NATIONAL COMPANY LAW APPELLATE TRIBUNAL
CHENNAI BENCH

17.08.2026

Present: JUSTICE N. SESHASAYEE, MEMBER (JUDICIAL)

JATINDRANATH SWAIN, MEMBER (TECHNICAL)

Company Appeal (AT) (CH) No.76/2026
(IA Nos.1040 & 1041/2026)

M/s. Pearl City Marine Products Private Limited
CIN: U1514KL2015PTC038582
CP No. 10/1446, PO Kanipayyur, Kunnamkulam,
Thrissur, Kerala - 680 517

Mr. Velliyattil Alikutty Abubacker
Director, Chairman and Shareholder
Velliyattil House, Mythri Nagar Kanippayyur,
Kunnamkulam Kerala - 680 517.

Mr. Abdul Rahiman Pullat
Director and Shareholder
Pullat House, Thirukulam, Thirurangadi,
Malappuram, Kerala - 680 584.

Mr. Ahmed Uwaiz Velliyattil Abubacker
Additional Director
Velliyattil House, Mythri Nagar Kanippayyur,
Kunnamkulam, Thrissur - 680 517. **....Appellants**

Vs

Mr.Hiras K
Managing Director and Shareholder of
Pearl City Marine Products Pvt. Ltd.
Kadangode, Thrissur, Kerala - 680 584.

Mr. Shurooq Shanavas
Additional Director
Kunnumkulangara (H) Kappalandi Mukku,
Zakria Sait Road, Opp. Anganavadi Kochi,

Ernakulam, Kerala - 682 002.

Mr. Velliyattil Muhammed Haneefa Abuthahir
Velliyattil House, Kadangode PO Erumapetti,
Thrissur District, Kerala - 680 584.

Mr. Velliyattil Muhammed Haneefa
Velliyattil House, Padinjattumuri,
Kadangode PO, Thrissur, Kerala – 680 584.

The Registrar of Companies, Kerala
BMC Road, Thrikkakara P.O. Kakkanad,
Kochi, Kerala - 682 021. ...Respondents

(Arising out of Order dated 22.06.2026 passed by the Adjudicating Authority (National Company Law Tribunal, Kochi Bench) in COMPANY PETITION (C/ACT/04/KOB/2026)

Present :

For Appellants : Mr. R. Murari, Senior Advocate
For Ms. S. Manjula Devi & Mr. Pavan Kumar Gandhi, Advocates

For Respondents : Mr. Joseph Kodianthara, Senior Advocate
For Mr. Issac Thomas and Mr. Chandapillai Abraham, Advocates for R1

Mr. P.H. Arvindh Pandian, Senior Advocate
For Mr. Akhil Suresh & Mr. Jerin Asher Sojan, Advocates for R3 & R4

JUDGMENT
(Hybrid Mode)

Per: Justice N. Seshasayee, Member (Judicial)

This appeal is preferred by three of the members of the 1st appellant company challenging the Order of the NCLT dated 22.06.2026, in C.P.No.04/KOB/2026 which the 1st Respondent herein had instituted under Sec. 98 of the Companies Act, 2013.

2. Providing a backdrop to the appeal, the learned counsel for the appellants has submitted that:

a) the board of the first appellant company originally comprised of the appellants 2 to 4 plus respondents 1 to 4. While so, due to certain acts of proven acts of misconduct of respondents 3 and 4, they were removed from the board by a resolution passed in the Extraordinary General Meeting of the company held on 10.11.2025, To this resolution, the 1st Respondent was also a party.

b) However, the alignment and alliance thereafter changed with the first respondent drifting away from appellants 2 to 4. It is in this setting, the first respondent has issued a notice dated 20.01.2026 under Section 100 of the Companies Act, 2013 for convening an Extraordinary General Meeting of the company for re-inducting respondents 3 and 4 back into the Board. On 09.02.2026, the Board by a majority of 3:2 rejected the same vide its resolution dated 09.02.2026

c) The 1st respondent would now approach the NCLT with a present petition under Section 98 of the Companies Act, 2013. Prior to the same, respondents 3 and 4 moved the

NCLT with a petition in C.P. No.37/2026 under Sections 241 and 242 of the Companies Act, 2013, but when the 1st respondent moved the NCLT with his present petition under Sec.98 of the Companies Act, 2013, on 05.03.2026, they withdrew their company petition.

