NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) No. 176 of 2026

[Arising out of Order dated 11.03.2026 passed by the Adjudicating Authority (National Company Law Tribunal, New Delhi Bench, Court-V) in Company Appeal No. 203/252/ND/2024]

IN THE MATTER OF:

1. **Ganton Projects Private Limited**
Having its office at:
118D, DDA Flat, Mansarovar Park,
New Modern Shahdara, Delhi- 110032 **...Appellant No. 1**

2. **Sh. Ravindra Singh Chauhan**
S/o Late Sh. Virendra Singh Chauhan
R/o C-16, Third Floor, Street No. 10,
Chhatarpur Enclave, Phase 2,
New Delhi 110074 **...Appellant No. 2**

Versus

1. **Registrar of Companies,**
NCT of Delhi & Haryana
4th Floor, IFCI Tower,
Nehru Place, New Delhi **...Respondent No. 1**

2. **Commissioner of Income Tax,**
C.R. Building, I.P. Estate,
New Delhi – 110002 **...Respondent No. 2**

Present:

For Appellants : Mr. Vansh Gandotra and Mr. Naman Sabharwal, Advocates.

For Respondents :

J U D G M E N T

Per Justice Sharad Kumar Sharma, Member (Judicial)

1. The Appellant, a Private Limited Company, is before us, being aggrieved against the Impugned Order dated 11.03.2026 that, has been rendered by the learned NCLT, New Delhi Bench, in **Company Appeal No. 203/252/ND/2024**, being proceedings which were carried under Section 252(3) of the Companies Act, 2013, to be read with Rule 87A of the NCLT Amendment Rules, 2017.

2. The challenge by the Appellant to the impugned order is from the perspective that the learned Tribunal's directions to restore the registration of the Appellant's Company, subject to the payment of cost of ₹10, 00,000/- made to be payable to the Registrar of Companies, is absolutely irrational and non-justified, apart from being exorbitant and without there being any sound and rational reasoning behind it. The Appellant argues that the imposition of exemplary cost on the ground that the Appellant Company has not filed the statutory filing, including the balance sheets, annual returns and income tax returns, since its incorporation, and therefore, it has been treated as to be a serious lapse of non-compliance on part of the Appellant. It was held by the Tribunal that imposition of cost of ₹10,00,000was justified.

3. The Appellant Company got its incorporation under the name and style of M/s Ganton Aviation Private Limited. The said incorporation of the appellant company took place as far back, as on 07.09.2011. Later on, the Company, as it stood incorporated, got its name changed as per law to M/s Ganton Projects Private Limited, the name with which it is standing as of now. It chanced so that a proceeding was taken up before the Delhi High Court, being numbered as *OMP No. 754 & 859 of 2011*, whereby the Hon'ble High Court, vide its Order dated 16.12.2011, had observed that the Appellant owed a financial liability of ₹1 Crore as per the settlement that was entered into before it. Owing to the aforesaid liability, and due to various other defaults, the name of the company, was observed to have been struck off from the Registrar of Companies on 07.06.2017.

4. Primarily, the basis for striking off the name of appellant from the Registrar of Companies, had been that the Appellant's Company has not filed the Income Tax Returns, since its incorporation, and that tantamounts to be an act in gross violation of the Income Tax Law's, and that it had consistently remained below the statutory threshold, and this showed that there was a wilful neglect. Since, so far, the Company continues to be registered on the Income Tax e-portal, it has to undertake to file all the pending returns, even for nil income years, for previous years and upon registration of the Company being restored.

5. As per the proceedings, as pointed out by us, and as it has been settled before the High Court vide this judgment dated 16.12.2011, the Appellant was under a clear financial liability of ₹1,00,00,000. Since the Company has not filed the balance sheets and annual returns in form MCA-

21, the Income Tax Department reported that, no Income Tax Return has been filed by the Company, and even PAN was also not reflected to be registered in the e-filing portal. It was contended by the Appellant that the returns could not be filed due to inadvertence and oversight. The Tribunal held, that since the Appellant Company, being a creation of statute and being registered as per the relevant laws, cannot take a plea of ignorance of law as regards to responsibilities covering the aspects of non-filing the balance sheets and accounts with the Registrar of Companies from the date of its incorporation, and that has been held to be a serious lapse, on part of the Appellant. Besides that, non-registration of PAN in the Income Tax e-filing portal and non-filing of Income Tax Returns, ever since its incorporation was also held to be a serious irregularity on the part of the Appellant Company. The Appellant Company came up with a case in the proceeding under Section 252 of the Companies Act, 2013 that since the Appellant Company has assets standing in its name, in all legal rights in the immovable property, therefore, the Appellant Company needs to be restored.

