form registered on the same date, 8<sup>th</sup> January 2025, reflects Kandadi Reddy Mahipal as the transferor of 18 shares to the second Petitioner, Nalla Vamshidhar Reddy. This inconsistency materially affects the validity of the purported transfer, as there is no valid resolution on record authorizing the transfer of 18 shares to Nalla Vamshidhar Reddy. Further, the resolution on file is misleading, in that

it attributes the transfer to Padamati Linga Reddy, who did not possess sufficient shares to effect such a transfer.

58. A further resolution filed on 22<sup>nd</sup> April 2025 indicates that Padamati Linga Reddy transferred his 10 shares to the second Respondent, Kandadi Reddy Mahipal, and reflects the Company's shareholding as Kandadi Reddy Mahipal holding 82 shares and Nalla Vamshidhar Reddy holding 18 shares. However, as earlier observed, the purported transfer of 18 shares to Nalla Vamshidhar Reddy is not supported by any valid resolution. Article 19 of the Company's Articles of Association provides that, '*subject to such of the restrictions of these regulations as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any **other form which the directors may approve.***' A proper construction of this provision underscores the necessity of a valid Board resolution approving such transfer. The resolution on record purports to authorize Padamati Linga Reddy to transfer 18 shares out of an alleged holding of 90 shares, yet the evidence shows that he only held 10 shares in the Company. The resolution attached indicates verbatim that, '*the shareholders who are also the directors do hereby authorize Padamati Linga Reddy to sale his 18 shares out of his 90 shares to Vamshi Reddy...*' Padamati Linga Reddy on file only owned 10 shares and therefore could not transfer 18 shares to Vamshi Reddy. This discrepancy renders the resolution misleading and incapable of supporting the said transfer.

59. Consequently, the subsequent resolution of 22<sup>nd</sup> April 2025, which attributes 18 shares to Nalla Vamshidhar Reddy, is equally misleading and cannot be relied upon as it was a result of an illegality. It is a recognised principle that once an illegality is brought to the attention of court, it cannot be ignored. The principle is emphasized in the case of *Makula International Ltd vs. His Eminence Cardinal Nsubuga & Anor. (1982) HCB 11*, where the court stated that, "*a court cannot sanction what is illegal and an illegality once brought to the attention of court overrides all questions of pleadings including admissions made therein.*" The same

principle applies to proceedings before the Registrar of Companies. The illegality in this context is in regards to the earlier filed resolution of 8<sup>th</sup> January 2025, wherein the first Petitioner transfers shares that he did not have. The legal principle - *nemo dat quod non habet*, to the effect that one cannot give what one does not possess, is applicable in the present circumstances. The first Petitioner, having held only 10 shares in the Company, was incapable in law of transferring 18 shares, and any purported transfer in excess of his shareholding is therefore invalid. The resolution filed on 22<sup>nd</sup> April 2025, indicating that Nalla Vamshidhar Reddy held 18 shares, is therefore equally misleading, as it is predicated upon the resolution of 8<sup>th</sup> January 2025, which irregularly purported to confer the said 18 shares.

60. Additionally, the special resolution registered on 22<sup>nd</sup> April 2025, purporting to transfer Linga's 10 shares to Mahipal, and the ordinary resolution dated 24<sup>th</sup> April 2025, purporting to remove Linga as a director and company secretary and to appoint Nalla Vamshidhar Reddy in his stead, are not supported by any minutes of the meetings at which the resolutions are alleged to have been passed. No evidence was adduced to demonstrate that the said meetings were duly convened and held. This omission lends credence to the Petitioners' contention that the signatures attributed to them on the impugned resolutions were fabricated.

61. Section 148 of the Companies Act, Cap. 106 provides that;

*(1) Every company shall cause minutes of all proceedings of general meetings and of all proceedings at meetings of its directors to be entered in books kept for that purpose.*

*(2) Any minute referred to in subsection (1)....shall be evidence of the proceedings*

*(3) Where minutes have been made in accordance with the proceedings at any general meeting of the company or meeting of directors then, until the contrary is proved, the meeting shall be taken to have been duly held and convened...*

62. The interpretation of Section 148 is that companies are required to maintain accurate minutes of all proceedings at general meetings and directors' meetings, which serve as the official record of decisions and deliberations. These minutes, when properly recorded, are considered *prima facie* evidence of the proceedings and create a legal presumption that the meetings were duly held and convened. This presumption protects the company and its decisions, placing the burden on anyone challenging a resolution to provide credible evidence to rebut it. The Respondents did not produce minutes or other formal records from the alleged meetings held on 15<sup>th</sup> April 2025 where the first Petitioner was divested of his shareholding and removed as a company director. In the absence of proof such as a notice calling members for the purported meeting as required under Article 46 of the Company's Articles of Association, minutes or attendance records to prove that the meetings took place as required under company law, I am persuaded to accept the first Petitioner's assertion as deposed in his statutory declaration that the said meetings said to be held on the 15<sup>th</sup> day of April 2025 at the company premises did not take place and that the first Petitioner's signature was merely affixed to the resolutions without his authority or consent.

