

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

**ITEM No.42
CA 183/2026
CP No.56/BB/2025**

IN THE MATTER OF:

M/s Ambika Traders & Ors ... Petitioner

Vs.

Shree Basaveshwara Sugar Ltd & Ors ... Respondent

Petition under Sec 241-242 of CA 2013

Order delivered on: 09.10.2026

CORAM:

**SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)**

**SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)**

COUNSELS PRESENT:

For the Applicant : Adv. Adapa V Subba Rayudu
For the Respondent : Adv. Ankita Paul

ORDER

1. **CA 183/2026.**

Vide separate order, the application is **dismissed**.

2. List the main petition for hearing on **02.12.2026**.

**-SD-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

Jones

**-SD-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
(HYBRID MODE)

C.A. No. 183 /BB/2026

in

C.P. No. 56/BB/2025

(Under Section 241 & 242 of the Companies Act, 2013 R/w 81 of the NCLT
Rules, 2016)

IN THE MATTER OF

1. M/s. Ambika Traders

Represented by its Partner Mr. J. Senthil Kumar
Address: Ground Floor, North Colony,
Appusamy Nagar, Thuraiyur Road,
Perambalur, Tamil Nadu - 621 212

2. M/s. Kamala Agencies

Represented by its Partner Mr. J. Senthil Kumar
Address: Rayathur, Boothalur,
Tanjore, Tamil Nadu - 613 001

3. Ms. Sathyanarayanassamy & Co.

Represented by its Partner Mr. J. Senthil Kumar
Address: 312/5C, Akash Bhawan,
Appusamy Nagar, Thuraiyur Road,
Perambalur, Tamil Nadu - 621 212

4. M/s. Murugan Traders

Represented by its Partner Mr. J. Senthil Kumar
Address: 280-3, Kiracent School Quarters,
Perambalur, Tamil Nadu - 621 212

5. M/s. Sri Venkateswara Agencies

Represented by its Partner Mr. J. Senthil Kumar
Address: 312/5C, Akash Bhawan,
Appusamy Nagar, Thuraiyur Road,
Perambalur, Tamil Nadu — 621 212

... APPLICANTS

Versus

1. Shree Basaveshwar Sugars Limited

Rep. by its Managing Director E. Dhayalan
Office at No. 6, Mallikarjun Badavane,
Managuli Nagar, Ganesh Nagar,
Bijapur - 586 109, Karnataka

2. **Mr. Subburaj Manojkumar**
Erstwhile Director of Shree Basaveshwar Sugars Limited
Address: 5/48, Goundar Palaiyam,
Malayappatti, Perambalur,
Tamil Nadu - 621 103
 3. **Mr. E. Dhayalan**
Managing Director of Shree Basaveshwar Sugars Limited
Address: 60, Middle Street, Pudhunaduvalur,
Perambalur, Tamil Nadu - 621 103
 4. **Mr. Kathiravan Srinivasan**
Director and Shareholder of Shree Basaveshwar Sugars Limited
Address: 274/C, Thuraiyur Road,
Perambalur, Tamil Nadu - 621 212
 5. **Mr. Hosakote Channabasappa Gowda Halappa**
Director of Shree Basaveshwar Sugars Limited
Address: NH-218, Karjol Village,
Taluk & District Vijayapura,
Karnataka — 586 108
 6. **Shri A. Srinivasan**
Director and Shareholder of Shree Basaveshwar Sugars Limited
Address: 274/C, Thuraiyur Road,
Perambalur, Tamil Nadu — 621 212
 7. **Mr. Pasupathi Reddiyar Neelraj**
Ex-Director and Shareholder of Shree Basaveshwar Sugars Limited
Address: 274/C, Thuraiyur Road,
Perambalur, Tamil Nadu — 621 212
 8. **Mr. Pasupathi Mani**
Ex-Director and Shareholder of Shree Basaveshwar Sugars Limited
Address: 274/C, Thuraiyur Road,
Perambalur, Tamil Nadu - 621 212
- ...RESPONDENTS**

IN THE MAIN MATTER OF:

M/s. Ambika Traders & Ors.