6. It was the case of the Appellant that, owing to the aforesaid Order dated 16.12.2011, passed by the High Court, there happens to be pending execution proceedings, being EX-Execution No.124/2017 titled ***"Anova Infracon Pvt. Ltd. &Anr. vs. M/s Ganton Limited & Anr."*** in which the Appellant is a judgment debtor, and hence, it would be just to restore the name of the Appellant Company. Accordingly, learned Tribunal found it to be justified to restore the registration of the Appellant Company into the register of the companies. However, owing to the Appellant's default and dereliction in the performance of its statutory functions, the Tribunal had imposed an exemplary cost of ₹10,00,000 for the aggregate years of default committed by the Appellant, since the year of its incorporation.

7. The Appellant had challenged the Order on the ground that, the Order itself happens to be bad because the imposition of exemplary Cost of ₹10,00,000, while granting restoration of the Appellant Company in the Register of Companies, is disproportionate to the nature of default. Besides that, it was argued by the counsel for the Appellant that, the Tribunal has failed to consider the additional fee for delayed filing which was remitted by the Appellant, which already constituted sufficient penalty under the Companies Act. Furthermore, that the imposition of exemplary cost defeats the objective of Companies Compliance Facilitation Scheme, 2026, introduced by the Ministry of Corporate Affairs, and also a question was raised by the Appellant as to whether the cost imposed violates the principles of natural justice and that of law of proportionality.

8. Heard learned counsel for the parties. The learned counsel for the Appellant has primarily argued the instant Company Appeal from three perspectives:

(1) Additional fees for delayed filing has already been paid in the shape of a penalty, that itself appropriately commensurate the act of slackness of the Appellant.

(2) Exemplary cost defeats the object of the Companies Compliance Facilitation Scheme, 2026, introduced by the Ministry of Corporate Affairs;

(3) The cost happens to be exorbitant in violation of natural justice, without any sound reasoning.

9. In order to answer the aforesaid arguments extended by the learned counsel for the Appellant, he will have to have the reference to the statutory mandate contemplating the right of imposition of cost in a proceeding held under Sub-Section 3 of Section 252 of Companies Act, 2013 in the shape of an Appeal. For the aforesaid purpose, the NCLT Amendment Rules of 2017 had incorporated Rule 87A, which prescribes for filing of an Appeal before the NCLT in the shape of Form No. NCLT 9, which has to be adjudicated upon as per the rules. But there is a rider attached to Rule 87A, which reads as under:-

> *"(4) Where the Tribunal makes an order restoring the name of a company in the register of companies, the order shall direct that-*
> *(a) the appellant or applicant shall deliver a certified copy to the Registrar of Companies within thirty days from the date of the order;*
> *(b) on such delivery, the Registrar of Companies do, in his official name and seal, publish the order in the Official Gazette;*
> ***(c) the appellant or applicant do pay to the Registrar of Companies his costs of, and occasioned by, the appeal or application, unless the Tribunal directs otherwise; and***
> *(d) the company shall file pending financial statements and annual returns with the Registrar and comply with the requirements of the Companies Act, 2013 and rules made*

thereunder within such time as may be directed by the Tribunal."

10. Sub-clause (c) of Sub-Rule 4 of Rule 1 of Rule 87A prescribes, that the Tribunal may, while directing the restoring of the name of the Company into the Register, may direct to pay to the Registrar of Companies his cost that has occasioned by way of the Appeal or application, unless the Tribunal directs otherwise. If we see the cost component as prescribed under the aforesaid provision, it almost takes the shape of being of a penal consequence, as payment to the Registrar of Companies has been observed to be in the shape of a 'cost', which in itself, in the light of the provisions contained under Section 35 of the CPC, would be having a penal consequence. If that be the situation, the Adjudicatory Body which decides an Appeal under Sub-Section 3 of Section 252 of the Companies Act, 2013, directing for restoring the name of the Company in Register of Companies maintained by RoC, has had to act rationally while imposing the cost at the stage of restoring the name of the Company into their Register of Companies. The provision intends that there has to be an actual commensuration of the cost to be imposed, to justify its proportionality and that should be, which has actually occasioned by the Appeal or the application, unless the Tribunal directs otherwise. That means there has had to be a rational co-relation of the cost to be imposed, which has been actually incurred in the Appeal or the application, meaning thereby, it entails a "determination" before the learned Tribunal comes to a conclusion about quantification of cost, which is to be paid by the Company, which is being thus directed to be restored and registered with the Registrar of Companies.

