IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24-03-2026

CORAM

THE HONOURABLE MRS.JUSTICE T.V.THAMILSELVI

CRP Nos. 1841 and 1846 of 2025
and CMP Nos.10629 and 10623 of 2025

1. R. Vidhyadhar
S/o. T. Rathnasabapathy, No.18, Bharathy Park Cross, 6th Cross, Saibaba Colony, Coimbatore 641011.

Petitioner(s)

Vs

V.R.A.R. Ramakrishnan (Dead)
1. The Rathna Textile Mills Pvt Ltd.,
Having its registered office at No.119, Wheelers Road, Cox Town Bangalore 560005.
2.Usha Ramakrishnan
W/o. Late. V.R.A.R. Ramakrishnan, No.3, 3rd Main Paramahamsa Road, Yadagiri, Mysore 570020.
3.R. Rathinaswamy Prabhu
S/o. Late. V.R.A.R. Ramakrishnan, No.3, 3rd Main Paramahamsa Road, Yadagiri, Mysore 570020.
4.Jayanthi Ravikumar
D/o. Late. V.R.A.R. Ramakrishnan, W/o. A.R.M. Ravikumar, O.No.871, N.No.7, 17th Main Anna Nagar, Chennai 040.
5.Vasantha Kokilam
W/o. Late. T. Rathnasabapathy, 204, 2nd Floor, Amman Apartments, Bharathi Park Road, No.2, Saibaba Colony, Coimbatore 11.

6.R. Angappa Murali
S/o. Late. T. Rathnasabapathy, No.204, 2nd Floor, Amman Apartments, Bharathi Park Road, No.2, Saibaba Colony, Coimbatore 11.
7.Senniappa Sridhar
S/o. T. Rathnasabapathy, Doing business at Sri Lakshmi Transports No.635 G.P. Complex, Sathy Road, Coimbatore 641 912.
8.Seeni Girija
W/o. Munusami, Sakthy Agency, Bhavani Road, Anthiyur 638501, Erode Dt.
9.TCS Textiles Pvt Ltd.,
by its Managing Director, T.K. Chandran, having its Office at No.68-A, College Road, Tirupur Town, Coimbatore Dt. (Presently known as M/s. Gajaananda Jewellery Maart Pvt Ltd.,)

Respondent(s)

CRP No. 1846 of 2025

R. Vidhyadhar
S/o. T. Rathnasabapathy, No.18, Bharathy Park Cross, 6th Cross, Saibaba Colony, Coimbatore - 011.

Petitioner(s)

Vs

V.R.A.R. Ramakrishnan (died) 1. The Rathna Textile Mills Private Limited Having its registered office at No.119, Wheelers Road, Cox Town Bangalore - 005.

Respondent(s)

Civil Revision Petitions filed under Article 227 of Constitution of India to set aside the fair and decreetal order dated 12.11.2024 in I.A.Nos.3 and 1 of 2024 in O.S.No.580 of 2023 on the file of III Additional District Judge, Coimbatore.

For Petitioner(s):	Mr.R.Vidhya Shankar
For Respondent(s):	Mr.S.R.Reghunathan For R1 R3 And R4 Mr.Ferdinand For M/s.Bfs Legal For R2

COMMON ORDER

Challenging the impugned order passed by the trial Court in I.A.Nos.1 and 3 of 2024 in O.S.No. 580 of 2023, the fourth defendant has preferred the above revisions.

2. Before the trial Court, the plaintiffs 2 to 5, who are the legal heirs of the original plaintiff, filed I.A.No.1 of 2024 under Section 151 of Civil Procedure Code to permit the third respondent herein to represent the first respondent Company in O.S.No.580 of 2023;

3. I.A.No.2 of 2024 was filed under Order XXII Rule 10 read with Section 151 of Civil Procedure Code to substitute the name of the ninth respondent as “M/s

Gajaananda Jewellery Mart Private Limited" consequent to the scheme of amalgamation of M/s Gajaananda Jewellery Mart Private Limited" with M/s TCS Textiles Private Limited.