3. Heard Mr. Murari Raghavan for the appellants, Mr. Joseph Kodianthara for the first respondent, Mr. P.H. Arvindh Pandian for the 3rd and 4th respondents, all senior counsels appearing 4th for appellant as well as for the respondents. The learned Counsel for the appellant would submit that:

a) in terms of Sec. 100(4) of the Companies Act, 2013, if the Extraordinary General Meeting is not convened despite valid requisition given for the purpose, then those who had requested for the meeting have the right to convene the same under Sec.100(4). And Sec.98 can be invoked only if it is '*impracticable*' to hold or conduct the meeting in the manner prescribed by the Act or the Articles of the company. However, the 1st Respondent has not chosen to demonstrate why it has become impracticable for him to convene the meeting.

b) The meeting is requested to be convened for re-inducting respondents 3 and 4 as directors, who were barely removed from the board months ago on certain allegations.

4. Mr. Joseph Kodianthara, the learned senior counsel, appearing for respondents 1 and 2, submitted that:

a) Sec.100(4) of the Companies Act, 2013, only enables an option in the alternative, but it does not foreclose the independent right to invoke under Sec. 98 of the Companies Act. Reliance was placed on the ratio ***Invesco Developing Markets Fund and Other Vs Zee Entertainment Enterprises Limited and Others*** [(2022) 232 CompCas 20 (Bom)] and ***In Re: Ruttonjee and Co. Ltd.,*** [AIR 1969 Calcutta 550]**.**

b) When a meeting is requested to be convened under Sec.100(2), it is not for the Board to decide on the nature of agenda to be moved in the meeting. It merely has to abide by it.

c) Be that as it may, after the delivery of the order now under challenge, on 08.07.2026, the appellants convened the board meeting where it was resolved to call for a meeting, inter alia induct two additional directors.

d) inasmuch as the appellants are defaulters in law in not convening a General Meeting despite a proper notice served for the purpose, they lack locus standi even to maintain this appeal.

5. Supporting the arguments of Mr. Joseph Kodianthara, Mr. P.H. Arvindh Pandian, the learned senior counsel appearing for respondents 3 and 4, placed emphasis on paragraph 85 of the above referred to judgment in ***Re Ruttonjee case.***

Discussion & Decision

6. The dispute has two parts: First issue is whether Sec.100(4) provides an exclusive remedy to the one who is aggrieved by the failure of the Board of a company to convene a Extraordinary General Meeting pursuant to the requisition of the first respondent to convene it under Sec.100(2) or is it merely an alternative remedy. In other words, the issue is as to whether it is permissible to invoke Sec.98 without exhausting Sec.100(4). The second aspect is whether tribunal should invoke its powers under Sec.98 of the Act in directing the convening of the meeting

requested for by the first respondent. While the former involves a legal issue, the latter is required to be ascertained on facts of this case.

7. Turning to the first issue, the dictum of the High Court of Bombay in ***Invesco Developing Markets Fund case*** throws ample light on it**.** The Court has held:

> *"14. In view of the aforesaid interpretation by the Supreme Court and this Court, we have no hesitation whatsoever in holding that the words "valid requisition" as appearing in Section 100(4) of the Act are restricted to numerical and procedural compliance and nothing further.*
>
> *15. On a literal and plain reading of Sections 98 and 100, we do not see any discretion/power vested with the Board of a Company to sit in judgment over "any matter" for consideration of which the meeting is requisitioned. On a plain reading, the Board of a Company is mandatorily obliged to requisition a meeting if the requirements specified in sub-sections (2) and (3) of Section 100 are satisfied. Needless to state, whether or not the proposed requisition should be given effect to, is to be decided by the shareholders at the general meeting.*
>
> *16. To our mind, the language used in the aforesaid Sections and corporate democracy and protect the rights of shareholders. Section 100(4) in fact provides shareholders with an additional right to proceed to call for and hold an*

EGM despite an unwilling Board. This intent and object of the legislature cannot be ignored whilst construing the relevant provisions of the Act."

It is therefore, evident that convening a General Meeting by a requisitioning member under Sec.100(4) of the Act and convening a meeting through the intervention of the tribunal under Sec.98 are mutually exclusive, and invoking the latter is not dependent on exhausting the former.

8. There, however is a rider. While a requisitioning member's right to convene a meeting under Sec.100(4) is absolute, his right to invoke Sec.98 is qualified as it can be invoked only upon proof of the statutory precondition that it has become impracticable to hold a meeting without the intervention of the tribunal. The fundamental rule in corporate governance is dictated by the rule of internal democracy, and it is axiomatic that tribunals shall not interfere with the internal management of the company. Set in the context, Sec.98 is an exceptional jurisdiction which though enables interference with the internal management involved in convening a meeting along the lines predicated by the Act or by the Articles of the company, yet can be exercised only when it is reasonably established that but for the tribunal stepping in with its authority, a meeting along the lines might not take place.

