

IN THE SUPREME COURT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF
SRI LANKA.

*In the matter of an Appeal in terms of Section 5(1) of the High
Court of the Provinces (Special Provisions) Act No. 10 of 1996*

SC/CHC/Appeal/18/ 2023
CHC/20/2021/CO

1. Sujeewa Wimalanath Weeraratna
No. 100/4, Artigala Mawatha,
Kolamunna, Piliyandala.
2. Daseeli Liyanage Shironi Champa Senanayake
No. 157/2, Banglawaththa, Hapugala,
Wakwella.
3. Tiran Kumara Bangagamaarachchi
No. 132/7, Edirisinghe Road,
Gangodawila, Nugegoda.
4. Dhammika R. Siriwardane
No. 569/3, Pathalawaththa Road, Arawwala,
Pannipitiya.

PETITIONERS-APPELLANTS

Vs.

1. Ravaya Publishers (Guarantee) Ltd
No. 23, Piliyandala Road,
Maharagama.
2. Majuwana Kankanamge Victor Ivan
Mahagedarawaththa, Kapuhenpala,
Akmeemana.
3. Management And Computer Service (Private) Ltd
No. 120, Arnold Rathnayake Mawatha,
Colombo 10.
4. R.D. Asanka Rukshan Kumara
Accountant – Ravaya Publishers (Guarantee) Ltd,
Pahala Nindawela, Anukkane.
5. Lasal Joseph Kathriarachchi
Manager – Ravaya Publishers (Guarantee) Ltd,
St. Jude Moses Mawatha, Middle Road,
Koralewella, Moratuwa.

6. Commercial Bank Of Ceylon Plc
No. 21, Sir Razik Fareed Mawatha, Colombo 01.

RESPONDENTS-RESPONDENTS

AND ALSO BETWEEN

1. Thambirasa Nadarasa
No. 18, Nawagampura,
Wellampitiya.
2. Lakmal Ravindra Kumarasinha
No. 186/3, Mihiri Mawatha, Paligedara,
Piliyandala.
3. Welanthanthrige Nilanka Botejue
No. 228, Pathiragoda, Maharagama.
4. Hewa Komputugoda Chaminda
No. 2b, Pathurugala Gama, Manwella, Thelijjavila.
5. Don Manson Pradeep Munasinghe
No. 108, Novatiya Road, Bokkegama, Panadura.
6. Hewa Kankannange Puspha Mangalika Kalyani
Perera
No. 819/1, Galle Road, Molligoda, Wadduwa.
7. Gamathige Dona Suramya Lakmali
No. 213/A, Nagahaduwa, Payagala.
8. Kangara Mudiyanseelage Tissa Seneviratne Bandara
Yatiwaldeniya, Pathampitiya, Rabukkana.
9. Welihena Ranasinghe Withanage Chandrawansha
No. 74/1, Liyanahollagoda,
Thibbotuwawa, Akuressa.
10. Haputhanthrige Renu Kumari Madanayake
No. 102/3, Samagi Mawatha,
Godagama, Homagama.
11. Kankanamge Nandasiri Dharmarathna
No. 108/D, Mirandeniya,
Halgasmulla, Wanwawala, Galle.

INTERVENIENT-RESPONDENTS
- RESPONDENTS

Sujeewa Wimalanath Weeraratna and Others v Ravaya Publishers (Guarantee) Ltd and Others
Case No. SC/CHC/Appeal/18/ 2023

Before: Mahinda Samayawardhena J.
Dr Sobhitha Rajakaruna J.
Menaka Wijesundera J.

Counsel: Nimesha Rodrigo for the Petitioners-Appellants..
Dilumi de Alwis with Saranee Gunathilake for the 1st, 3rd, 4th and 5th
Respondents-Respondents and 1st-7th, 9th-12th Intervenant Respondents-
Respondents.

Written Submissions: Petitioners-Appellants - 28 April 2026
1st, 3rd, 4th and 5th Respondents-Respondents and 1st-7th, 9th-
12th Intervenant Respondents-Respondents - 12 May 2026

Argued on: 04 March 2026

Decided on: 17 September 2026

Judgement

Dr Sobhitha Rajakaruna, J.