4. I.A.No.3 of 2024 was filed under Order XXII Rule 3 of Civil Procedure Code to implead the respondents 2 to 4 herein as the legalheirs of the deceased V.R.A.R.Ramakrishnan.

5. On hearing both sides the trial court allowed all the three applications. Aggrieved by the order, the fourth defendant has preferred I.A.Nos.1 and 3 of 2024.

6. The deceased first plaintiff viz., V.R.A.R.Ramakrishnan was a holder of 50% of shares in the 2nd plaintiff Company viz.,The Rathna Textile Mills Pvt Ltd., and he was one of the directors of the said Company and filed a suit in O.S.No.580 of 2023 against six defendants and the defendants 1 to 5 are the legalheirs of one T.S.Rathina Sabapathy, who was the brother of the 1st plaintiff. The first plaintiff and his brother T.S.Rathina Sabapathy floated a Company by name Rathina Textile Mills Private Limited/2nd plaintiff herein. The second plaintiff was incorporated at Bangalore in the State of Karnataka. The nominal capital of the 2nd plaintiff was Rs.5,00,000/-(Rupees

Five Lakhs Only) divided into 5000 Equity shares of Rs.100/- each. The first plaintiff and his brother took 400 shares each and no share had been issued beyond 800 shares, but his brother T.S.Rathina Sabapathy, since deceased, claimed 620 shares in the 2nd plaintiff viz., The Rathtna Textile Mills Private Limited, after his death, the defendants 1 to 5 have succeeded only 400 shares, but, the defendants 1 to 5 claim that they are having 620 shares of the 2nd plaintiff viz., The Rathtna Textile Mills Private Limited. Therefore, dispute arose between them and litigation was initiated by invoking Company Law before the High Court of Karnataka at Banglore. In the meanwhile, they executed a Sale Deed in favour of the sixth respondent in respect of the property standing in the name of the Company. They sold the property in favour of the sixth respondent with an intention to defeat the plaintiff's right and to alienate the property fraudulently. The sale Deed dated 14.11.2005 is sham and nominal and not acted upon and would not bind the plaintiffs.

7. On 16.09.1978 Schedule "A" mentioned property was purchased in the name of the 2nd plaintiff and on 12.09.1995 when the 1st plaintiff filed a Company Petition for voluntary winding up of the 2nd plaintiff for the reasons stated in the Company Petition in C.P.No.117 of 1995, on 12.09.1995 when the first plaintiff had asserted in the Company petition that T.S.Rathnasabapathy (since deceased) had agreed

for the division of the property and allotment of 50% of the property to the 1st plaintiff, on 17.02.1996 when the said T.S.Rathnasabapathy (since deceased) filed a counter affidavit admitting to the said division and allotment of 50% of the suit Schedule A mentioned property. On 17.02.1996 when T.S.Rathnasabapathy (since deceased) and the defendants 1 to 5 have been constructive trustees in respect of 50% of the suit Schedule A Mentioned property falling to the share of the 1st plaintiff. But subsequently, the defendants 1 to 5 committed mismanagement and fraudulently sold the property to the 6th defendant. Therefore, the plaintiffs filed a suit to declare the Sale Deed standing in the name of the 6th defendant as null and void and also prayed for division of suit A schedule property by appointing a Commissioner, into 2 equal shares with metes and bounds and allot one such share to the first plaintiff and put him in possession.

8. The said suit was contested by the defendants by filing written statement, wherein, they claimed that their father T.S.Rathnasabapathy were holding 620 shares and no irregularity or illegality was made in respect of allotment of said shares. The first plaintiff has not taken any steps to challenge the allotment of the said shares and they denied that their father has agreed for partition of the property standing in the name of the 2nd plaintiff Company and as per the Companies Act, the property of the 2nd plaintiff Company is not the property of shareholder and is therefore incapable of such partition.

They took various defences.