9. In the renowned ***Re: Ruttonjee case***, the Calcutta High Court delved into circumstances when court can interfere with the internal management of the company and direct convening of meetings under Sec.186 of the Companies Act, 1956 (and Sec.98 is its new avatar without a change) and came up with its broad guidelines. They are:

> *"85. Upon considering the relevant authorities on this subject and examining the language of the statute the main principles involved in trying an application under section 186 are, to my mind, as follows:*
>
> 1. *The court would not ordinarily interfere with the domestic management of a company which should be conducted in accordance with its articles.*
> 2. *The discretion granted under section 186 should be used sparingly and with caution so that the court does not become either a shareholder or a director of the company trying to participate in the internecine squabbles of the company.*
> 3. *The word "impracticable" means impracticable from a reasonable point of view.*
> 4. *The court should take a commonsense view of the matter and must act as a prudent man of business.*
> 5. *A prudent man of business has not a sensitive, officious view of intervention in case of every rivalry between two groups of directors; prudence demands that the court ordinarily keep itself aloof from participating in quarrels of rival groups of directors or shareholders.*
> 6. *But where the meeting can be called only by the directors and there are serious doubts and controversy as to who are the directors or where there is a possibility that one or other or both the meetings called by the rival groups of directors may be invalid, the court ought not to expose the*

shareholders to uncertainties and should hold that a position has arisen which makes it "impracticable" to convene a meeting in any manner in which meetings of the company may be called.

7. *The court should exercise its powers under section 186, when, upon considering all the facts and circumstances of a case, it can say with a reasonable approach to certainty or even prima facie that a meeting called in the manner in which meetings are ordinarily called under the Act or under the articles, would be invalid.*
8. *Before the court exercises its discretion under section 186 the court must be satisfied, when a director or a member moves an application, that it has been made bona fide in the larger interests of the company for removing a deadlock otherwise irremovable."*

These guidelines or parameters are illustrative of the circumstances which may influence a decision of the tribunal under Sec.98, if analysed, the bottom line - that the court/tribunal should not rush to interfere with the internal management of the company, is emphasised in (1) and (5) with an underscoring in (2) where the Court reminds that its authority to direct convening of the meeting must only be sparingly used. This signifies the importance of the requisitioning member under Sec.100(2) who opts to bypass his absolute right under Sec.100(4) in his preference for invoking the qualified jurisdiction of the tribunal under Sec.98, to place the facts before the tribunal from which it could reasonably be inferred that it has become impracticable to convene a meeting. What constitutes impracticability may vary depending on the facts of every case, but it must still be such that they are capable of creating an element of inevitability for the tribunal to step in. While the expression '*impracticable*' is required to be understood not narrowly but with reasonable elasticity from a plane of ordinary prudence and common sense, yet the tribunal needs to reflect if it has become inevitable that unless it intervenes a meeting possibly could not be convened. If not, there is a potential danger of the fundamental rule of corporate governance pivoted in doctrine of internal management being replaced by the exceptional authority of the tribunal under the standalone provision in Sec.98, which as indicated, is designed for sparing use. In other words, the nature of facts must not be similar to ***Ruttonjee case***, but something more than that.

10. This now shifts the focus to appreciate the facts which the right respondent has relied on for establishing a prima facie case on impracticability in holding a meeting under Sec.100(4). When the company petition filed by the first respondent is scanned for material allegations necessary for drawing an inference of impracticability in convening a meeting, we find hardly any. Except an emphasis on the division in the board, the first respondent has not troubled himself to place before Learned NCLT any facts, much less proof thereof for sustaining his prayer for the tribunal's intervention in holding the

Extraordinary General Meeting. When besides the five directors, there are close to 110 other shareholders in the company, where is the difficulty in convening a meeting merely because the board has dismissed the first respondent's request to convene an EGM in the ratio 3:2? Indeed, Respondent No.1 has not even made an attempt to convene a meeting under Sec.100(4). No tribunal can draw an any inference when the foundational facts are absent. The first respondent needs to be reminded that it may not be appropriate for the tribunal to dilute the fundamental rule associated with the doctrine of internal management of a company to accommodate an act of exceptional authority merely because it is expedient to do so.

11. In conclusion, the order of the learned Adjudicating Authority in CP/04/KOB/2026 is hereby set aside, and the appeal is allowed. Interlocutory applications, if any, would stand closed. No costs.

[Justice N. Seshasayee]
Member (Judicial)

[Jatindranath Swain]
Member (Technical)

VG/MS/AK