**IN THE GENERAL DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE**

[2026] SGHC 187

Originating Application No 295 of 2026

Between

RedDot General Trading Pte Ltd

… *Applicant*

And

(1) Sumeet Nanda
(2) Shubh Nanda
(3) The Golden State Capital (Singapore) Pte Ltd

… *Respondents*

GROUNDS OF DECISION

[Companies — Statutory derivative action — Shareholder alleging breaches of duties and unlawful conspiracy by directors — Alleged wrongdoings committed against company's downstream subsidiaries — Whether claim barred by reflective loss principle — Whether action brought *prima facie* in interest of company — Section 216A(3)(*c*) Companies Act (2020 Rev Ed)]

[Companies — Statutory derivative action — Shareholder alleging breaches of duties by directors — Impugned transactions pre-dating directors' appointment — Whether action brought *prima facie* in interest of company — Section 216A(3)(*c*) Companies Act (2020 Rev Ed)]
[Companies — Statutory derivative action — Lack of candour — Whether action brought for collateral purpose at expense of company — Whether action brought in good faith — Section 216A(3)(*b*) Companies Act (2020 Rev Ed)]

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RedDot General Trading Pte Ltd
v
Sumeet Nanda and others

[2026] SGHC 187

General Division of the High Court — Originating Application No 295 of 2026
Low Siew Ling JC
13 July 2026

15 September 2026

Low Siew Ling JC:

Introduction

1 This was an application by RedDot General Trading Pte Ltd ("RedDot") for permission under s 216A of the Companies Act 1967 (2020 Rev Ed) ("CA") to bring an action in the name and on behalf of the third respondent, The Golden State Capital (Singapore) Pte Ltd ("GSC Singapore"). RedDot is a member of GSC Singapore, and the proposed derivative action was to be brought against two of GSC Singapore's directors, the first respondent, Mr Sumeet Nanda ("Mr Sumeet"), and the second respondent, Mr Shubh Nanda ("Mr Shubh") (collectively the "Nandas"), for breaches of directors' duties and unlawful conspiracy.

2 After hearing parties, I dismissed RedDot's application in a brief oral judgment as I found that the proposed action was not *prima facie* in the interests

of GSC Singapore. I was also not satisfied that the application was brought in good faith. As RedDot has appealed against my decision, I furnish my detailed reasons below, which incorporate and supersede my brief oral remarks at the hearing.

Background facts

The parties

3 To better understand the context of the application, it is important to situate GSC Singapore within the corporate structure of the group that it forms part of ("Group"), and consider the positions that the Nandas hold in the various entities in the Group.

4 GSC Singapore is a Singapore-incorporated holding company. RedDot holds 45.2% of the shares in GSC Singapore, with the remaining shares held by two entities wholly owned by Mr Sumeet.[1]

5 GSC Singapore wholly owns Hydreq Private Ltd ("Hydreq"), another company incorporated in Singapore.[2] Hydreq in turn holds 89.68% of the shares of DANS Energy Consulting Private Ltd ("DANS Consulting"), a company incorporated in India.[3] The remaining 10.32% stake in DANS Consulting is held by GSC Commercial Asset One LLP ("GSC India"), a partnership in India between Mr Sumeet, his father-in-law Mr Chander Prakash ("Mr Prakash") and

1 Manish Kumar Baid's affidavit dated 16 March 2026 ("MKB") at para 9; Sumeet Nanda's affidavit dated 10 April 2026 ("SUM") at p 7.

2 MKB at Tab 2, p 150; SUM at p 7.

3 MKB at para 14; SUM at p 7 and Tab 3, p 128.

Arham Finance and Investment Services Ltd ("Arham Finance") which is represented by Mr Gaurav Rakhecha ("Mr Rakhecha").[4]

6 DANS Consulting in turn holds 100% of the shares in DANS Energy Pte Ltd ("DANS") and 71.57% of the shares in Shiga Energy Pte Ltd ("Shiga"), both India-incorporated entities.[5] DANS and Shiga are the operating entities of the Group and they each own and operate a power plant in Sikkim, India.[6] The remaining 28.43% of the shares in Shiga are held by IFCI Ltd ("IFCI"), a development financial institution under the ownership of the Ministry of Finance, Government of India.[7]

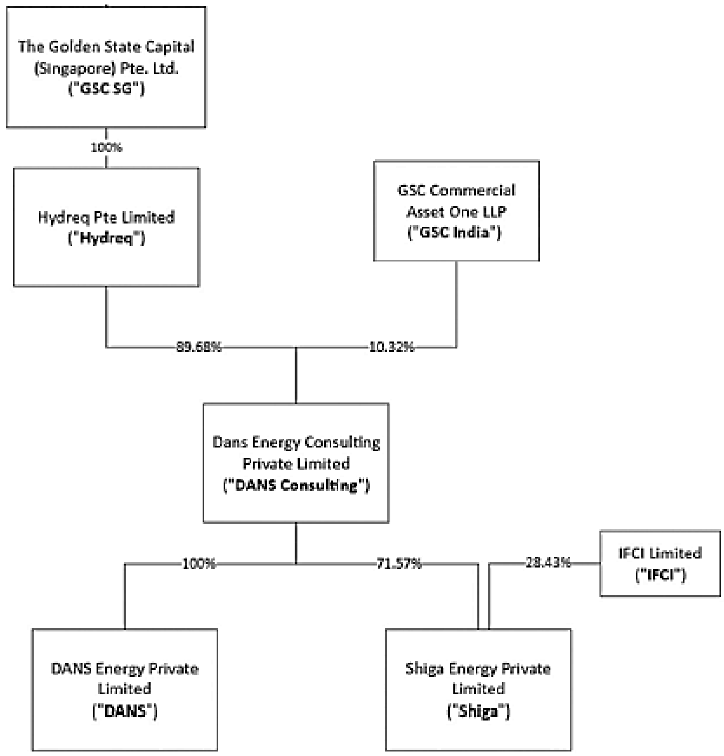
7 The Group's structure is represented in the diagram below:

4 MKB at para 15; SUM at Tab 3, p 105.

5 MKB at para 14; SUM at Tab 3, pp 134 and 139.

6 MKB at para 14; SUM at para 2.3.2(c).

7 MKB at para 15.



8 GSC Singapore therefore sits three corporate levels above DANS and Shiga, which is a point that will become significant later in the judgment. It was undisputed that GSC Singapore serves as a holding company and that it derives its commercial value from the downstream entities in the Group.[8]

9 Mr Sumeet has been the managing director of DANS Consulting and a director of DANS since 15 March 2022.[9] He was appointed as a director of GSC Singapore on 18 March 2025 and is presently the chairman of the board.[10]

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8 Applicant's Written Submissions dated 6 July 2026 ("AWS") at para 12; First and Second Respondents' Written Submissions dated 6 July 2026 ("1–2RWS") at para 4.

9 MKB at Tab 2, p 132; SUM at Tab 1, pp 61–62 and Tab 3, p 132.

10 MKB at Tab 2, p 88 and Tab 1, p 54; SUM at Tab 1, p 64.

10 Mr Shubh is Mr Sumeet's son.[11] Mr Shubh has been a director of Hydreq since 24 June 2022, a director of GSC Singapore since 2 October 2023 and a director of both DANS Consulting and DANS since 7 March 2025.[12]

11 Neither Mr Sumeet nor Mr Shubh hold any directorship or other official appointment in Shiga.[13]

12 Apart from the Nandas, the remaining directors of GSC Singapore are Mr Ang Shu Yi, Mr Satyendra Kumar Jha ("Mr Jha") and Mr Manish Kumar Baid ("Mr Baid").[14]

13 Mr Jha and Mr Baid were appointed to the board of GSC Singapore by RedDot on 30 September 2025.[15] Mr Baid is also a director of RedDot and he affirmed the affidavit filed in support of the present application.[16] RedDot is 100% owned by Mr Ritvik Bajaj, who is the son of Mr Sandeep Bajaj ("Mr Sandeep").[17] Mr Sandeep and Mr Sumeet are the central figures in the present dispute.

14 RedDot came to hold shares in GSC Singapore after Mr Sandeep agreed to invest in GSC Singapore using RedDot as the investment vehicle through which he would take preference shares in GSC Singapore.[18] The relationship

11 MKB at Tab 3, p 164.

12 MKB at Tab 2, pp 89, 140–141, 149; SUM at Tab 1, pp 61–64.

13 SUM at Tab 1, p 64.

14 MKB at Tab 1, p 88.

15 MKB at Tab 1, p 88.

16 MKB at para 1.

17 SUM at para 2.3.4(a) and Tab 3, p 149.

18 SUM at para 2.3.7.

between the shareholders of GSC Singapore was formalised in a Subscription and Shareholders' Agreement ("SSA") executed on 22 June 2022.[19] Pursuant to the SSA, RedDot subscribed for 140 preference shares in GSC Singapore.[20] However, RedDot only became a shareholder of GSC Singapore almost three years later on 19 March 2025, after completing its due diligence.[21]

The present dispute

15 According to RedDot, it was only after Mr Baid and Mr Jha were appointed as directors of GSC Singapore on 30 September 2025 that RedDot came to be aware of the following alleged wrongdoings by the Nandas, which formed the basis of the proposed derivative action to be brought in the name and on behalf of GSC Singapore:[22]

(a) <u>Failure to disclose related-party transactions – Shiga's tenancy agreement in August 2023</u>: Mr Sumeet allegedly procured Shiga to enter into a lease with Dr Fresh Assets Ltd ("Dr Fresh Assets"), an entity in which Mr Sumeet holds a 65.35% stake and his wife holds 6.76%,[23] without any meaningful independent scrutiny or oversight. The lease, which was executed on 14 August 2023,[24] was for office premises in New Delhi which RedDot claimed were unnecessary as Shiga already had a corporate office in Gurugram, Haryana. According to RedDot, the rental payments and a further sum expended by Shiga to renovate the

19 MKB at Tab 1.

20 MKB at Tab 1, pp 47 and 51.

21 MKB at para 6 and Tab 1, p 47; SUM at Tab 4, pp 198–200.

22 MKB at paras 34–112.

23 MKB at Tab 13, p 478.

24 SUM at Tab 5, p 216.

premises had "resulted in the diversion of funds from Shiga, and consequently from its upstream holding company, GSC Singapore, for the benefit of [Mr] Sumeet and his family".[25] Mr Shubh, despite having been a director of Hydreq since 2022 (with Hydreq having an indirect majority stake in Shiga through the intermediate subsidiaries DANS Consulting and DANS), "took no steps to question or prevent the tenancy arrangement with Dr Fresh Assets".[26]

(b) Failure to disclose related-party transactions – Improper appointments to DANS in May 2023 and Shiga in March 2025: In or around May 2023, Mr Sumeet allegedly procured the appointment of his father-in-law, Mr Prakash, as a senior vice-president in DANS without disclosing their relationship to the DANS board. When Mr Prakash was later appointed as a director of DANS on 5 March 2025,[27] Mr Sumeet caused Mr Prakash's employment to be transferred to Shiga, where he was likewise employed as senior vice-president. Mr Prakash was paid an annual salary of approximately US$385,000 even though he did not possess the requisite expertise to serve in such a senior position and he did not perform any substantive functions. Given the clear conflict, RedDot claimed that Mr Sumeet had "failed to discharge his duties to DANS and [the] Group".[28]

(c) Diversion of projects belonging to DANS Consulting in 2024: The Nandas formed another entity outside the Group to exploit certain opportunities that allegedly belonged to DANS Consulting. These

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25 MKB at para 44.