63. Finally, I shall address the Board resolution and transfer form registered on 29<sup>th</sup> January 2026 transferring 10 shares from Kandadi Reddy Mahipal to the third Respondent – Kandadi Manasa. It is key to emphasize the operation of pre-emption rights (right of first refusal) in this context. Pre-emption rights protect existing shareholders by giving them priority to purchase new or existing shares before those shares are offered to outsiders, thereby preserving their ownership percentage and guarding against unwanted dilution. Article 19 (b) of the Company's Articles of Association expressly provides that, '*any shareholder wishing to sell or otherwise transfer his shares either wholly or in part shall first formally offer his shares on sale or transfer to the remaining shareholders.*' This means that Kandadi Reddy Mahipal was obligated to first offer the shares to

the first Petitioner as a fellow initial shareholder before offering the same to the third Respondent. Failure to comply with this provision undermined the validity of the transfer to Manasa. The resolution is also signed by Manasa yet she had not yet been formally entered as a member of the company. It was incumbent for such a resolution to be endorsed by the initial subscribers.

64. Additionally, while the resolution is titled as a Board resolution meant to be passed at a directors meeting, the introductory section of the resolution indicates that it is a resolution passed at an extra-ordinary meeting of subscribers/shareholders, further stressing the irregularity of the said resolution.

65. Regulation 8 of the Companies (Powers of the Registrar Regulations) SI No. 71 of 2016 titled "Rectification of the Register" reads as follows;

(1) *The registrar may rectify and update the register to ensure that the register is accurate.*

(2) *For the purposes of this regulation, the registrar may expunge from the register any information or document included in the register, which –*

*(a) is misleading;*

*(b) is inaccurate;*

*(c) is issued in error;*

*(d) contains an entry or endorsement made in error;*

*(e) contains an illegal endorsement;*

*(f) is illegally or wrongfully obtained; or*

*(g) which a court has ordered the registrar to expunge from the register.*

66. In the instant case, I find that the resolution registered on 8<sup>th</sup> January 2025, purporting that the first Petitioner, Padamati Linga Reddy, transferred 18 shares to one Vamishi Reddy and indicating that he held 90% of the Company's shares, whereas in fact he held only 10 shares, is misleading, inaccurate, and was issued in error. Similarly, the transfer form registered on the same date, transferring 18 shares from Mahipal to Vamshi, contains an illegal

endorsement, as it was not supported by a valid resolution authorizing such transfer.

67. Further, the special resolution dated 15<sup>th</sup> April 2025, purporting to divest the first Petitioner of his 10 shares, is misleading to the extent that it reflects Vamshi as holding 18 shares, a position founded on an earlier defective resolution. In any event, the said resolution was illegally and wrongfully obtained, as it is not supported by any minutes or attendance records evidencing that the meeting at which it is alleged to have been passed was duly convened and held.
68. Likewise, the ordinary resolution dated 15<sup>th</sup> April 2025, purporting to remove the first Petitioner as a director and company secretary was illegally/wrongfully obtained, having been obtained without any supporting minutes or attendance records confirming the occurrence of the meeting. It is further rendered unreliable by the fact that it is signed by Nalla Vamshidhar Reddy, whose entry as a member and director on the Company register is tainted by procedural irregularities. The supporting form 20 that eliminates the first Petitioner as a company director/secretary is also invalid as it is predicated on an irregularly obtained resolution dated 15<sup>th</sup> April 2025.
69. Finally, the resolution and transfer form registered on 29<sup>th</sup> January 2026 are equally misleading, as they were endorsed by Manasa, who had not at the material time been entered on the register as a member or director. Additionally, the said resolution contravened Article 19 (b) of the Company's Articles of Association regarding pre-emption rights, and was therefore illegally and wrongfully obtained.
70. In relation to the claims concerning the memorandum of understanding allegedly executed between the Petitioners and the second Respondent, as well as the purported payments said to confirm the second Petitioner's entitlement to 18 shares in the Company, I find that such matters fall outside the jurisdictional scope of the Registrar of Companies. Regulation 8, which governs the Registrar's power to rectify the register, establishes a clear but limited

statutory mandate, the primary purpose of which is to ensure that the Companies Register remains a true and accurate public record. The provision empowers the Registrar to correct defects that are readily ascertainable, objective, and verifiable from the register itself. In the present case, the defects identified in the impugned documents—including resolutions purporting to transfer shares not held by the transferor, resolutions executed by persons lacking the requisite authority, and non-compliance with the Company's Articles of Association—are all defects that are apparent, objective, and capable of verification from the Company's records. These fall squarely within the Registrar's mandate to rectify the register so as to ensure its accuracy.

71. From the foregoing, it is evident that Regulation 8 applies to defects that are apparent and objective in nature. The Registrar's mandate is confined to maintaining the accuracy and integrity of the register, and accordingly, where an issue may be resolved by examining the face of the document and assessing its compliance with statutory requirements, the Registrar is properly seized of jurisdiction to intervene. However, where the determination of an issue necessitates inquiry into matters such as alleged breaches of contractual obligations under a memorandum of understanding, or involves derivative claims, such matters transcend the limited scope contemplated under Regulation 8 of the Companies (Powers of the Registrar) Regulations, S.I. No. 71 of 2016, and fall within the realm of substantive adjudication reserved for the High Court. In the circumstances, the claims advanced by the second Respondent, Nalla Vamshidhar Reddy, in respect of the alleged 18 shares arise from a memorandum of understanding that is extrinsic to the register maintained by the Registrar of Companies. Such claims cannot properly be entertained in these proceedings and must instead be pursued before a court of competent jurisdiction as matters grounded in contractual breach.