... PETITIONERS

Versus

M/s. Shree Basaveshwar Sugars Limited & Ors.

... RESPONDENTS

Order Delivered on: 09.10.2026

Coram: **Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)**
Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Counsel for the Applicants: Shri DHYAN CHINAPPA, Sr Adv.

O R D E R

Per Radhakrishna Sreepada, Member (Technical):

1. This Company Application has been filed by Applicants on 19.08.2026 under Section 241 & 242 of the Companies Act, 2013 R/W Rule 81 of the NCLT Rules, 2016 seeking the following reliefs:
 - a) *Grant leave to the Applicants to represent Respondent No.1 Company for the limited purpose of challenging the proceedings arising out of the Arbitral Award dated 07.08.2023 and Order dated 04.11.2024 passed by the Ld. LXXXV Addl. City Civil and Sessions Judge in Com A.P. No. 34 of 2024, including the pending appeal under Section 37 of the Arbitration and Conciliation Act, 1996 in COM AP No. 452 of 2025 before the Hon'ble High Court of Karnataka.*
 - b) *Grant leave to the Applicants to represent the Respondent No.1 Company before any other court or forum, in relation thereto.*
 - c) *Authorize the Applicants through their authorised signatory to sign necessary documents as representatives of the Respondent No. 1 Company including but not limited to pleadings, vakalatnamas, affidavits, applications, objections and all ancillary documents on behalf of the Company in relation to the said proceedings.*
 - d) *Direct that the permission granted shall continue until final adjudication in respect of the disposal of the Award dated 07.08.2023 and Order dated 04.11.2024 passed by the Ld. LXXXV Addl. City Civil and Sessions*

Judge in Com A.P. No. 34 of 2024.

- e) Restrain the present management from taking any stand or action inconsistent with or prejudicial to the prosecution of the said appeal or before any other court or forum, without prior leave of this Hon'ble Tribunal.*
- f) Pass such other order or orders as this Hon'ble Tribunal may deem fit and proper in the interest of justice and equity.*

2. Submissions made by the Applicant: The facts of the case as mentioned in the petition are as under:

- a) The Applicants are shareholders of Respondent No.1 Company and collectively hold approximately 22% of its paid-up share capital. The Applicants have also filed a Company Petition under Sections 241 and 242 of the Companies Act, 2013 alleging mismanagement of the affairs of Respondent No.1 Company, which is pending before this Tribunal.
- b) It is submitted that the present Application has been filed on account of the failure of Respondent No.1 Company and its Board of Directors to take necessary steps to challenge the Arbitral Award dated 07.08.2023 and the Order dated 04.11.2024 passed in COM A.P. No.34 of 2024, which, according to the Applicants, have incorrectly placed a liability upon Respondent No.1 Company.
- c) It is submitted that, the Award has resulted in a liability of approximately Rs.52.71 Crores along with interest at 12% per annum and costs of Rs.30 Lakhs upon Respondent No.1 Company in relation to disputes arising under a Shareholders Agreement between Respondent No.6 and one Mr. Mallanagouda Patil. It is contended that Respondent No.1 Company was only a formal party to the said proceedings and that there was no liability or obligation upon the Company.

- d) It is the case of the Applicants that the alleged liability imposed upon Respondent No.1 Company is beyond the scope of the contract between the parties and is in violation of Section 67(2) of the Companies Act, 2013. The Applicants further allege that the present management, under the control of the Investor Group, has failed to effectively challenge the Award and protect the interests and assets of Respondent No.1 Company.
- e) The Applicants further submit that, after dismissal of the proceedings under Section 34 of the Arbitration and Conciliation Act, 1996 by order dated 04.11.2024, Respondent Nos.1 to 3 had represented before this Tribunal that they were in the process of preferring an appeal under Section 37 of the said Act. However, no such appeal was preferred by Respondent No.1 Company.
- f) It is submitted that, in view of the continued liability against Respondent No.1 Company and the failure of its management to effectively challenge the Award, the Applicants, claiming to have a direct and substantial interest in protecting the rights and assets of the Company, instituted COM AP No.452/2025 before the Hon'ble High Court of Karnataka under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996, in their capacity as shareholders and in the nature of a derivative proceeding.
- g) The Applicants submit that the Hon'ble High Court of Karnataka, by order dated 01.09.2025, stayed the operation of the Award and Order insofar as they extended to Respondent No.1 Company. However, Respondent No.1 Company continues to remain absent and unrepresented in the said proceedings, despite the proceedings directly concerning its rights, assets and liabilities. The Applicants further submit

that the said stay does not affect the execution of the Award against Respondent No.6.