26 MKB at para 45.

27 MKB at Tab 2, p 140; SUM at Tab 3, p 132.

28 MKB at para 53.

related to the proposed development of three pumped storage plants ("PSPs") in Madhya Pradesh, Uttar Pradesh and Maharashtra in India.[29] PSPs are a type of large-scale hydroelectric energy storage plant. Although there were technical differences between PSPs and the hydropower plants operated by DANS and Shiga, both involved large-scale infrastructure development and required similar project management expertise.[30] According to RedDot, these projects fell "within the same line of business historically undertaken by DANS Consulting and [the Group] through their existing subsidiaries, DANS and Shiga, and were obtained through the efforts, experience and goodwill of DANS Consulting and its subsidiaries".[31]

(d) Illegitimate payments made by DANS and Shiga to vendors from April 2023 to March 2025: Relying on internal audit reports, RedDot claimed that Mr Sumeet had caused DANS to make payments to various vendors without any basis. In particular, DANS and Shiga had paid around S$420,000 and S$95,000 respectively to a company known as Quantinox Technologies Pvt Ltd ("Quantinox") even though some of these were advance payments for work that had not been undertaken yet, and for which no corresponding expenses had been recorded.[32] Payments were also made by DANS between April and December 2024 to various other individual vendors, amounting to approximately S$240,000,[33] allegedly without adequate supporting documentation. After Mr Shubh

29 MKB at para 61.

30 MKB at paras 59–60.

31 MKB at para 62.

32 MKB at paras 79–80.

33 MKB at para 86.

became a director of DANS in March 2025, he "failed to question, disclose, or take steps to rectify these matters".[34] In the result, funds from DANS and Shiga were "misapplied and misappropriated under [Mr] Sumeet's and [Mr] Shubh's watch".[35]

(e) Illegitimate attempt to acquire a controlling stake in Shiga in June 2024: Acting through GSC India (the partnership outside the Group that held a 10.32% stake in DANS Consulting), Mr Sumeet submitted an offer to IFCI to purchase IFCI's shares in Shiga on 3 June 2024.[36] While it was not disputed that the acquisition offer was made as Shiga's lenders had required IFCI's stake to be bought out by Shiga's holding company or its shareholders as part of Shiga's debt restructuring,[37] RedDot argued that DANS Consulting, Hydreq or GSC Singapore ought to have been given the opportunity to purchase IFCI's stake.[38] The attempted acquisition ultimately failed as GSC India could not raise sufficient funds. However, RedDot claimed that Mr Sumeet's conduct in pursuing the transaction without disclosure to or approval from GSC Singapore constituted "a breach of his fiduciary duties to GSC Singapore and [the Group] at large", and that Mr Shubh should not have allowed his father Mr Sumeet to pursue the said transaction as a director of GSC Singapore and Hydreq at the time.[39]

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34 MKB at para 83.

35 MKB at para 91; AWS at para 28.

36 MKB at para 96.

37 MKB at para 99.

38 MKB at para 101.

39 MKB at paras 102 and 104.

(f) Failure to file accounts and annual returns for Hydreq since August 2021: On 30 November 2025, Hydreq received a letter from the Accounting and Corporate Regulatory Authority ("ACRA") indicating ACRA's intention to strike Hydreq off the company register as it had reasonable cause to believe that Hydreq was not carrying on business or was not in operation.[40] This arose from Hydreq's failure to file its accounts and annual returns with ACRA since August 2021. While the accounts and annual returns had since been filed,[41] RedDot emphasised that the potential striking off of Hydreq would have placed the entire Group in jeopardy. As a director of Hydreq since June 2022, Mr Shubh's failure to file the necessary returns amounted to gross negligence.[42] RedDot also alleged that this omission was a "deliberate act orchestrated by [Mr] Sumeet" which was calculated to conceal their misconduct and frustrate GSC Singapore's ability to conduct a thorough inspection of its subsidiaries' affairs.[43]

(g) Failure to provide information to Mr Jha: RedDot alleged that Mr Sumeet had failed to provide company records and information to its nominee director Mr Jha despite repeated requests, which "deprived RedDot of visibility into the affairs of [GSC Singapore] and its subsidiaries and prevented directors from discharging their oversight responsibilities".[44] RedDot also claimed that the Nandas had failed to

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40 MKB at para 106.

41 Shubh Nanda's affidavit dated 10 April 2026 ("SHU") at Tab 1, pp 15–30.

42 MKB at para 107.

43 MKB at para 110.

44 MKB at para 115.

"meaningful[ly]" engage or participate in two GSC Singapore board meetings.[45]

16 RedDot first raised these allegations through formal letters of demand issued to Mr Sumeet and Mr Shubh on 15 and 18 December 2025 respectively.[46] Mr Sumeet denied any wrongdoing and provided a substantive rebuttal to the allegations through his solicitors on 27 December 2025.[47] On 5 January 2026, RedDot's solicitors rejected the explanations and indicated that legal proceedings would be commenced.[48]

17 RedDot proceeded to issue a notice to the board of GSC Singapore pursuant to s 216A(2) of the CA on 13 February 2026, giving 14 days' notice of its intention to apply for leave to commence derivative proceedings against the Nandas.[49] A board meeting was convened on 3 March 2026 but the Nandas did not attend and instead appointed one Mr Balaji as their alternate.[50] As the board of GSC Singapore did not authorise the company to initiate any proceedings against the Nandas,[51] RedDot filed the present application on 16 March 2026.

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45 MKB at para 116.

46 MKB at Tab 3.

47 MKB at Tab 4.

48 MKB at Tab 5.

49 MKB at Tab 6.

50 MKB at Tab 8.

51 MKB at Tab 9, pp 233 and 237.

Issues to be determined

18 There are four requirements that must be satisfied for leave to be granted to commence a derivative action under s 216A(2) of the CA (see *Zhuang Yujie v Openmeta Pte Ltd* [2026] SGHC 127 at [52] ("*Zhuang Yujie*")):

(a) first, the applicant must establish that he is a "complainant" within the meaning of s 216A(1) of the CA;

(b) second, the applicant must have given 14 days' notice to the directors of the company of his intention to apply to the court under s 216A(2) if they do not bring or diligently prosecute the action (s 216A(3)(*a*) of the CA);

(c) third, the applicant must show that he is acting in good faith (s 216A(3)(*b*) of the CA); and

(d) fourth, it must appear to the court that it is *prima facie* in the interests of the relevant company that the action be brought or prosecuted (s 216A(3)(*c*) of the CA).

19 There was no dispute that RedDot had the requisite standing to bring the present application as a member of GSC Singapore, and that RedDot had given the requisite 14 days' notice to the board.[52] Thus, the only issues in dispute were whether RedDot was acting in good faith in bringing the present application, and whether the proposed derivative action was *prima facie* in the interests of GSC Singapore.

52 AWS at para 40; 1–2RWS at para 9; Third Respondent's written submissions dated 6 July 2026 ("3RWS").

Parties' cases

20 RedDot argued that the allegations detailed above revealed a sustained pattern of conduct by the Nandas that had "caused loss to GSC Singapore and its subsidiaries, diverted assets and opportunities away from [the Group], and undermined proper corporate governance within the Group".[53] The proposed derivative action was brought in good faith and in the interests of GSC Singapore as the commencement of proceedings was "necessary to protect the value of GSC Singapore's investments in its subsidiaries and to ensure that the losses suffered by [the Group] are addressed".[54]

21 The Nandas opposed the application on three grounds. First, they argued that the proposed action was wholly lacking in merit as practically all of the allegations related to wrongdoings committed not against GSC Singapore, but its downstream subsidiaries, namely, DANS, Shiga, DANS Consulting and Hydreq.[55] There was thus no loss that GSC Singapore could recover as a matter of law because the only loss that it could point to represented reflective loss, *ie*, the diminution in the value of its shares in Hydreq or reduced distributions from Hydreq *qua* shareholder.[56] Even taking RedDot's allegations at their highest, the alleged wrongdoings at [15(c)] and [15(e)]–[15(g)] above did not result in any loss to any entity in the Group, let alone GSC Singapore.[57] Second, they pointed out that GSC Singapore's claims for alleged breaches of fiduciary duty were unsustainable on the facts, not least because many of the wrongdoings pre-dated

53 MKB at para 119.

54 MKB at para 120.

55 1–2RWS at paras 6, 36, 38.

56 1–2RWS at paras 16–17, 31–32, 36.

57 1–2RWS at paras 34–35, 37–40.

Mr Sumeet's appointment as a director of GSC Singapore on 18 March 2025.[58] Third, they contended that the application could not have been brought in good faith precisely because the proposed action had no reasonable prospect of success. RedDot's lack of good faith was further reinforced by two factors: (a) the timing of the application, which came just a few months after RedDot had appointed its directors to the board of GSC Singapore and despite RedDot having satisfactorily completed its due diligence before taking up its shares; and (b) the fact that two of RedDot's associates, Mr Baid and Mr Rakhecha, would have been aware of many of the impugned transactions as they held senior positions in DANS Consulting and/or DANS at the material time.[59]

22 GSC Singapore was separately represented before me. GSC Singapore also adopted the position that the application should be dismissed as the alleged wrongdoings concerned other companies and not GSC Singapore.[60] In the circumstances, commencing proceedings would not be *prima facie* in the interests of GSC Singapore, especially because the only loss that GSC Singapore could claim to have suffered was reflective loss that was not recoverable in law.