This is an appeal from the Order dated 24 June 2022 of the Provincial High Court of the Western Province -exercising jurisdiction on commercial transactions- holden in Colombo ('High Court'), by which the Petition instituted by the Petitioners- Appellants ('Appellants') under sections 224(1) and 225(1) of the Companies Act No. 7 of 2007 was dismissed, with costs. The Appellants, who are directors and shareholders of the 1st Respondent-Respondent Company ('Company'), alleged that the affairs of the Company had been conducted in a manner oppressive to the minority shareholders and prejudicial to the interests of the Company, principally by the 2nd to 5th Respondents-Respondents. The allegations included: attempts to wind up the Company, the suspension of the 1st Appellant from his position as Editor of the Ravaya newspaper, failure to provide funds for its continued publication, restrictions concerning the operation of the Company's bank accounts, and steps taken to convene an Annual General Meeting.

The High Court concluded that the Appellants had failed to establish either oppression within the meaning of section 224(1) or mismanagement within the meaning of section 225(1), and accordingly dismissed their Petition. The principal question arising in this Appeal is whether that conclusion discloses an error of fact or law warranting appellate interference.

Contention of the Appellants

The Appellants submit that the Company, which is limited by guarantee and associated with the publication of the Ravaya newspaper ('Ravaya'), was established principally to ensure the continuation of that publication. They contend that they are minority shareholders and that the 2nd to 5th Respondents- Respondents, who were in control of the affairs of the Company, acted oppressively towards them and mismanaged the Company.

It is submitted that, during a period in which the publication of Ravaya had been interrupted due to the COVID-19 pandemic and other circumstances, the 2nd Respondent-Respondent, without a resolution of the Board of Directors, instructed that steps be taken to wind up the Company. The Appellants further allege that the 1st Appellant, who was the Editor of Ravaya, was prevented from performing his duties; that funds were deliberately withheld for the purchase of paper and other materials necessary for publication; that instructions were given to the Company's bank not to release funds for its operations; and that the 2nd Respondent- Respondent sought to bring about the cessation of the newspaper and the winding up of the Company.

The Appellants also contend that the 2nd Respondent-Respondent had made statements detrimental to the reputation of the Company and had dealt improperly with funds received by way of donations. They further rely upon the steps taken by the 3rd Respondent-Respondent to convene an Annual General Meeting, which they allege were undertaken without the requisite approval of the Board and with the purpose of facilitating the winding up of the Company.

It is the Appellants' principal submission that the High Court failed to properly apply sections 224 and 225 of the Companies Act and failed to judicially evaluate the documentary material placed before court, which, according to them, disclosed at least a prima facie case of oppression and mismanagement. They contend that oppression and mismanagement may be

established by considering a continuing course of conduct and that the cumulative effect of the acts complained of demonstrated conduct detrimental both to their rights as minority shareholders and to the interests of the Company. They therefore seek to have the impugned Order set aside and the reliefs prayed for in the original Petition granted.

Argument of the Respondents

The 1st, 3rd, 4th and 5th Respondents-Respondents and 1st to 7th and 9th to 12th Intervening Respondents-Respondents (hereinafter collectively referred to as the 'Respondents') submit that the impugned Order is sound in law and fact and that the High Court correctly applied the statutory tests under sections 224(1) and 225(1) of the Companies Act. They contend that the Appellants failed to establish either oppressive conduct towards them in their capacity as shareholders or conduct prejudicial to the interests of the Company.

The Respondents place the dispute in the wider context of the longstanding financial difficulties faced by the Company and the Ravaya newspaper. They refer to the earlier fundraising arrangements involving Ravaya Solidarity (Private) Limited, the subsequent reacquisition of shares by the Company, steps taken to return funds to contributors, and the fact that discussions concerning the voluntary winding up of the Company had commenced prior to the institution of the application. Accordingly, they contend that the proposal to wind up the Company was not an arbitrary or oppressive act but merely a proposal for consideration through the Company's lawful corporate processes.