h) It is further submitted that unless leave is granted by this Tribunal permitting the Applicants to represent Respondent No.1 Company before the Hon'ble High Court, the Company would continue to remain unrepresented in proceedings affecting its assets and liabilities. The Applicants contend that they have no other equally efficacious remedy and that denial of the reliefs sought would cause serious prejudice to the Applicants and the Company, whereas granting the reliefs would not cause prejudice to the Respondents.

3. No statement of objections were filed by the respondents in this Company Application objecting the Application. The Id Counsel appearing on behalf of the Respondent no 1 company on advance notice, stated that objections have been filed before the appropriate forum in the Execution proceedings and he has not been given any instructions in relation to the present proceedings.

4. **ANALYSIS:**

- a) We have considered the submissions made by the Applicants and perused the material on record.
- b) The Applicants admittedly hold approximately 22% of the paid-up share capital of Respondent No.1 Company but are not members of the Board of Directors of the Company.
- c) The grievance of the Applicants apparently arises from the alleged failure of the present management to take steps to challenge the Arbitral Award and the Order passed in the proceedings arising therefrom. The Applicants seek, on the basis of such allegations, leave to represent Respondent No.1 Company before the Hon'ble High Court of Karnataka.

- d) It is pertinent to note that the Company Petition filed by the Applicants alleging oppression and mismanagement in the affairs of the Respondent No.1 Company is presently pending adjudication before this Tribunal. As on date, there is no finding by this Tribunal establishing that the affairs of Respondent No.1 Company are being conducted in a manner warranting interference with its management or that the present Board of Directors has acted in a manner prejudicial to the Interest of the Company.
- e) Merely by virtue of being shareholders of Respondent No.1 Company, the Applicants cannot claim an automatic right or authority to represent the Company or to prosecute proceedings on its behalf before another forum. The Applicants are neither members of the Board nor shown to have been authorised by the Company to represent it in the proceedings before the Hon'ble High Court of Karnataka. The mere pendency of the proceedings under Sections 241 and 242 of the Companies Act, 2013 does not, by itself, confer such authority upon the Applicants.
- f) We are also of the view that permitting the Applicants to represent Respondent No.1 Company in the proceedings before the Hon'ble High Court would amount to superceding the present board of Directors and creating a separate set of shareholders clothed with authority, even though a limited one, to represent the Company. The Company Act has no provision for resorting to such an action. What is not contemplated in the Provisions of the Act cannot be considered, However much the applicants contend that their intention is to protect interests of the Company, this relief they seek has no statutory provision for allowing their prayer.
- g) In the absence of any adjudication establishing the allegations of oppression and mismanagement or otherwise demonstrating circumstances warranting such an exceptional interference with the

management of Respondent No.1 Company, we are not inclined to grant the Applicants leave to represent the Company in the proceedings before the Hon'ble High Court of Karnataka. Accordingly, the reliefs sought in the present Application cannot be granted.

h) The Tribunals and Courts are vested with the power to ensure proper implementation of the Statutes. They can give relief within the Statute. They cannot even under the Inherent powers grant any relief, if the Statute does not provide for such relief. They cannot innovate and create a statutory stalemate like the one sought in this application.

5. **DECISION:** From the above discussion, this tribunal is of the Considered opinion that this petition is not maintainable and consequently, the Petition numbered **CA No. 183/ BB/ 2026 is Dismissed.**

-SD-

(RADHAKRISHNA SREEPADA)
MEMBER (TECHNICAL)

-SD-

(SUNIL KUMAR AGGARWAL)
MEMBER (JUDICIAL)