23 I dealt with whether the derivative action was *prima facie* in GSC Singapore's interests first as this was the main focus of parties' submissions before me.

58 1–2RWS at Annex A.

59 1–2RWS at para 45–47.

60 3RWS at paras 11–12.

Whether the derivative action was *prima facie* in the interests of the company

The law

24 Section 216A(3)(*c*) of the CA requires the court to be satisfied that the proposed derivative action appears to be *prima facie* in the interests of the company. This requires the court to objectively assess, as a threshold issue, whether the claim has "a reasonable semblance of merit and is not one which is frivolous, vexatious or bound to be unsuccessful" (*Jian Li Investments Holding Pte Ltd v Healthstats International Pte Ltd* [2019] 4 SLR 825 ("*Jian Li Investments*") at [49]), or one which is founded only on suspicion (*Wong Lee Vui Willie v Li Qingyun* [2016] 1 SLR 696 ("*Willie Wong*") at [36]). Relevant to this assessment is the strength of the potential claim, including how readily available material evidence to prove it will be: *Goh Heng Tee v Tiong Hin Engineering Pte Ltd* [2022] SGHC 34 ("*Goh Heng Tee*") at [4]. At the interlocutory stage, the court will avoid being "drawn into an adjudication on the disputed facts", and instead rely on the affidavit evidence filed by parties to form its preliminary view as to whether the proposed action is meritorious on a *prima facie* basis: *Agus Irawan v Toh Teck Chye* [2002] 1 SLR(R) 471 ("*Agus Irawan*") at [6]. The evidential standard is "low" and "only the most obviously unmeritorious claims will be culled": *Ang Thiam Swee v Low Hian Chor* [2013] 2 SLR 340 ("*Ang Thiam Swee*") at [55].

25 After assessing the merits of the proposed action, the court goes further to examine "whether it would be in the practical and commercial interests of the company for the action to be brought": *Ang Thiam Swee* at [56]. This is a multi-factorial inquiry: *Petroships Investment Pte Ltd v Wealthplus Pte Ltd* [2015] SGHC 145 ("*Petroships*") at [153]. Where the company will stand to gain substantially in money or money's worth if the intended action succeeds, such

as through the restoration of assets, value or opportunities to the company, this would suggest that it is in the practical and commercial interests of the company to pursue the claim: *Urs Meisterhans v GIP Pte Ltd* [2011] 1 SLR 552 at [25], citing *Agus Irawan* at [8]. Therefore, the applicant must not only identify the causes of action, he must also show that the company has sustained or may sustain real loss or damage and that there are some prospects of obtaining relief or redress through the proposed action: *Jian Li Investments* at [49], citing *Law Chin Eng v Hiap Seng & Co Pte Ltd* [2009] SGHC 223 at [25]. At the same time, however, the potential benefits must be weighed against "the inconvenience, expense and adverse effects" that prosecuting the claim may cause the company, such as the drawdown on management time and possible impact of the litigation on the company's reputation and business: *Fong Wai Lyn Carolyn v Airtrust (Singapore) Pte Ltd* [2011] 3 SLR 980 ("*Carolyn Fong*") at [85]; *Goh Heng Tee* at [4(c)]. Consideration may also be given to the availability of other remedies which may more expediently achieve the substance of the redress sought: *Goh Heng Tee* at [4(e)]; *Pang Yong Hock v PKS Contracts Services Pte Ltd* [2004] 3 SLR(R) 1 at [22]; *Petroships* at [153].

Analysis and decision

26 To objectively assess the merits of the intended derivative action against the Nandas, it was important to approach the issue with a clear view as to what GSC Singapore's proposed causes of action were, and whether it was the proper party to bring those claims in the first place.

Scope of the directors' duties owed by the Nandas

27 The derivative action that was proposed to be brought against the Nandas by RedDot, on behalf of GSC Singapore, was for breaches of their directors' duties and unlawful conspiracy. Save for the allegation relating to

Hydreq's failure to file its annual returns, the claim against Mr Shubh was essentially a subsidiary one, in that he had failed to take the necessary steps to prevent his father, Mr Sumeet, from proceeding with the impugned transactions.

28 Dealing first with the claim for breach of their directors' duties, it was self-evident that for GSC Singapore to maintain this as a viable cause of action against the Nandas, RedDot had to establish a *prima facie* case that the Nandas owed those duties to GSC Singapore at the relevant time to begin with. The glaring issue which Mr Baid's affidavit entirely glossed over was how Mr Sumeet, the alleged architect of the misdeeds, could be said to have breached his fiduciary duties to *GSC Singapore* in respect of the allegations set out at [15] above when almost all of the impugned transactions took place in 2023 and 2024, before Mr Sumeet was even appointed as a director of GSC Singapore.

29 For example, Shiga's tenancy with Dr Fresh was executed on 14 August 2023, which pre-dated Mr Sumeet's appointment as a director of GSC Singapore on 18 March 2025 by about one and a half years. Mr Prakash's appointment to DANS took place in 2023, and the alleged diversion of the PSP projects and the attempt to acquire IFCI's stake in Shiga both occurred in 2024, again well before Mr Sumeet became a director in GSC Singapore. Even the allegedly illegitimate payments to vendors were made from 2023 to March 2025, mostly before Mr Sumeet's appointment. It was therefore entirely unclear how, even if some manner of wrongdoing on Mr Sumeet's part could be made out, these transactions could sustain any viable claim that GSC Singapore could bring against Mr Sumeet for breaches of his director's duties. Importantly, RedDot did not contend that Mr Sumeet was a *de facto* director of GSC Singapore at any point in time before his official appointment.

30 Mr Baid's affidavit was replete with allegations that the Nandas had failed to discharge their duties to the Group at large and various entities within the group such as DANS Consulting and DANS. However, what was conspicuously missing was a clear and direct evidential basis to allege that they had breached their duties to *GSC Singapore* which was the putative claimant in the proposed derivative action. When RedDot's allegations were examined in detail, it was evident that its chief complaint was with how the affairs of Hydreq, DANS Consulting, DANS and Shiga were managed from 2023 to 2025. The crux of RedDot's case was that the Nandas had, by their actions (or inaction), breached the fiduciary duties they owed to Hydreq, DANS Consulting and DANS (leaving Shiga out of this picture as neither Mr Sumeet nor Mr Shubh held any fiduciary position in Shiga). But GSC Singapore was not the proper claimant to bring any action to enforce those breaches. It was misleading for RedDot to continually refer to fiduciary duties owed to a corporate group as a whole, when it is axiomatic that each company is a separate legal entity and GSC Singapore could not bring a claim on behalf of the Group at large.

31 This is not to suggest that the fiduciary duties owed by the director of a holding company may not extend to ensuring that the interests of its subsidiaries are also properly managed. Indeed, the Court of Appeal has noted that as between a holding company and a wholly-owned subsidiary, there should generally be a considerable coincidence of interests (albeit in a slightly different context of considering a potential conflict of interests): *Townsing Henry George v Jenton Overseas Investment Pte Ltd* [2007] 2 SLR(R) 597 ("*Townsing*") at [60]. I also accept as a matter of principle that, where the holding company's value is derived in whole or in large part from the business of its subsidiary, it *may* be said that a director of the holding company owes a duty to the holding company to protect the interests of said subsidiary in appropriate circumstances. However, it was entirely different to suggest that, by virtue of a vague and

freestanding duty owed to the Group at large, Mr Sumeet had somehow breached fiduciary duties owed to *GSC Singapore* by virtue of certain transactions which were entered into before he was even appointed a director of GSC Singapore.

32 RedDot argued that I should follow the Court of Appeal's guidance in *Townsing* and eschew any attempt to place a director's acts in "watertight compartments".[61] However, RedDot's reliance on the judicial observations in *Townsing* was misplaced as those comments were made in the context of a case involving a director who held directorships in *both* the parent company *and* the subsidiary at the same time. The point made by the Court of Appeal in *Townsing* was that a director who held concurrent directorships could not seek to compartmentalise his actions and attribute them solely to his directorship in one company and not the other, if the effect of his actions was to seriously affect the interests of both companies: at [61]–[62]. *Townsing* did not stand for the proposition that breaches of duties owed to a subsidiary company could somehow be transformed into breaches of duties owed to the parent company when the director did not hold any fiduciary position in the parent company at the material time.

33 As for Mr Shubh, although he was a director of GSC Singapore from 2 October 2023, RedDot's allegations against him were (save for the failure to file Hydreq's annual returns) essentially premised on his failure to control the actions of his father, Mr Sumeet. This presupposed that Mr Shubh was even aware of the transactions in DANS, Shiga and DANS Consulting to begin with, when there was no allegation that he was involved in any of the impugned

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61 AWS at para 66(b).

transactions, and he only became a director of DANS and DANS Consulting on 7 March 2025.

34 In sum, the derivative action that RedDot proposed to bring on behalf of GSC Singapore against the Nandas appeared to comprise a patchwork of different breaches of duties owed across various subsidiaries within the Group without any discernible attempt at clarifying how those alleged breaches would necessarily give rise to a cause of action that *GSC Singapore* could legitimately pursue with some viable chance of success. Even if all the allegations were made out and the Nandas had breached their directors' duties to DANS Consulting, DANS or Hydreq, this did not necessarily mean that they must have breached the directors' duties they owed to GSC Singapore, especially when they did not hold concurrent directorships across the various entities at the material time. The crucial link between the transactions undertaken by Hydreq, DANS Consulting, DANS and Shiga and the duties the Nandas were said to have owed to GSC Singapore was never clearly made.

35 As RedDot's claim in unlawful conspiracy was presumably predicated on the Nandas' breaches of their fiduciary duties to GSC Singapore, the same issues arose in respect of that proposed cause of action as well.

The reflective loss principle

36 I turned next to consider the reflective loss principle, which was a further reason why any proposed action by GSC Singapore in respect of the impugned transactions was bound to fail.