Concerning the suspension of the 1st Appellant as Editor, the Respondents submit that he had been engaged on a contractual basis and that the dispute concerning his employment was a matter, falling if at all, within the jurisdiction of the Labour Tribunal and not within the statutory remedy relating to oppression under section 224(1). They further contend that the restrictions concerning the Company's bank accounts and the purchase of paper could not amount to mismanagement, particularly after the 1st Appellant's suspension and the consequent absence of authority to transact on behalf of the Company.

The Respondents further submit that the steps taken to convene the Annual General Meeting were undertaken in accordance with the Articles of Association of the Company and therefore could not constitute oppression or mismanagement. They maintain that the documentary

material relied upon by the Appellants was duly considered by the High Court and did not substantiate the allegations made. The Respondents accordingly contend that the Appellants have merely sought to characterise internal disagreements, employment-related grievances, corporate communications and differences concerning commercial decisions as oppression and mismanagement.

Relying, *inter alia*, on the principles discussed in *Dehigaspe Patabendige Nishantha Nanayakkara v Ceylon MKN Eco Power (Pvt) Ltd & Others* (SC/CHC/Appeal/26/2003, SC Minutes of 28 February 2024), the Respondents submit that the Court should not interfere with bona fide corporate decisions or internal management unless the statutory requirements for oppression or mismanagement are established. They therefore seek the dismissal of the appeal and the affirmation of the Order of the learned Commercial High Court Judge, together with costs.

Evaluation

The central issue that arises for determination is whether the material placed before the High Court establishes that the affairs of the 1st Respondent Company were conducted in a manner oppressive to the Appellants within the meaning of section 224(1), or in a manner prejudicial to the interests of the Company within the meaning of section 225(1) of the said Companies Act.

In considering this question, it is necessary to bear in mind the principles enunciated by this Court in the aforesaid case of *Dehigaspe Patabendige Nishantha Nanayakkara v. Ceylon MKN Eco Power (Pvt) Ltd & Others*. In that case, this Court considered the statutory remedies relating to oppression and mismanagement and emphasised that the Court must examine the particular facts and circumstances of each case, while maintaining the distinction between a grievance arising from the management of a company and conduct which attracts the statutory jurisdiction of Court.

As regards section 224, the requirement is not merely that a shareholder should have a grievance concerning the affairs of the company. The shareholder must establish that the affairs of the company are being conducted in a manner oppressive to him in his capacity as

a shareholder. As explained in the case of *Dehigaspe Patabendige Nishantha Nanayakkara*, the complaint must therefore relate to the shareholder's rights or legally recognised interests as such, and not merely to his position as a director, employee or officer of the company. The Court in the said case referred with approval to *Re Lundie Brothers Ltd* [1965] 2 All ER 692, where it was observed that a complaint relating to the ousting of a shareholder from his position as a working director does not, without more, concern his status as a shareholder.

This distinction assumes particular significance in the present Case. A substantial part of the complaint of the Appellants arises from the alleged suspension or exclusion of the 1st Appellant from his functions as Editor and from the alleged exclusion of the Appellants from the management of the Company. While those matters may undoubtedly have caused the Appellants' dissatisfaction, the question for the purposes of section 224 is whether such conduct constituted oppression of the Appellants as shareholders. The fact that a person is both a director and a shareholder does not, by itself, transform every grievance relating to his directorship or employment into oppression within the meaning of section 224.

I have also considered the Appellants' submission that the alleged removal of the 1st Appellant was contrary to the Articles of Association. It is undoubtedly correct that the Articles constitute an important part of the legal framework governing the affairs of the Company. However, the mere assertion that a particular act was contrary to the Articles does not, without more, establish oppression. The Court must examine the nature and effect of the impugned conduct and determine objectively whether it amounts to conduct which is burdensome, harsh and wrongful and involves a lack of probity or fair dealing towards the shareholder concerned.