9. Pending suit, the first plaintiff viz., V.R.A.R.Ramakrishnan died so also the name of the 6th defendant viz.,M/s TCS Textiles Private Limited has been substituted as "M/s Gajaananda Jewellery Mart Private Limited" consequent to a scheme of amalgamation of "M/s Gajaananda Jewellery Mart Private Limited" with Ms/ TCS Textiles Private Limited. Therefore, the legal heirs of the first plaintiff filed an application to implead the respondents 2 to 4 as the legal heirs of the first plaintiff and also to substitute the name of the sixth defendant and also permit the third respondent herein to represent the first respondent Company.

10. All the applications were objected by the defendants stating that the proposed plaintiffs 3 to 5 are not shareholders of the 2nd plaintiff Company and therefore, the third respondent herein has no locus-standi to represent the second plaintiff company and no authorisation was given to him by the Board to represent the Company and at the most the Company is to be transposed as defendants they have to approach NCLT under Section 58 of the Companies Act in order to transmit the shareholding of the deceased 1st plaintiff to their names and therefore, they have no right to get themselves impleaded in the suit as they are not the shareholders of the Company.

Further they stated that the amalgamation of the sixth defendant with M/s TCS Textiles Pvt Ltd took place in the year 2013 and immediately no steps were taken for substitution. Therefore, they have filed an application in I.A.No.2 of 2024, as such, is not maintainable and therefore, they pray for dismissal of all the applications.

11. On hearing both sides, the trial Judge held that the suit is a derivative suit filed by the Director/1st plaintiff representing the Company/2nd plaintiff against the legalheirs of the former Director of the Company stating that they acted fraudulently and transferred the suit property to the sixth defendant. Therefore, as legalheirs of the 1st plaintiff, the former Director of the Company, who have inherited the shareholdings of the 1st plaintiff can continue the suit, since the cause of action survives. The trial court has also held that the objections raised by the respondents 1 to 5 that the petitioners 3 to 5 have no locus standi to continue the suit as representatives of the 2nd plaintiff appears to be untenable and for the reason that the transfer of shareholdings of the 1st plaintiff to the name of the petitioners 3 to 5 is not effected, their petition to implead themselves as additional plaintiffs and the prayer to permit the 4th petitioner to represent the Company need not be denied and the trial court further held that the objections raised are purely technical and the suit proceedings need not be stalled for want of transmission of shareholdings in the name of the petitioners 3 to 5 and to protect the interest of the

Company, one of the shareholders is entitled to file a derivative suit and as of now, the title to the suit property vests with M/s Gajaananda Jewellery Mart Private Limited and therefore, he is a necessary party to the suit and the proposed legalheirs are entitled to proceed with the suit as the legalheirs of the first plaintiff and permission is also granted to the third respondent herein to represent the second plaintiff Company and thereby the trial Court allowed all the applications. Aggrieved by the same, the present revisions have been preferred by the 4th defendant.

12. Learned counsel for the revision petitioner/4th defendant submits that the trial Court failed to take note of the fact that as on date the proposed plaintiffs/respondents 2 to 4 herein are not the shareholders of the 1st respondent Company and even though they are the legal heirs of the deceased shareholder and any rights in the Company can only be claimed by the respondents 3 to 5 only after lawful transmission of the shares, without which, they are not entitled to proceed with the Company or its property. Further, learned counsel for the revision petitioner/4th defendant submits that Article 8 of the Articles of Association of the 1st respondent Company which mandates that the legalheirs of the deceased shareholder shall be recognised by the Company only upon satisfactory proof of their title by producing certificate of succession from a competent court having jurisdiction. Learned counsel for

the revision petitioner/4th defendant further submits that as on date Company Petition in CP No.98 of 2024, filed by the respondents 2 to 4 is pending before NCLT, Bengaluru and therefore, they are not entitled to represent the Company, But, the trial Court has erroneously granted permission which is liable to be set aside.

