NCLT Kochi Bench Intervenes to Direct EGM in Pearl City Marine Products Dispute Over Requisitioned Meeting

The National Company Law Tribunal (“NCLT”), Kochi Bench, through its order dated June 22, 2026, has exercised its powers under Section 98 of the Companies Act, 2013, to direct the convening of an Extraordinary General Meeting (“EGM”) for M/s. Pearl City Marine Products Pvt Limited. The order follows a governance deadlock where the Board of Directors refused to act on a valid shareholder requisition to appoint new directors, leading the Tribunal to conclude that it was "impracticable" for the shareholders to hold the meeting through ordinary statutory channels.

Analysis

- Under Section 100 of the Companies Act, 2013, the Board is statutorily mandated to call an EGM upon receipt of a valid requisition from members holding at least one-tenth of the paid-up share capital.
- The Petitioner, holding 15.42% of the paid-up equity share capital, issued a requisition on January 20, 2026, to consider the appointment of two directors (Respondents 6 and 7).
- At a Board meeting held on February 9, 2026, the Board declined the requisition by a 3:2 majority, suggesting instead that the meeting be held after the close of the financial year 2025-26.
- The NCLT clarified that the Board cannot assume the role of a court or Tribunal to determine the "legality, correctness, propriety, or genuineness" of a requisition; it is bound to act if the requisition satisfies the requirements of Section 100.
- Invoking Section 98, the Tribunal held that "impracticability" to hold a meeting must be viewed from a "reasonable point of view," taking a "common-sense view" of the business situation.

- The Tribunal found that the existence of serious disputes between rival groups and the fact that the requisitionist lacks access to the company's statutory registers, records, and infrastructure made it impracticable for the Petitioner to convene the meeting independently under Section 100(4).

- To ensure transparency, the NCLT appointed Shri. Ganapathi KRK (a retired judicial officer) as the independent Chairman and Shri. Ramachandran Thekkumkat Madathil as the Scrutinizer to conduct the EGM.

- The order mandates that the existing Board and officers must provide all necessary records and cooperation to the Chairman for issuing notices to the 113 members of the company.

- The Tribunal further directed that the EGM be conducted within two months, with the Chairman required to file a report on the proceedings within seven days of the meeting's conclusion.

- **Key Takeaways**

  - NCLT Kochi Bench ordered the convening of an EGM under Section 98 due to the Board's failure to act on a valid shareholder requisition.

  - The Tribunal reaffirmed that the Board has no discretionary power to refuse a valid requisition made under Section 100.

  - "Impracticability" under Section 98 includes scenarios where requisitionists are denied access to statutory records and corporate infrastructure amidst shareholder hostility.

  - The appointment of an independent Chairman and Scrutinizer is a necessary safeguard to ensure a fair and legally unimpeachable meeting in contested environments.

- The notification is attached herein.

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