It must equally be recognised that the mere fact that a person has been removed from management does not invariably exclude a claim under section 224. The case of *Dehigaspe Patabendige Nishantha Nanayakkara* itself demonstrates that the Court must examine whether, in the particular circumstances, there existed a legally founded legitimate expectation of continued participation in management and whether the conduct complained of unfairly defeated such expectation. The question is therefore one of substance and not merely of the form in which the grievance is presented.

In the present Case, however, I am not satisfied that the Appellants have established such circumstances. The material before Court does not demonstrate that the Appellants possessed a legally enforceable or otherwise legally founded expectation that they would continue to participate in the management of the Company irrespective of the circumstances confronting it. The dispute concerning the position of the 1st Appellant as Editor, particularly in circumstances where the Respondents maintain that he was engaged on a contractual basis and had been suspended pending a disciplinary inquiry, cannot, without more, be elevated into a claim of oppression of a shareholder.

The same approach must be adopted in relation to the communications concerning the possible winding up of the Company. The Appellants place considerable reliance upon the email marked P11 and the subsequent communications of the 2nd Respondent-Respondent. They contend that these communications demonstrate that the said 2nd Respondent had unilaterally determined to wind up the Company and thereby intended to deprive the Appellants of their rights as minority shareholders.

I have carefully considered that submission. In my view, the substance and context of the communications are important. The existence of a proposal or expressed opinion that a company should be wound up does not, in itself, amount to oppression or mismanagement. A company facing financial difficulties may legitimately consider whether it should continue its existing operations, restructure its affairs or ultimately be wound up. What is material is whether such a course was adopted through a process and for reasons which, viewed objectively, satisfy the statutory test.

The Respondents have placed before the Court material indicating that the Company had for some time experienced financial difficulties and that questions concerning its future, including the possibility of voluntary winding up, had arisen before the institution of the relevant proceedings. The subsequent communications and steps concerning the Annual General Meeting also demonstrate that the issue was capable of being considered through the Company's corporate machinery. In those circumstances, I am unable to regard the communication relied upon by the Appellants as, by itself, establishing a concluded and unlawful act of oppression.

The language employed by the 2nd Respondent- Respondent concerning his personal views about the future of Ravaya is undoubtedly strong. In particular, the analogy relied upon by the Appellants concerning the destruction of a “beloved dog” reflects a deeply held personal view concerning the future control of the publication. Nevertheless, the Court must distinguish between an expression of a strongly held personal opinion and an operative corporate act which satisfies the statutory requirements of oppression or mismanagement. The Court must determine the legal effect of the conduct rather than the rhetorical force of the language employed.

The Appellants have further relied upon the statements of the 2nd Respondent- Respondent concerning monies collected from persons supporting Ravaya and contend that such statements constitute an admission of the misuse of Company funds. This may be a serious allegation. Nevertheless, the Court must determine whether the material placed before it establishes, on the facts of this case, conduct amounting to oppression of the Appellants as shareholders or mismanagement prejudicial to the interests of the Company. An allegation of improper use of funds cannot automatically result in relief under sections 224 or 225 without sufficient evidentiary foundation establishing the relevant statutory consequence.

The same principle applies to the allegation that the said 2nd Respondent regarded the Company as his personal property. The Court must consider the actual corporate conduct and its consequences.

The Appellants have also relied upon *Re Westbourne Galleries Ltd* [1973] AC 360, *Re H.R. Harmer Ltd* [1958] 3 All ER 689, *Ratnam and Others v Jayatileka* [2002] 1 Sri L.R. 409 and *Re Five Minute Car Wash Service Ltd.* [1966] 1 WLR 745 in support of their contention that the conduct constituted a continuing course of oppression. I accept that oppression may arise from a course of conduct and that the court is not necessarily confined to considering isolated acts. Nevertheless, the existence of a continuing course of conduct does not, by itself, establish oppression. The conduct, considered as a whole, must still be burdensome, harsh and wrongful and must involve the requisite unfairness towards the shareholder.