37 It is by now well-established that the reflective loss principle prohibits a shareholder from making claims based on a diminution in the value of its shareholdings or distributions *qua* shareholder as a result of actionable loss

suffered by the company due to a wrong done to the company: *Miao Weiguo v Tendcare Medical Group Holdings Pte Ltd* [2022] 1 SLR 884 ("*Miao Weiguo*") at [206]. As the English Court of Appeal pointed out in *Prudential Assurance Co v Newman Industries (No 2)* ("*Prudential Assurance*") [1982] Ch 204 at 222H–223B:

> [W]hat [a shareholder] cannot do is to recover damages merely because the company in which he is interested has suffered damage. He cannot recover a sum equal to the diminution in the market value of his shares, or equal to the likely diminution in dividend, because such a "loss" is merely a reflection of the loss suffered by the company … His only "loss" is through the company, in the diminution in the value of the net assets of the company, in which he has (say) a 3 per cent. shareholding. The plaintiff's shares are merely a right of participation in the company on the terms of the articles of association. The shares themselves, his right of participation, are not directly affected by the wrongdoing. The plaintiff still holds all the shares as his own absolutely unencumbered property. The deceit practised upon the plaintiff does not affect the shares; it merely enables the defendant to rob the company.

Put simply, such loss is not recoverable because it is not in the eyes of the law damage which is separate and distinct from that suffered by the company: *Marex Financial Ltd v Sevilleja* [2021] AC 39 ("*Marex*") at [39].

38 In its seminal judgment in *Miao Weiguo*, the Court of Appeal emphasised that the reflective loss principle is a rule of company law specifically arising from the unique status of shareholders, reflecting that the fundamental nature of a share lay in the right it represented to participate in the company. Andrew Phang JCA (as he then was, delivering the judgment of the court) explained that the reflective loss principle is justified by the rule in *Foss v Harbottle* (1843) 2 Hare 461 ("*Foss v Harbottle*") which consists of two aspects: (a) first, that the proper plaintiff in a wrong done to the company is, *prima facie*, the company (*ie*, the "proper plaintiff rule"); and (b) second, the principle that the management of a company's affairs is entrusted to the

decision-making organs of the company (or what Phang JCA referred to as the "corporate management principle"): *Miao Weiguo* at [199].

39 The reflective loss principle follows directly from the proper plaintiff rule as "it properly situates the shareholder's loss in the context of the company's loss": *Miao Weiguo* at [200]. Such loss being the company's loss, the company is the proper claimant to pursue that claim. Importantly, the Court of Appeal also emphasised that shares do not represent a proportionate part of the company's assets: *Miao Weiguo* at [200], citing *Macaura v Northern Assurance Company, Limited* [1925] AC 619. Instead, what a shareholder ultimately receives from the company is subject entirely to the company's fortunes. A shareholder who invests in a company bears the risk of wrongs done to the company just as he bears the risk of any business failure to the limited extent of his shareholding.

40 The reflective loss principle also serves to uphold the corporate management principle because allowing shareholders to claim for the diminution in the value of their shareholdings or distributions would prevent the company from dealing with the wrongs done to it in the manner that it deems fit. In so far as some shareholders may be dissatisfied with the company's approach, it is for them to take the matter up with the management of the company through proper channels, as they have to accept that "the value of [their] investment follows the fortunes of the company": *Miao Weiguo* at [202], citing *Prudential Assurance* at 224.

41 To apply the above principles to the present case, it was necessary to properly characterise what RedDot said formed the basis of GSC Singapore's claim against the Nandas. Mr Baid affirmed on affidavit that the proposed derivative action was "necessary to protect the value of GSC Singapore's

investments in its subsidiaries and to ensure that the losses suffered by [the Group] are addressed”.[62] This was, in pith and substance, a claim for reflective loss, since the reference to the “value of GSC Singapore’s investments in its subsidiaries” could only be a reference to the alleged devaluation of GSC Singapore’s shares in Hydreq (and, flowing down from the corporate structure, Hydreq’s shares in DANS Consulting, and DANS Consulting’s shares in DANS and Shiga). The reference to “losses suffered by [the Group]” appeared to be intentionally vague precisely because GSC Singapore could point to no separate and distinct loss which it had suffered as a result of the alleged wrongdoings beyond a drop in “the value of [its] investments”, *ie*, a diminution in the value of its shares in Hydreq.

42 That RedDot’s proposed derivative action was in substance a claim for reflective loss was made even more apparent in its written submissions. Addressing the reflective loss principle directly, RedDot argued that the respondents’ reliance on the principle was misconceived because the impugned conduct was “plainly capable of causing loss to GSC Singapore itself”. RedDot particularised GSC Singapore’s proposed claim against Mr Sumeet and Mr Shubh in the following terms in its submissions:[63]

> GSC Singapore’s hydro power business is carried on through Hydreq, DANS Consulting, DANS and Shiga, and **the value of GSC Singapore lies substantially in its ownership, control and economic interest in those entities. Conduct which diverts opportunities from those entities, dissipates their assets, or transfers control and value away from them is therefore capable of diminishing the value of GSC Singapore’s investments** and causing loss to GSC Singapore itself.
>
> [emphasis added in bold]

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62 MKB at para 120.

63 AWS at para 65.

43 The above argument laid bare the legal fallacy at the heart of the proposed derivative action by GSC Singapore. By stating in no uncertain terms that GSC Singapore was seeking to recover the value of its "ownership, control and economic interest" in the various subsidiaries in the Group which was held through its shareholding in Hydreq, RedDot made clear that the proposed action was intended to recover the diminution in the value of GSC Singapore's shares or distributions from Hydreq *qua* shareholder as a result of the alleged losses suffered by those GSC subsidiaries due to the alleged wrongs committed by the Nandas against those subsidiaries. This was precisely what the reflective loss principle stated was not recoverable as a matter of law.

44 RedDot's argument that the Nandas' impugned conduct was "plainly capable of causing loss to GSC Singapore itself" missed the point. That such actions could, if proven, cause loss to GSC Singapore as a matter of fact was not in dispute. As Lord Reed accepted in *Marex* at [28], it is "unrealistic to assert as a matter of fact that a shareholder does not suffer personal loss" when wrongs done to the company result in a diminution in the value of its shares in the company or distributions from the company. The reflective loss principle does not deny that such personal loss exists. Instead, it is founded on the rationale that the law does not recognise such loss on the part of the shareholder as loss that is separate and distinct from the loss sustained by the company.

45 During the hearing before me, counsel for RedDot sought to circumvent the application of the reflective loss principle by pivoting his arguments in a few ways. However, I was not persuaded that these shifts in position could transform GSC Singapore's proposed action into a legally viable one.

(1) Whether indirect shareholders are barred from claiming reflective loss

46 First, RedDot contended that the reflective loss principle could only apply to direct shareholders of the company. As GSC Singapore was not a direct shareholder of DANS Consulting, DANS or Shiga (which sat two or three corporate levels below GSC Singapore in the Group structure), counsel argued that there was no room for the reflective loss principle to apply in this case.[64]

47 As I understood it, counsel was suggesting that the reflective principle only applied across one corporate level and no further. In other words, while parent company A could not claim for the diminution in the value of its shares in direct subsidiary B as a result of wrongs committed against subsidiary B, parent company A could somehow claim for the diminution in the value of its shares in subsidiary B if that diminution in value was a result of wrongs committed not against subsidiary B itself, but against subsidiary B's subsidiary C, and so on and so forth. What was left entirely unexplained was how such a contention was consistent with the logic and rationale behind the reflective loss principle.

48 As the Court of Appeal stated in *Miao Weiguo*, the reflective loss principle is grounded in the proper plaintiff rule and the corporate management principle. Both apply with equal force across multiple corporate levels. Using the example in the preceding paragraph, the proper plaintiff to bring a claim for a wrong done to sub-subsidiary C was still sub-subsidiary C, and the proper body to consider how to deal with wrongs done to sub-subsidiary C remained the board of C as they were the persons properly entrusted with the management of C. In fact, the link between parent company A and sub-subsidiary C was even

64 Notes of Evidence dated 13 July 2026 ("NE") at p 3 line 4 – p 5 line 7.

more attenuated than that between subsidiary B and sub-subsidiary C, yet counsel accepted that subsidiary B would be prevented by the reflective loss principle from recovering the diminution in value of its shares in sub-subsidiary C in the same circumstances. In my assessment, the absurdity of the suggested outcome demonstrated the flaw in the artificial distinctions that RedDot was trying to draw.

49 For the corporate management principle, one could even say that it applies with *greater* force to indirect shareholders attempting to claim for reflective loss, than direct shareholders. Imagine the scenario where there is a further subsidiary below sub-subsidiary C in the corporate chain, *ie*, sub-sub-subsidiary D. If allowing D's direct shareholder (C) to claim for reflective loss would frustrate the corporate management principle, allowing D's indirect shareholders (subsidiary B and parent company A) to claim for such loss would arguably frustrate the principle to an even greater degree. D, being at the bottom of the corporate chain, would have the largest pool of shareholders (counting both direct shareholders and all indirect shareholders up the chain) with leverage over its management and ability to intervene in its decision-making process: see *Miao Weiguo* at [202]. The reflective loss rule would only serve its purpose of "protect[ing] a company's ability to manage its rights of action free from shareholder interferences" if the rule is extended to indirect shareholders. If shareholders up the chain are not caught, the rule could easily be circumvented by simply interposing intermediate companies in between: Lee Pey Woan, "Taming reflective loss – Miao Weiguo v Tendcare Medical Group Holdings Pte Ltd [2022] 1 SLR 884" (2023) 3 *Singapore Law Journal (Lexicon) (Reissue)* 130 ("Prof Lee") at para 33.

50 Properly understood, I saw no reason why the reflective loss principle should only be limited to prohibiting direct shareholders from claiming for the

diminution in value of their shares whilst allowing indirect shareholders to recover losses representing the diminution in value of their shares arising from the very same wrongdoing.

51 While counsel for RedDot proffered two reasons at the hearing to explain the position he took, neither provided a rational basis for limiting the reflective loss principle to direct shareholders. The first reason given was that the separate legal personalities of the parent company and the downstream subsidiary must be respected.[65] The second was that the rationale underlying the reflective loss principle as articulated in *Miao Weiguo* at [200] – that a shareholder who subscribes to the shares of a company follows its fortune – does not apply to an entity that is not a shareholder of the company itself.[66]

52 After careful consideration, I was unable to accept either strand of reasoning. In so concluding, it was useful to consider the case of *Broadcasting Investment Group Ltd v Smith* [2020] EWHC 2501 (Ch) where similar reasoning was deployed to seek to disapply the reflective loss principle to indirect shareholders.