13. Learned counsel for the revision petitioner/4th defendant further submits that the first plaintiff/V.R.A.R.Ramakrishnan filed a suit in his capacity as a Shareholder of the 1st respondent Company and under Section 56 of the Companies Act, 2013, the transmission of shares upon the death of a shareholder is exclusively within the jurisdiction of NCLT and not a civil Court. Therefore, the legalheirs do not automatically inherit the rights until transmission is approved by the Company/NCLT and any right to sue can survive only in the hands of the succeeding shareholder and without considering all these fundamental principles, the trial Court has erroneously allowed all the applications, which are liable to be set aside..

14. Learned counsel for the revision petitioner/4th defendant further submits that in a derivative suit, it is necessary that a Company whose benefits the reliefs are claimed has to be ranked as defendants and they never be cited as plaintiffs and there is no Board Resolution to represent the Company by the third respondent herein and

immediately after amalgamation, steps were not taken to implead the ninth respondent herein as a party to the proceedings. Therefore, the learned counsel prays to set aside the order passed by the trial Court.

15. Per contra, learned counsel for the respondents 1 to 4/proposed legal heirs of the deceased 1st plaintiff/ V.R.A.R.Ramakrishnan submits that during the life time of the first plaintiff/V.R.A.R.Ramakrishnan, he filed a petition in CP No.08 of 2008 and subsequently, it was re-numbered by National Company Law Tribunal, Bengaluru (NCLT) as T.P.No.10 of 2016. The Company Petition was allowed by NCLT on 11.10.2018 holding that the respondents 1 to 5/defendants are entitled only to 400 shareholders held by late T.S.Rathnasabapathy and held that their respective directorships are also declared illegal and also held that the first plaintiff/V.R.A.R.Ramakrishna is a Director of the Company holding 50% of the paid up share capital and no valid resolution can be passed in the Company without his consent and participation. It was also held by NCLT that the defendants 1 to 5 cannot unilaterally dispose the suit Schedule A property without notice and consent of the 1st plaintiff/V.R.A.R.Ramakrishnan, who continued to be a Director holding 50% of the paid up share capital of the Company right from the day of incorporation and set aside the proceedings of the Board of Directors held on 18.03.1996 and the subsequent

declarations in Form No.32 filed by the respondents on 01.12.2005 and NCLT has also set aside the allotment of 620 shares made in favour of the respondents 2 to 6 and consequently declared that the petitioner is holding 400 shares and remaining 400 shares can be apportioned among the family members of T.S.Rathnasabapathy and the respondents 2 to 6 can elect any one of them as Directors of the Company and convene a Board Meeting . Against the order dated 11.10.2018 passed by NCLT, the respondents 1 to 5/defendants preferred an appeal as T.A.No.81 of 2021 and the said appeal was dismissed by NCLT by order dated 01.06.2023, against which appeal in C.A.No.5290 of 2023 was preferred before the Hon'ble Supreme Court, wherein, the Apex Court has dismissed the appeal on 06.09.2023 holding that they have no reason to interfere with the order passed by NCLT.

16. Learned counsel for the petitioner/4th defendant submits that the first plaintiff succeeded, but he passed away on 17.01.2024 and to proceed the suit, his legal heirs filed an application before the trial Court to substitute the sixth defendant. Since additional allotment shares falsely claimed by the defendants 1 to 5 were set aside, based on that, property was fraudulently sold by the defendants 1 to 5, which is under challenge in the present suit. Therefore, as the legal heirs of the deceased 1st plaintiff, the proposed plaintiffs 2 to 5 are entitled to proceed and the same was rightly considered

by the trial Judge.

17. With regard to allotment of shares, belonging to the 1st plaintiff, the same was granted by NCLT, Bengaluru and the same was confirmed upto Hon'ble Supreme Court. Therefore, the transmission of the shares is in consequence thereof to that effect, the observation made by the trial Court warrants no interference.