I turn now to section 225. Under that provision, the Appellants must establish that the affairs of the Company are being conducted in a manner prejudicial to the interests of the Company,

or that a material change has taken place in the management or control of the Company which makes it likely that the affairs of the Company may thereafter be conducted in such a prejudicial manner.

In *Dehigaspe Patabendige Nishantha Nanayakkara*, this Court expressly recognised that not every material change in the management or control of a company will amount to mismanagement. A change in management, including the removal of directors or officers, may be significant, but if undertaken in good faith and in accordance with the Articles for the overall betterment of the Company, it may not provide sufficient grounds for relief. This Court further recognised that the Court should not interfere merely because it might have preferred a different commercial course.

The present Case must therefore be considered against that objective standard. The complaints concerning the publication of Ravaya, the availability of funds for the purchase of newsprint, the operation of the Company's bank accounts and the proposed future of the Company are matters which concern the management and operation of the Company. The fact that the Appellants may have considered a different course of action to be more beneficial does not, without more, establish mismanagement.

In particular, the Respondents have explained that the Company had experienced financial difficulties and that the question of its future had been under consideration. The decision whether a company should continue a particular business activity despite financial difficulties, restructure its operations or consider winding up involves an element of commercial and managerial judgment. As explained in *Dehigaspe Patabendige Nishantha Nanayakkara*, the Court should not interfere in matters of commercial judgment merely because another view may be reasonably held. Intervention becomes justified where what is established is actual mismanagement of sufficient seriousness to warrant judicial intervention.

The complaint concerning the Company's bank accounts must likewise be viewed in its factual context. The learned judge of the High Court found that, following the suspension of the 1st Appellant, he no longer had authority to transact on behalf of the Company and that the alleged inability to operate the accounts or purchase newsprint could not, in the

circumstances, be regarded as mismanagement of the Company. I do not find sufficient reason to interfere with that finding.

I have also considered the Appellants' contention that the calling of the Annual General Meeting itself demonstrated an intention to facilitate an unlawful winding up. The evidence, however, indicates that the Annual General Meeting was part of the corporate process through which the future of the Company could be considered. The fact that the Appellants obtained interim relief at an earlier stage concerning the holding of the meeting does not necessarily establish that the substantive conduct complained of amounted to oppression or mismanagement. Interim relief and final relief rest upon different considerations, and the ultimate question remains whether the statutory requirements have been established upon the material before Court.

The statutory remedy under sections 224 and 225 is also an equitable and discretionary remedy. In *Dehigaspe Patabendige Nishantha Nanayakkara*, this Court emphasised that, notwithstanding the wide powers conferred upon Court to regulate the affairs of a company and to make orders as it thinks fit on just and equitable terms, such powers must be exercised with considerable caution. The Court does not always possess the knowledge or authority to dictate to a board how the company should be managed, and orders made under these provisions must be directed towards remedying the matters complained of.

Conclusion

Having considered the allegations individually and cumulatively, I am therefore unable to conclude that the Appellants have established conduct which is oppressive to them in their capacity as shareholders within the meaning of section 224(1). I am equally unable to conclude that the affairs of the Company were conducted in a manner prejudicial to the interests of the said Company, or that the circumstances relied upon by the Appellants satisfy the requirements of section 225(1).

In my view, the High Court correctly identified the statutory questions that required determination and correctly concluded, upon the material placed before court. For the reasons set out above, I am of the view that the High Court was correct in concluding that the

Appellants had failed to establish the ingredients necessary to obtain relief under sections 224 and 225 of the Companies Act No. 7 of 2007. I find no material error in the approach adopted by the learned Judge of the High Court which would warrant appellate interference.

Accordingly, I hold that the Appellants have failed to establish a case under either section 224(1) or section 225(1) of the Companies Act No. 7 of 2007. The learned judge of the High Court was therefore correct in dismissing the Petition. The Appeal is accordingly dismissed. The Order dated 24 June 2022 of the High Court is affirmed. I order no costs.

Judge of the Supreme Court

Mahinda Samayawardhena, J.

I agree.

Judge of the Supreme Court

Menaka Wijesundera, J.

I agree.

Judge of the Supreme Court