53 In this case, Mr Burgess was a majority shareholder of Visual Investment International Ltd ("VIIL"), which in turn had a majority stake in Broadcasting Investment Group Ltd ("BIG"). Mr Burgess, VIIL and BIG made a claim against Mr Smith for breach of an alleged joint venture agreement. Under this agreement, BIG was to have a 39% stake in Streaming Investments plc ("SS plc"), which was meant to be the holding company for the joint venture company, and Mr Smith was to procure the transfer of shares in

65 NE at p 3 lines 13–14.

66 NE at p 3 lines 15–18.

two broadcasting technology companies to SS plc. The share transfers did not take place, and SS plc subsequently went into liquidation. The claim that was relevant to the present issue was Mr Burgess' claim for specific performance of the share transfer without pleading any specific loss, save for "alternatively damages in lieu of specific performance": at [17]. Mr Smith's counsel deflected Mr Burgess' claim on the basis that his only loss was a reduction in the value of his shareholding in VIIL consequent upon a reduction in the value of VIIL's shareholding in BIG, and of BIG's shareholding in SS plc. This would effectively be barred by the reflective loss rule "three times over": at [37].

54 At first instance, Judge Andrew Simmonds QC ("Simmonds QC") declined to strike out Mr Burgess' claim for a number of reasons, two of which were material as they were effectively identical to RedDot's submissions at the hearing (at [64] of Simmonds QC's judgment):

> 64. …
>
> (3) The fact is that a second degree, or third degree, shareholder (as I have described them) is not, in fact or in law, a shareholder in the relevant company. To blur that distinction is to ignore the separate legal personality of the companies which form the intervening links in the chain between the claimant and the loss-suffering company. …
>
> (4) Both Lord Reed and Lord Hodge explain that the rule derives from the legal relationship between a shareholder and his company. That relationship gives rise to both advantages and disadvantages for the shareholder. One of the disadvantages is (per Lord Reed at [35]) that "When a shareholder invests in a company, he therefore entrusts the company – ultimately, a majority of the members voting in a general meeting – with the right to decide how his investment is to be protected"
>
> or, as the Court of Appeal put it in *Prudential* at 224B:
>
> "When a shareholder acquires a share he accepts the fact that the value of his investment follows the fortunes of the company…".
>
> …

> Quintessentially, it seems to me, the rule in *Prudential* is something which the shareholder contracts into when he acquires his shares in (what proves to be) the loss-suffering company. But, none of this reasoning can apply to a second degree or third degree shareholder who does not acquire shares in the relevant company and therefore never contracts into the rule so far as it affects recovery of losses by that company.

55 What is notable is that these points were rejected at the appellate level: *Broadcasting Investment Group Limited v Smith* [2021] EWCA Civ 912 ("*BIG v Smith*"). While the English Court of Appeal allowed the appeal on other grounds, Arnold LJ observed in *obiter* at [66]:

> I consider it well arguable that the rule in *Prudential* [ie, the reflective loss principle] can apply to indirect shareholders in appropriate circumstances. Suppose A owns 100% of the shares in B Ltd which owns 100% of the shares in C Ltd. Suppose that a wrong is done to C Ltd by D which results in a diminution of the value of B Ltd's shares in C Ltd which in turn results in a diminution of the value of A's shares in B Ltd. Suppose that A has a concurrent right of action and sues D to recover his loss as a result of that diminution. I find it difficult to see why, on those hypotheses, the rule should not apply.

56 His views were echoed by Master Stevens in *Breeze v Chief Constable of Norfolk* [2022] EWHC 942 (QB) ("*Breeze*"), where the claimants also tried to argue that the reflective loss principle does not bar claims by indirect shareholders. In *Breeze*, the claimants were majority shareholders in a company whose business was to provide mental health care, operating through two wholly-owned subsidiaries. All three companies became insolvent after a discontinued prosecution against the claimants. The claimants then brought an action to claim for, among others, the losses in respect of their indirect shareholding interests in the subsidiaries, which they said were destroyed by the defendant's conduct. After the UK Supreme Court's decision in *Marex* was handed down, the claimants sought to amend their pleadings to reformulate their claims for financial losses, while the defendant applied to strike out some of the amended claims: at [71]–[76]. In deciding to strike out the claimants' proposed

amendments, including their claim that they had lost the value of their indirect interests in the subsidiaries, Master Stevens balanced a number of different factors. As to the merits of the indirect shareholder argument, she observed at [87] that it was "very dubious whether claims made by the claimants as indirect shareholders, in wholly owned subsidiaries would survive post-*Marex*". Echoing Arnold LJ in *BIG v Smith,* Master Stevens noted that it was "well arguable" that such claims would fail.

57 Much like Arnold LJ and Master Stevens, I was not persuaded by the arguments raised by RedDot. In so far as counsel suggested that an indirect shareholder's fortunes should not follow that of a subsidiary company because they did not directly subscribe to the shares of that company, this missed the point. The indirect shareholder directly subscribed to the shares of the parent company, and to the extent that the parent company's fortunes rose or fell in tandem with the fortunes of its subsidiary company, that formed part and parcel of the shareholder's bargain. As the Court of Appeal noted in *Miao Weiguo*, shareholders benefit from the right to participate in the company as the corporate structure allows them to reap the benefits of the business whilst being protected from the consequences of debts owed or wrongs done by the company. They "cannot take the benefits [of the corporate form] without also assuming the burdens" that come with those benefits: at [197]–[200]. Limiting the reflective loss rule to direct shareholders would lead to a logically inconsistent position whereby indirect shareholders can doubly benefit from the revenue earned through their subsidiaries whilst being protected from liability *and* simultaneously recoup losses consequent from their subsidiaries' losses. This cannot be right. On the contrary, I saw much force in the argument that the "exclusion of direct redress for shareholders further up the line may be justified as the 'price' for the benefit of limited liability" which is "often the chief reason for organising businesses as corporate groups": Prof Lee at para 33.

58 As for counsel's argument on separate legal personality, this was equally unsustainable as it failed to address the underlying rationales for the reflective loss principle at all. I took Simmonds QC's reasoning to mean that an indirect shareholder has a legal personality separate from a direct shareholder, and thus should not be subject to the same bar on reflective loss as the direct shareholder is. In my view, however, the decisive question in applying the reflective loss principle is not the position of the applicant shareholder in the corporate chain, but whether the loss claimed by that shareholder is separate and distinct from that of the loss-suffering company. If RedDot claimed for the losses suffered by DANS and Shiga, this would be just as reflective as a claim by Hydreq or DANS Consulting for the same losses. It would be artificial to characterise the loss any differently merely because of the separate legal personalities of RedDot, Hydreq and DANS Consulting. As Prof Lee noted at para 33, accepting such an argument would allow shareholders up the corporate chain to easily circumvent the rule by simply interposing intermediate companies between themselves and the loss-suffering company.

59 I should also point out that in a recent judgment issued after the hearing before me, an argument similar to RedDot's was rejected by AR Chua Rui Yuan: *Prosetskii, Aleksandr Viktorovich v Courtwell Asia Ltd* [2026] SGHCR 28 ("*Prosetskii*"). In this case, the claimant was the beneficial owner of certain shares in a company, SML, whose only substantial asset was a vessel. The claimant brought an action for conspiracy and dishonest assistance, alleging that the defendants had engaged in a scheme to deprive him of his interest in the vessel by conspiring to transfer the vessel from SML to another entity without his consent. In setting aside the order granting the claimant permission to serve the originating claim out of Singapore, AR Chua held that the claimant had failed to establish a serious issue to be tried on the merits as his claim for the

"devaluation and denudation" of his interests in the SML shares was barred by the reflective loss principle: at [69].

60 The claimant in *Prosetskii* sought to avoid the reflective loss principle by suggesting that his loss did not constitute reflective loss because he was not the legal owner of the SML shares but only their beneficial owner pursuant to a trust over the shares. In other words, much like RedDot in the present case, the claimant's argument was that the reflective loss did not apply because he was not a direct shareholder of the company which previously owned the vessel but only an indirect shareholder, due to the interposition of the trustee between him and SML. The AR rightly rejected this spurious argument, and his observations at [70] of the judgment (which I fully agree with) merit reproduction here as they apply with similar force to the argument that RedDot was trying to make:

> The reflective loss principle would be toothless if it could be sidestepped by simply interposing an intermediary – say, a holding company or a trustee – between a shareholder and the company so as to create a "Russian doll" structure in the shareholding of the company. To give an extreme example, if the ultimate beneficial owner of company A's shares were to interpose innumerable layers of holding companies or trustees – B, C, D and so on and so forth – between him and company A, it would surely be absurd if every intermediary in the chain past B (the direct shareholder of A) could make a claim against a defendant who causes loss to the company A that triggers a downward chain reaction of the devaluation of the shares in B, C, D and so on and so forth. This would be contrary to the purpose of the reflective loss principle which, in my view, is to prevent exactly this kind of proliferation of claims.

61 Before leaving this point, I address one final case. In so far as counsel for RedDot suggested at the hearing that there was no reported judgment in which the reflective loss principle had been applied across multiple levels of shareholding,[67] this was plainly incorrect. The judgment of the Hong Kong

67 NE at p 3 line 29 – p 4 line 2.

Court of Final Appeal ("HKCFA") in *Waddington Ltd v Chan Chun Hoo* [2009] 4 HKC 381 ("*Waddington*"), which was cited by counsel for the Nandas,[68] was precisely one such case (in addition to the judicial observations in *BIG v Smith* and *Breeze*).

62 In that case, the plaintiff, Waddington Ltd ("Waddington"), was a minority shareholder of the third defendant, Playmates Holdings Ltd ("Playmates"). Playmates in turn held all the shares in the fourth defendant, Playmates International Ltd ("Playmates International"), and Playmates International owned all the shares in its subsidiaries Profit Point Ltd ("Profit Point") and Autoestate Ltd ("Autoestate"). Waddington sought to bring a derivative action in Playmates' name against the first defendant, Chan, who was at all material times the chairman and executive director of Playmates and a director of all the relevant companies in the group, *ie*, Playmates International, Profit Point and Autoestate. Waddington sought to impugn three transactions which were allegedly undertaken by Profit Point and Autoestate at Chan's directions and in breach of his fiduciary duties: the sale of Profit Point's shares in another entity at an undervalue which was said to have caused loss directly to Profit Point and indirectly to Playmates International and its ultimate holding company Playmates; and Autoestate's acquisition of two other entities in what was alleged to be an uncommercial deal which resulted in substantial losses to the Playmates group.

63 Both the first instance judge and the HKCFA held that any claim brought *on behalf of Playmates* relating to the impugned transactions could not succeed because its losses were merely reflective of the losses allegedly suffered by its subsidiaries and were accordingly caught by the reflective loss principle:

68 1–2RWS at para 28.