***b. What remedies, if any, are available to the parties?***

72. The Registrar of Companies has power to rectify and update the companies register pursuant to Regulation 8 (1) of the Companies (Powers of the Registrar) Regulations SI No. 71 of 2016. Regulation 8 (2) stipulates that the Registrar may expunge from the register any information or document included in the register which is misleading, inaccurate, is issued in error, contains an entry or endorsement made in error, contains an illegal endorsement and is illegally or wrongfully obtained.
73. As such, pursuant to Regulations 8 and 32 of the Companies (Powers of the Registrar) Regulations SI No 71 of 2016, I hereby make the following orders;
- a. *The special resolution dated 01<sup>st</sup> December 2024 and registered on 08<sup>th</sup> January 2025 authorizing a sale of 18 shares from Padamati Linga Reddy to Vamshi Reddy be expunged from the register for being misleading, inaccurate and having been issued in error.*
  - b. *The transfer of share stock form registered on 08<sup>th</sup> January 2025 authorising the transfer of 18 shares from Kandadi Reddy Mahipal to Nalla Vamshidhar Reddy without a supporting resolution be expunged for having been illegally/wrongfully obtained.*
  - c. *The certificate of share stock form registered on 08<sup>th</sup> January 2025 endorsing the transfer of 18 shares from Kandadi Reddy Mahipal to Nalla Vamshidhar Reddy be expunged for having been illegally/wrongfully obtained.*
  - d. *The Board resolution dated 27<sup>th</sup> January 2026 and registered on 29<sup>th</sup> January 2026 authorizing the transfer of 10 shares from Kandadi Reddy Mahipal to Kandadi Manasa be expunged from the register for having been illegally/wrongfully obtained.*
  - e. *Transfer of share stock form registered on 29<sup>th</sup> January 2026 authorizing the transfer of 10 shares from Kandadi Reddy Mahipal to Kandadi Manasa be expunged from the register for having been illegally/wrongfully obtained.*

- f. The Certificate of Transfer of Share Stock registered on 29<sup>th</sup> January 2026 authorizing the transfer of 10 shares from Kandadi Reddy Mahipal to Kandadi Manasa be expunged from the register for having been illegally/wrongfully obtained.*
- g. The special resolution dated 15<sup>th</sup> April 2025 and registered on 22<sup>nd</sup> April 2025 authorizing the transfer of 10 shares from Padamati Reddy Linga to Kandadi Reddy Mahipal be expunged from the register for having been illegally/wrongfully obtained.*
- h. Transfer of share stock form registered on 22<sup>nd</sup> April 2025 authorizing the transfer of 10 shares from Padamati Reddy Linga to Kandadi Reddy Mahipal be expunged from the register for having been illegally/wrongfully obtained.*
- i. The Certificate of Transfer of Share Stock registered on 22<sup>nd</sup> April 2025 endorsing the transfer of 10 shares from Padamati Reddy Linga to Kandadi Reddy Mahipal be expunged from the register for having been illegally/wrongfully obtained.*
- j. The ordinary resolution dated 15<sup>th</sup> April 2025 and registered on 24<sup>th</sup> April 2025 ceasing Padamati Reddy Linga as a company director/ secretary and appointing Nalla Vamshidhar Reddy be expunged from the register for having been illegally/wrongfully obtained.*
- k. The Company form 20 (particulars of directors and secretary) dated 15<sup>th</sup> April 2025 and registered on 24<sup>th</sup> April 2025 be expunged for being misleading and constituting an illegal endorsement.*
- l. That the Company register be restored to its original status before the impugned and illegal filings.*
- m. The register shall be rectified to reflect the shareholding status of the company as reflected in the resolution dated 15<sup>th</sup> July 2020 and registered on 23<sup>rd</sup> July 2020, which stipulates the shareholding as follows: Kandadi Mahipal Reddy holds 90% shares and Padamati Linga Reddy holds 10% shares.*

- n. The registered shall be rectified to reflect the directorship/secretary status of the company as reflected in the company form 20 (particulars of directors/secretary) registered on 20<sup>th</sup> July 2020, which indicates Kandadi Mahipal Reddy and Padamati Linga Reddy as directors and Padamati Linga Reddy as the company secretary.*
- o. The company may file updated beneficial ownership particulars following rectification of the register expunging all irregular filings.*
- p. Disputes relating to contractual arrangements, including the memorandum of understanding and alleged financial contributions, fall outside the scope of this decision and may be pursued before a court of competent jurisdiction.*
- q. Each party shall bear its own costs.*

*I so Order.*

Given under my hand this 21<sup>st</sup> day of April 2026

*Daniel Nasasira*

*Assistant Registrar of Companies*