18. Considered the submissions made by the learned counsel on either side and perused the materials available on record.

19. It is an undisputed fact that the deceased 1st plaintiff and his brother T.S.Rathnasabapathy have jointly registered 2nd plaintiff Company and also purchased an extent of 9.34 acre in the name of the 2nd plaintiff Company in which both the 1st plaintiff and his brother T.S.Rathnasabapathy were having 50% shares. With regard to the shares, the defendants claimed that they are entitled 620 shares and the first plaintiff contended that each of them is entitled 400 shares and not more than that. However, the 2nd plaintiff Company was not acted upon. Winding up proceedings were initiated and with regard to apportionment of shares, the 1st plaintiff initiated proceedings before NCLT, Bengaluru in TP No.10 of 2016 which ends in his favour

against which appeal was filed and same was dismissed upto Hon'ble Supreme Court. Therefore, the proceedings of the Board of Directors along with other consequential proceedings were set aside during the life time of the 1st plaintiff. Therefore, the claim of 400 shares made by the 1st plaintiff was granted in his favour.

20. The present suit was filed challenging the sale deed executed by the defendants 1 to 5 in favour of sixth defendant in respect of the property standing in the name of the 2nd plaintiff based on a forged Resolution thereby the plaintiffs claim that the said sale deed would not bind them and therefore prayed for equal division of the property.

21. As per the plaint pleadings, it is a suit for declaration and also division of the property into two equal shares with metes and bounds and the 1st plaintiff prayed to put him in possession of his ½ share in the suit property to an extent of 9.34 acres immovable property. Therefore, with regard to the allotment of the shares in the property though stands in the name of the 2nd plaintiff, but, jointly purchased by the 1st plaintiff and the deceased brother T.S.Rathnasabapathy, since the 1st plaintiff died, as the legalheirs, the respondents 2 to 4 prayed to implead themselves as party to the proceedings and also to represent the 2nd plaintiff Company. Though it is a derivative

suit also, the 2nd plaintiff Company was represented by 1st plaintiff by filing a suit in O.S.No.708 of 2008. Simultaneously, the 1st plaintiff initiated proceedings before NCLT in CP No.8 of 2008 challenging the fraudulent Board Resolution. Admittedly, the Company was not acted upon and winding up proceedings were also initiated, wherein, according to the 1st plaintiff, his brother T.S.Rathnasabapathy agreed to give ½ share immovable property which is the only property standing in the name of the Company, in which, each is entitled equal ½ share. As on date, the Board Resolution is declared as untrue and invalid and the claim of 50% of the Company share is confirmed in the name of the 1st plaintiff and thereafter, the 1st plaintiff died and hence his legalheirs are entitled to proceed with the suit for the division of the property.

22. In the light of the above, the findings of the trial court require no interference. Already the 1st plaintiff represented the 2nd plaintiff Company. Therefore, one of the legalheirs the third respondent herein is entitled to represent the Company after amalgamation. So far the trial has not commenced. After amalgamation, the proposed M/s TCS Textiles Pvt Ltd is a necessary party and to that effect the order passed by the trial Judge is sustainable one. Therefore the order passed by the trial Judge allowing all the three applications is a well reasoned one which requires no interference.

23. In the result, both the civil revision petitions are dismissed. This Court by order dated 27.06.2024 in CRP No.2299 of 2024 has already issued a direction to the trial Court to complete the proceedings in O.S.No.580 of 2023 within a period of three months from the date of disposal of these three applications. But, as on date, the suit is not disposed of and the case is ripe for trial. The defendants are directed to co-operate for speedy trial.

24. Since originally the suit is of the year 2008, the trial Court is directed to dispose of the suit in O.S.No.580 of 2023 on merits and in accordance with law within a period of three months from the date of receipt of a copy of this order.

No costs. Consequently, connected miscellaneous petitions are closed.

24.03.2026

sr
Index:yes/no
Website:yes/no
Speaking Order/Non-speaking Order

To

The III Additional District Court, Coimbatore

T.V.THAMILSELVI.,J

sr

CRP Nos.1841 and 1846 of 2025

24.03.2026