Waddington at [7] and [89]. The parallels to the present application were striking: in both cases, a parent company was seeking to bring an action against a director for wrongs allegedly committed at the sub-subsidiary level, premised on losses suffered by those sub-subsidiaries which had in turn caused indirect losses to the parent company. There was no question that recovery of such losses was prohibited by the reflective loss principle, and in fact Waddington rightly conceded the point: *Waddington* at [81].

64 Counsel for RedDot urged me not to adopt the court's reasoning in *Waddington* as Lord Millett had delivered the leading judgment of the HKCFA, and the Court of Appeal in *Miao Weiguo* had expressly found that Lord Millett had erred in *Johnson v Gore Wood & Co* [2002] 2 AC 1 ("*Johnson*") by restating the rationale of the reflective loss principle as being one of preventing double recovery.[69] However, there was nothing in Lord Millett's judgment in *Waddington* which was inconsistent with the Court of Appeal's judgment in *Miao Weiguo*. While Phang JCA did hold that Lord Millett's judgment in *Johnson* had impermissibly widened the scope of the reflective loss principle beyond its doctrinal bounds by potentially extending it to "any and all payments that a shareholder could expect to receive from the company in whatever capacity" so long as the risk of double recovery existed (at [191]), Lord Millett's application of the reflective loss principle in *Waddington* was fully grounded within the strictures of the principle as endorsed by the Court of Appeal in *Miao Weiguo*. Any proposed claim by Playmates, like the proposed claim by GSC Singapore in the present case, was premised on losses suffered by the sub-subsidiaries in the group due to wrongs committed against those companies, which could only be reflected as losses to the parent company by way of a diminution in the value of the parent company's shares in the subsidiary.

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69 NE at p 4 line 30 – p 5 line 2.

65 I address two further points about *Waddington* for completeness. First, counsel for the Nandas had candidly pointed out in their submissions that the HKCFA allowed Waddington the opportunity to commence a "multiple derivative action" in common law on behalf of Profit Point (instead of Playmates) (at [89]), but submitted that this was irrelevant for the present application since RedDot's case was based purely on s 216A of the CA.[70] A multiple derivative action in this context is one brought by a shareholder of a parent or holding company on behalf of a subsidiary company (or a subsidiary of a subsidiary, *etc*). I would only observe briefly that leave to bring multiple derivative actions has been granted under s 216A of the CA: see Hans Tjio, Pearlie Koh & Lee Pey Woan, *Corporate Law* (Academy Publishing, 2nd Ed, 2024) at para 10.044; citing *Reignwood International Investment (Group) Co Ltd v Opus Tiger 1 Pte Ltd* [2021] SGHC 133 at [29]. However, I emphasise that whether it was open to RedDot to pursue a multiple derivative action under s 216A of the CA was not an issue that arose for my determination as the present application was for a derivative action to be brought in GSC Singapore's name.

66 Second, in so far as Waddington sought to bring its case within the exception in *Giles v Rhind* [2003] EWCA Civ 1428 ("*Giles v Rhind*") by arguing that Chan's effective control over the companies in the group had disabled them from pursuing their causes of action (*Waddington* at [81]), Lord Millett held in *Waddington* that *Giles v Rhind* was wrongly decided and the supposed exception did not exist (at [88]). This echoed the Court of Appeal's similar doubts about *Giles v Rhind* in *Miao Weiguo* at [155], though it left the final determination of the question for a future case.

[70] 1–2RWS at p 16.

(2) Whether GSC Singapore suffered loss due to diverted funds

67 RedDot's second order attempt to avoid the reflective loss principle was to assert that GSC Singapore had suffered recoverable loss in its own right as a result of the alleged illegitimate payments to vendors, renovation and rental payments to Dr Fresh Assets and Mr Prakash's renumeration (see [15(a)], [15(b)], [15(d)] above).[71] These caused GSC Singapore to "los[e] valuable finances" from the numerous diversions of funds and misappropriations from DANS and Shiga, when GSC Singapore "could have decided how to deploy these payments", for example, towards pursuing other corporate opportunities.[72]

68 I rejected this argument as it was premised on a number of false assumptions. First, if RedDot was suggesting that GSC Singapore had provided the funds for DANS and Shiga to make the various payments (*eg*, through a loan), there was simply no evidence to support such an assertion. If RedDot's contention was that the funds used for these payments would have eventually flowed up the corporate chain back to GSC Singapore (*eg*, Mr Baid claimed that the Dr Fresh Assets payments diverted funds from Shiga, "and consequently from its upstream holding company, GSC Singapore"),[73] this was in essence reflective loss since GSC Singapore would only have been entitled to any such distributions *qua* shareholder. To the extent that counsel seemed to imply that any funds from DANS and Shiga somehow belonged to GSC Singapore as the ultimate holding company, the Court of Appeal had already pointed out that it is a fallacy to presuppose that a share "represents a proportionate part of the company's net assets, and if these are depleted the diminution in its assets will be reflected in the diminution in the value of the shares": *Miao Weiguo* at [189]

71 MKB at paras 44, 50, 90.

72 NE at p 6 lines 21–23.

73 MKB at para 44.

quoting and disapproving *Johnson* at 62A. As Lord Reed stated emphatically in *Marex*, a share is not a proportionate part of a company's assets, nor does it confer on the shareholder any legal or equitable interest in the company's assets. A share simply represents a right of participation in the company on the terms of the articles of association: see [31]. Finally, contrary to RedDot's assertion, it was not for *GSC Singapore* to decide how to deploy funds belonging to DANS and Shiga. Following from the corporate management principle, it was for the boards of DANS and Shiga to decide how the funds of these companies should be utilised.

69 Once again, RedDot's arguments sought to elide the distinction between the different entities of the Group and conflate them into a single overarching economic unit without any legal basis. It was accordingly apt, at this juncture, to recall the Court of Appeal's observations in *Goh Chan Peng v Beyonics Technology Ltd* [2017] 2 SLR 592 at [71]:

> 71 **The well-established doctrine that each incorporated entity is a separate legal entity with separate legal rights and liabilities applies as much to companies within an ownership group as it does to companies that are unrelated to each other**. As stated by Sundaresh Menon JC in *PP v Lew Syn Pau* [2006] 4 SLR(R) 210 … at [212], the doctrine of separate legal personality is not displaced simply by virtue of the fact that the companies in question are, as members of a group, organised as a single economic unit. Thus, **between a parent or holding company and its subsidiary, the rights and assets of the related companies are treated as belonging to each discrete company, distinct from those of the other company.** …
>
> [emphasis added in bold]

(3) Whether GSC Singapore lost corporate opportunities that belonged to it

70 RedDot's final attempt to avoid the reflective loss principle was to shift the focus to GSC Singapore's proposed claims for loss of corporate

opportunities, namely, the alleged diversion of the three PSP projects to entities outside the Group, and Mr Sumeet's aborted attempt to acquire IFCI's stake in Shiga to the exclusion of the Group (see [15(c)] and [15(e)] above).[74] RedDot contended that each of these claims involved a loss of chance suffered by GSC Singapore directly, which was a separate and independent loss that did not run afoul of the reflective loss principle, particularly because the appropriate relief for such claims (in the context of an action for breach of fiduciary duty) was not limited to compensation for loss but could extend to an account of profits or even proprietary relief.[75]

71 In support of its arguments, RedDot referred to the case of *OOPA Pte Ltd v Bui Sy Phong* [2022] 4 SLR 537 ("*OOPA*"). In this case, the defendant Bui was a director of both the plaintiff OOPA Pte Ltd ("OOPA") and OOPA's subsidiary, OnOnPay Vietnam Mobile Services JSC ("OnOnPay"). OOPA was established as a Singapore holding company for OnOnPay, which operated in Vietnam. After Bui set up a corporate structure separate from OOPA and OnOnPay, Telio, to carry on a new line of business which OOPA and OnOnPay had also been discussing (which was referred to as the Central Supply Business or "CSB"), OOPA commenced an action against Bui for breach of trust and fiduciary duties. One of the issues raised was whether OOPA was the proper plaintiff, as Bui contended that any misconduct on his part was a breach of his fiduciary duty to OnOnPay and not OOPA, and any loss suffered by OOPA was reflective loss because it would be eliminated by the replenishment of OnOnPay's assets: at [24].

74 NE at p 5 lines 9–14 and 25–27.

75 AWS at para 69(a); NE at p 10 line 5.

72 In rejecting Bui's arguments, Philip Jeyaretnam JC (as he then was) found that the claim was properly brought by OOPA because the claim was in respect of a maturing business opportunity that was asserted to belong to OOPA, and in respect of loss directly suffered by OOPA: at [28]. The court made a finding of fact that the CSB belonged to OOPA because there was contemporaneous correspondence which demonstrated that the business opportunity was presented to the members and board of OOPA for consideration and discussion: at [34]. Even if OOPA as a holding company had no intention of pursuing the CSB itself and would necessarily have to do so through a Vietnamese operating company such as OnOnPay, the fact that "a new business, for ordinary commercial reasons, will be housed under a new subsidiary does not make that business any less of an opportunity for the holding company": at [52]. Moreover, there was evidence that the loss of the CSB caused direct loss to OOPA, as OnOnPay had assigned all its intellectual property to OOPA under a deed of assignment in 2015, which meant that any intellectual property relating to the CSB would likely have been owned by OOPA but for Bui's breach: at [50].

73 While there were some superficial similarities between the facts of *OOPA* and the present case, the parallels fell away once the evidence was examined closely. First, and this was an important point that RedDot conveniently ignored, the alleged diversion of the PSP projects and the attempt to acquire IFCI's stake in Shiga took place in 2024, well before Mr Sumeet became a director of GSC Singapore. Unlike in *OOPA*, where it was clear that Bui owed fiduciary duties to OOPA because he was also a director of OOPA and the CSB fell within the ambit of that responsibility (at [46]), Mr Sumeet could not have breached any fiduciary duties to GSC Singapore in failing to bring opportunities to GSC Singapore when he owed no fiduciary obligations

to GSC Singapore at the relevant time to begin with. This alone was sufficient to dispose of the claim against Mr Sumeet.

74 Second, it was never RedDot's case that the PSP projects belonged to *GSC Singapore*. In its correspondence from counsel, RedDot asserted that these projects "[r]ightfully [b]elong to DANS Consulting" as they were "developed by DANS Consulting, DANS and Shiga, utilising their resources", and demanded that the PSP projects "be immediately restored to … DANS Consulting, DANS, and Shiga, as appropriate".[76] I note that Mr Baid sought to broaden the claim in these proceedings by inserting references to the Group at various instances in his affidavit (*eg*, by now claiming that these opportunities "were obtained using the resources, employees, experience and goodwill of DANS Consulting, [DANS] *and [the Group] at large*" [emphasis added], and accordingly belonged to "*[the] Group*".[emphasis added]).[77] However, one could not simply transform an opportunity belonging to a subsidiary to one belonging to a parent company (or in this case, the parent company three corporate levels removed) by conveniently inserting vague references to the corporate group at large, without explaining and providing evidence to substantiate the assertion that these opportunities belonged to GSC Singapore in the first place.

75 *OOPA* did not establish a general principle that a corporate opportunity belonging to a subsidiary would automatically also belong to a parent company. Rather, there was clear evidence in that case that the opportunity belonged to OOPA itself, as the board of OOPA had been considering the exploitation of that specific business opportunity. In the present case, Mr Baid's evidence on

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76 MKB at Tab 3, pp 158 and 167.

77 MKB at para 73.

affidavit only went so far as to suggest that Mr Sumeet had utilised the resources of DANS Consulting and DANS to exploit the PSP projects, and that these opportunities properly belonged to DANS Consulting. In fact, RedDot's belated suggestion that the PSP projects belonged to GSC Singapore was particularly tenuous because clause 4.1 of the SSA expressly provided that "unless and until all Shareholders agree otherwise, the business of [GSC Singapore] shall be restricted to the ownership and operation of [the] two power plants" operated by DANS and Shiga in Sikkim.[78] Where there are legal restrictions (*eg*, in a shareholders' agreement) on what a company can do, a director who engages in an activity falling within those restrictions would not be in breach of his fiduciary duty as the activity was not within the scope of the company's affairs (*Sakae Holdings Pte Ltd v Gryphon Real Estate Investment Corp Pte Ltd* [2017] SGHC 73 at [84]). While Mr Baid argued that clause 4.1 envisages that the business of the Group may be expanded with the unanimous agreement of its shareholders,[79] there was no evidence of any such agreement. As RedDot never positively asserted that the PSP projects belonged to GSC Singapore and the available evidence suggested the contrary, any claim that GSC Singapore could bring in respect of these alleged lost opportunities could not succeed.

76 As for Mr Sumeet's attempt to acquire IFCI's stake in Shiga, RedDot's proposed claim on behalf of GSC Singapore was also unsustainable on the facts. I had already pointed out that this attempt took place in 2024, well before Mr Sumeet became a director of GSC Singapore. It was therefore untenable for GSC Singapore to bring a claim against Mr Sumeet for a breach of his director's duties when he owed none at the relevant point in time.

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78 SUM at Tab 4, p 166.

79 MKB at para 74.

77 There were three further reasons why this claim lacked a factual foundation. First, to the extent that RedDot's complaint was that the opportunity should have been kept within the Group, it was undisputed that DANS Consulting had also made an offer to acquire IFCI's stake in Shiga, but the transaction failed to complete due to a lack of financing.[80] Second, Mr Sumeet explained that IFCI had imposed a condition that the purchaser of its Shiga shares had to be incorporated in India.[81] This did not appear contradicted by the documents and, if true, would mean that GSC Singapore, as a Singapore-incorporated company, could not have qualified to make the offer. Finally, it was also common ground between the parties that Mr Sumeet's attempt to acquire a stake in Shiga through GSC India was ultimately aborted due to a lack of financing as well.[82] Since the transaction never proceeded, there would have been no grounds for GSC Singapore to claim any account of profits or proprietary relief in any case.

Remaining allegations

78 RedDot's remaining allegations pertained to Hydreq's failure to file its annual returns since August 2021 and Mr Sumeet's alleged failure to provide Mr Jha with information and records from GSC Singapore (see [15(f)]–[15(g)] above).

79 I agreed with RedDot that Mr Shubh's failure to file Hydreq's annual returns for a prolonged period of time represented a *prima facie* breach of Mr Shubh's duty to exercise reasonable diligence as a director of Hydreq. Even if Hydreq had "undergone several significant changes" including changes to its

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80 MKB at para 100; SUM at para 3.6.4(b) and Tab 7, p 239.

81 SUM at para 3.6.4.

82 MKB at para 97; SUM at para 3.6.4(f).

auditors,[83] this did not absolve Mr Shubh of his fiduciary duty to ensure that the accounts were duly prepared and filed. However, it was unclear to me how GSC Singapore was the proper claimant to bring an action for this breach since the wrong was suffered by Hydreq.

80 If RedDot was suggesting that Mr Shubh's failure to ensure that the Hydreq accounts were filed also constituted a breach of the concurrent duties he owed to GSC Singapore as the parent company, I accepted that this could follow as a matter of principle since it would be in the interests of GSC Singapore for the accounts of its subsidiary to be properly managed. However, it was undisputed that the accounts were lodged within three months of ACRA's notification so there was no longer any risk of Hydreq being struck off.[84] That being the case, and having regard to the fact that the Group was clearly facing financial difficulties and in the midst of debt restructuring, I failed to see how any proposed legal action by GSC Singapore – in respect of a regulatory breach by a subsidiary which was rectified with no loss suffered – could be said to be in the practical and commercial interests of the company, especially with the attendant costs that such litigation would entail.

81 As for Mr Sumeet's alleged failure to respond satisfactorily to Mr Jha's requests for information, this claim was initially premised on Mr Sumeet's purported delay in responding to Mr Jha's request in October 2025 to discuss Shiga's restructuring plan after receiving a notice from Shiga's lead lender Power Finance Corporation ("PFC").[85] After the relevant board meetings were convened, the allegation morphed into a broader contention that the Nandas had

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83 SHU at Tab 2, p 36.

84 MKB at para 109; SHU at para 3.1.10(a).

85 MKB at para 112.

failed to participate "meaningful[ly]" in the discussions.[86] I did not find these allegations to be sufficient to ground any legitimate claim by GSC Singapore for few reasons.

82 First, it was difficult to see how Mr Sumeet's failure to provide information to *RedDot* formed a basis for *GSC Singapore* to bring a claim against him. In any case, it appeared that Mr Jha's initial complaint was in relation to Mr Sumeet's purported failure to provide prompt information relating to *Shiga's* debt restructuring.[87] It was not clear to me how this was even information that GSC Singapore was necessarily entitled to, let alone suing for. In any case, clause 17.1 of the SSA provided that RedDot had the right to inspect "all accounts and financial records of [the Group] … including monthly management accounts and operating statistics and such other trading and financial information" of the Group subsidiaries including Shiga.[88] As RedDot already had a contractual right to the information it claimed to seek, I did not see how it would be in the interests of GSC Singapore to commence an action in response to any failure to provide this information. Moreover, to the extent that Mr Jha was seeking the records of GSC Singapore, as a director of the company, he had statutory rights to the accounting and other records of the company which he could easily enforce: see s 199(3) of the CA. There being various alternative remedies that were readily available and eminently "more sensible and desirable" (*Zhuang Yujie* at [74(c)]), I did not see how the drastic solution of a proposed derivative action by GSC Singapore against the Nandas would be an appropriate response.

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86 MKB at para 116.

87 MKB at Tab 26, p 1113.

88 SUM at Tab 4, p 174.

83 As for the allegation that the Nandas had failed to participate meaningfully in board meetings to discuss the matters raised by Mr Jha, it was difficult to pinpoint the precise nature of RedDot's cause for complaint here. Mr Baid's affidavit suggested that the agendas for the meetings were "simplistic" and "confined to overdue filings and routine appointments", and that the meeting minutes record that "no substantive decisions were taken" during the meetings.[89] However, the minutes of the board meetings adduced by Mr Baid indicated that neither he nor Mr Jha had raised any substantive objection to the agendas, and their queries regarding Hydreq's financial statements and Shiga's restructuring were addressed by Mr Sumeet.[90] If RedDot's true grievance was with how the majority of the board of GSC Singapore had chosen to deal with the issues raised by Mr Jha, that was more properly dealt with as a claim under s 216 of the CA, to the extent that any minority oppression could be established.

Whether RedDot was acting in good faith

84 Given my finding that the proposed derivative action was not *prima facie* in the interests of GSC Singapore, it was strictly unnecessary for me to consider the requirement of good faith under s 216A(3)(*b*) of the CA as the requirements in s 216A were cumulative and not disjunctive. Nevertheless, I proceeded to address the issue in some detail as I was not satisfied that RedDot had brought the application in good faith.

89 MKB at para 116.

90 MKB at Tab 27, pp 1118–1119 and 1123–1125.

The law

85 The requirement of good faith under s 216A(3)(*b*) of the CA is intended to serve two overlapping purposes: first, to ensure that the applicant is properly one in whom the "extraordinary power … to use corporate resources and to create a position of legal conflict between the corporation and others" should be vested; and second, to ensure that the proposed action, when commenced under the control of the applicant, serves and advances corporate interests: *Tan Chun Chuen Malcolm v Beach Hotel Pte Ltd* [2023] 3 SLR 1312 ("*Malcolm Tan*") at [27]. While the requirement that the proposed derivative action be *prima facie* in the interests of the company focuses on ensuring that the proposed action is one brought in the interests of the company, the requirement of good faith ensures that the action is brought by a person who would use it to advance the company's interests: see *Petroships* at [173].

86 The onus is on the applicant to demonstrate that the application is being pursued in good faith: *Ang Thiam Swee* at [23]. As Ang Cheng Hock JC (as he then was) summarised in *Jian Li Investments* at [42]–[47], there are two main facets to the requirement of good faith:

> (a) The first relates to the merits of the proposed derivative action, in that the applicant must honestly or reasonably believe that a good cause of action exists for the company to prosecute. It follows from this that if no reasonable person could believe that the company had a good cause of action to pursue, this is indicative of a lack of good faith on the part of the applicant.
>
> (b) Second, an applicant may be found to lack good faith if it can be demonstrated that he is bringing the derivative action for a collateral purpose that is inconsistent with "doing justice to the company". A

distinction must be drawn between motive and purpose – the element of good faith is not concerned as to the questionable motivations of the applicant *per se*, but whether those questionable motivations constitute a personal purpose which will be pursued at the expense of the company's interests. Put another way, bad faith may be established "where an applicant's questionable motivations constitute a personal *purpose* which indicates that the company's interests will not be served" by the proposed action: *Ang Thiam Swee* at [13].

87 Beyond these two facets, the court also considers the applicant's conduct in the proceedings as part of the good faith enquiry. In particular, the failure of an applicant to fully apprise the court of all material and relevant facts may be indicative of a lack of good faith: *Jian Li Investments* at [48]. However, to be clear, a lack of candour does not, in itself, preclude a finding of good faith unless it supports an inference that the applicant is not a proper party to represent the company's interests. Inordinate delay in commencing an application after becoming aware of the impugned transactions may also evidence a lack of good faith: *Malcolm Tan* at [45].

Analysis and decision

88 I had already found that GSC Singapore's proposed derivative action was bound to fail on the merits as the bulk of the allegations related to conduct which took place before Mr Sumeet even owed any director's duties to GSC Singapore, and the losses GSC Singapore was seeking to recover were in any event prohibited by the reflective loss principle. In light of the serious legal and evidential difficulties with the claim that RedDot proposed to mount on GSC Singapore's behalf, I was driven to the conclusion that RedDot could not have

honestly and reasonably believed that GSC Singapore had a good cause of action to prosecute in the first place.

89 This finding was fortified by the nature of the claims which RedDot sought to bring into the proposed derivative action, which included fairly minor allegations or aborted transactions that could not have caused any discernible loss to GSC Singapore (whether reflective or not). For instance, it was difficult to see how and why it would be in GSC Singapore's interests to embark on litigation against Mr Shubh for his failure to file Hydreq's accounts with ACRA when the accounts were filed within a few months of ACRA's notification, and RedDot itself admitted that its only grievance was the risk of Hydreq's potential striking off which never materialised.[91] The motivation for RedDot's complaint about Mr Sumeet's offer to purchase IFCI's shares in Shiga was similarly difficult to understand, especially since it was undisputed that this was a requirement imposed by Shiga's lenders for the purposes of restructuring its debts, the same opportunity was brought to DANS Consulting, and the transaction never proceeded in any case. RedDot's allegation of widespread "misappropriation" of funds as a result of DANS and Shiga's payments to various vendors was also contrived, resting entirely on internal audit report findings which mostly disclosed process and documentation weaknesses to be improved, as opposed to indicators of dishonesty or illegitimate payments.[92] While the reports flagged that some advance payments were made to vendors without having received their progress reports, some outstanding debit balances in the vendor ledger remained unsettled, and some payments exceeded DANS' authorised limits,[93] the general focus was on accurate financial reporting and

91 MKB at para 109.

92 MKB at Tab 23.

93 MKB at Tab 23, pp 976, 995, 1014, 1052.

record-keeping. The attempt to label the payments to Quantinox as "misappropriations" was particularly disingenuous when there was no evidence to suggest that either of the Nandas had any links to Quantinox, and the two impugned payments were in fact approved by an independent third party, STEAG Energy Services (India) Pvt Ltd, which was the project management agency appointed by DANS and Shiga's lead lender PFC.[94] RedDot's inclusion of these tenuous claims was suggestive of an attempt to shore up a case that was demonstrably weak on the merits.

90 There was also evidence that RedDot was less than candid with the court. Much was made of Mr Sumeet's attempt to acquire IFCI's stake in Shiga through GSC India in 2024. RedDot had disclosed that Arham Finance held a 70% stake in GSC India, and Mr Baid alleged on affidavit that Arham Finance's representative, Mr Rakhecha, was an associate of Mr Sumeet.[95] However, Mr Sumeet contended that Mr Rakhecha was in fact an associate of Mr Sandeep instead.[96] While RedDot denied this association in oral submissions,[97] Mr Sumeet had asserted in correspondence between counsel in December 2025 that Mr Rakhecha was Mr Sandeep's chartered accountant and auditor and the person who managed the Singapore-based operations of Mr Sandeep's raw material trading operations.[98] RedDot never denied these connections, whether in correspondence or on affidavit. Even if Mr Rakhecha did not act for RedDot, Mr Baid's affidavit indicated that there was some basis for the Nandas'

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94 SUM at Tab 10, pp 307 and 312.

95 MKB at paras 94–95.

96 SUM at para 4.1.7(a).

97 NE at p 5 lines 21–22.

98 MKB at Tab 4, p 173, para 9.

contention that Mr Rakhecha was acting in concert with Mr Sandeep,[99] since it was evident that Mr Rakhecha was in contact with RedDot about the present allegations against Mr Sumeet.[100]

91 Further, Mr Baid had affirmed on affidavit that he only obtained visibility over the internal operations of GSC Singapore and its subsidiaries after his appointment as a director of GSC Singapore.[101] However, what was not disclosed was that Mr Baid had been appointed a senior vice-president of DANS from 1 October 2022 to May 2023, and that Mr Baid's firm LibGem Solutions had also been engaged by DANS and Shiga in April 2022 to provide debt restructuring and insurance risk coverage advice to the companies.[102] RedDot also failed to highlight that Mr Rakhecha was a director of DANS Consulting and DANS since 15 March 2022, and was previously a senior vice-president with Shiga until his employment was terminated on 8 March 2025.[103] Given that many of RedDot's allegations related to transactions undertaken by DANS, Shiga and DANS Consulting during this period, RedDot's failure to disclose these prior associations was suspicious to say the least, as many of the matters raised by RedDot in this application would presumably have taken place with the knowledge of persons closely connected to RedDot.

92 There was also force in the Nandas' contention that the timing of the application was itself suggestive of a collateral purpose that was unrelated to vindicating the rights of GSC Singapore.[104] RedDot had signed the SSA on

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99 1–2RWS at para 44.

100 MKB at para 103.

101 MKB at para 8.

102 SUM at Tab 14, pp 441–455 and 456–457.

103 SUM at para 3.3.7 and Tab 3, pp 132 and 137.

104 1–2RWS at para 43.

22 June 2022 but only chose to subscribe for its allotted shares in GSC Singapore on 19 March 2025, after it had completed its due diligence into the affairs and business of the company.[105] However, just two months after RedDot had appointed its directors to the board of GSC Singapore in September 2025, these allegations were raised and almost immediately pursued via formal letters of demand from lawyers on 15 and 18 December 2025. When Mr Sumeet issued a detailed 21-page rebuttal on 27 December 2025, his explanations were summarily rejected in a single-page response issued just over a week later on 5 January 2026. RedDot proceeded to issue the notice to the board of GSC Singapore pursuant to s 216A(2) of the CA on 14 February 2026.

93 Given the scope of the impugned transactions and the gravity of the allegations raised, one would have expected RedDot to conduct further investigations or at least look into Mr Sumeet's explanations before deciding whether it would be in the interests of GSC Singapore to proceed further. I noted that Mr Jha and Mr Baid raised these same issues at the board meeting convened on 3 March 2026 pursuant to the s 216A(2) notice, and that the Nandas chose not to attend and explain their actions in person. However, during the meeting, Mr Jha and Mr Baid showed no interest in engaging with Mr Sumeet's substantive responses to the allegations in his 27 December 2025 letter, instead channelling their displeasure toward the Nandas' absence. Mr Balaji, representing the Nandas, repeatedly urged the board to consider Mr Sumeet's responses alongside RedDot's allegations.[106] While Mr Jha and Mr Baid agreed to have Mr Sumeet's letter on the record, they were quick to dismiss the letter

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105 SUM at Tab 3, p 160, para (B).

106 MKB at Tab 10, pp 279–280, 300–302, 308–309, 313–314, 317–318, 320, 324.

as "not sufficient" as it was not addressed to the board. The following exchange during the meeting was telling:[107]

[Mr Balaji]:	… the response is essentially a response to all these allegations, is my view, as far as the letter is concerned …
[Mr Baid]:	So the question is that should it result in the closure of the matter merely because there's a response? …

…

[Mr Jha]:	… since you have been impressing upon that, can I take it as that is the response … of [the Nandas], … It is your opinion or you are vouching for [the Nandas]?
[Mr Balaji]:	… No, I'm just stating a fact of what the letter says. I'm not saying the contents of the letter would be right or wrong … It should take it on the record [*sic*]. That's all.
[Mr Jha]:	… Yeah, it is taken on record … but here the response was required from … [the Nandas] …

…

[Mr Baid]:	… they should have come … and explained that what has gone on, giving a letter just issuing that whatever they have issued [i]s not sufficient. … [*sic*]
[Mr Jha]:	… the explanation … was required from the management. Now, **simply by taking the lawyer's response is not management's response as such, because that has never been addressed to the board of directors. It has been addressed to one individual shareholder** … So that is why their presence was very much required.

[emphasis added in bold]

94 Mr Baid also went on to state that "I have gone through the response" but that "I don't know … how much weight it will carry in … [the] court of

[107] MKB at Tab 10, pp 300–303, 306–308, 323–324.

law" and so "my view is that at least some [legal] action we must take".[108] It was evident from the meeting that Mr Baid and Mr Jha had already made up their minds that Mr Sumeet's explanations should be summarily rejected and the Nandas suspended from management while an independent firm of forensic auditors and legal advisors was appointed to investigate.[109] The unwarranted haste with which RedDot acted to escalate its concerns and bring this matter to court gave me serious pause as to whether it was in fact seeking to do justice for GSC Singapore, or whether it was bringing the derivative action for a collateral purpose at GSC Singapore's expense.

95 On this note, Mr Sumeet surmised that Mr Sandeep was facing cashflow difficulties and had orchestrated the present application in an attempt to pressure him to offer Mr Sandeep an exit from his investment.[110] While the evidence in support of this particular contention was thin, in light of the points raised above, I was not satisfied on the totality of the evidence before me that the application was brought in good faith. This represented an additional basis for dismissing the application.

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108 MKB at Tab 10, p 368.

109 MKB at Tab 9, pp 235–236.

110 SUM at para 4.1.5.

Conclusion

96 For the reasons above, I dismissed RedDot's application. Having regard to parties' submissions and the relative complexity of the issues raised, I fixed the costs payable by RedDot at $15,000 (all-in) to the Nandas and $9,000 (all-in) to GSC Singapore. While GSC Singapore was separately represented before me, its submissions were confined to the reflective loss principle and counsel did not make substantive oral arguments at the hearing.

Low Siew Ling
Judicial Commissioner

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Prakash Pillai, Koh Junxiang, Wong Zhan Yan Perry Elizabeth and Tay Zhuo Yan, Isaac (Clasis LLC) for the first and second respondents;
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