11. Upon hearing the learned counsel for the Appellant and after going through the records, though the principal argument by the learned counsel for the Appellant may not be acceptable that the Appellant Company, due to inadvertence and oversight, did not file financial statements with the Registrar of Companies, that holds no water to stand because a Company which is created and registered under the statute cannot take a plea of not being conscious about their duties and liabilities under law of submission of the financial statement before the Registrar of Companies, which could reflect the each year's current financial status of balance sheets and the accounts to show liability of the company, and which ought to have been done ever since the date of its incorporation, and the said lapse has been appropriately taken as to be a serious lapse.

12. The arguments extended by the Appellant, is in the context of the pendency of the *EX-Execution No.124 of 2017,* which was in relation to the amount involved to be recovered for Rs. 1 Crore, as it was settled before the High Court, the learned Tribunal rightly came to the conclusion that, in accordance with the observations made by the High Court in its judgment dated 16.12.2011, passed in *OMP No. 754 of 2011,* the High Court has rightly observed in the clauses of settlement as under:-

> *"(i) Petitioner or a nominee of the petitioner, which shall be a subsidiary of the petitioner and whose*

name will be given within fourteen (14) days from today, will contribute 70% of the entire dues payable to Yamuna Expressways Industrial Authority by way of premium and all instalments....
(iv) In the event of the petitioners and/or their nominees fail to comply with and make payment to YEIDA on or before 04.02.2012, petitioners and/or its subsidiary-nominee shall pay to the respondent a sum of Rs.1.0 crore in lieu of all or every claim of the respondent, and shall forfeit all the rights of the petitioner and/or its subsidiary nominee by or under or in the joint venture agreement dated 27.12.2010 and the land in question."

13. It is because of the reason that, despite the Appellant being a Judgment Debtor and the name of the Company having been struck off on 07.06.2017, coupled with the fact that an Order dated 16.08.2024 has already been placed on record to substantiate, that the matter is pending before the District and Session Court, South Saket, New Delhi, where the execution proceedings are pending, arising from the Orders of the High Court, but since the name of the Appellant has been struck off in the Register of Companies, it was becoming difficult for the Appellant to defend itself in those proceedings.

14. Owing to the fact that legally when a litigation is pending by or against the Company, normally it has been propagated by judicial precedents that the name of the Company is to be restored so as to facilitate the matter to be carried to its conclusion before the course of law. Apart from it, it is also a settled principle that if the proceedings were pending consideration, which herein happens to be of 2011, at the time when the Appellant's name was struck off from the Register of the Companies, i.e., on 07.06.2017, for the purposes of pursuing the judicial remedies, direction for restoration of the name of the Company, particularly the Directors, was necessary for an effective participation in those proceedings. Hence, the learned Tribunal has rightly proceeded to pass an Order of restoration of the Company's name in the Register of Companies maintained by the ROC. However, the learned Tribunal has imposed a cost of ₹10,00,000.

15. It is the imposition of cost of ₹10,00,000, which is alleged by the Appellant to be excessive and without being based on any sound rationale and lacks proportionality and is not as per the stipulations contained under Sub-Clause (c) of Sub-Rule 4 of Rule 1 of Rule 87A, as there is no determination made qua the quantification of cost incurred as contemplated under Rule 87A discussed above, hence imposition of cost of ₹10,00,000 seems to be disproportionate and without any logical reasons, nor it reflects an application of mind showing that a computation was ever ventured to determine the actual cost to be levied in the light of the actual cost that has been incurred in the Appeal or the application. Hence, we find that cost to be without any rational basis and being disproportionate to the principles laid down under Rule 87A. We feel it apt that it will meet the ends of justice if the cost component, as directed by the Impugned Order of ₹10,00,000, is reduced to ₹5,00,000. That will meet the ends of justice. Hence, the

Appellant is directed to pay the cost of ₹5,00,000 in pursuance to the Impugned Order of 11.03.2026.

16. This Tribunal, when the stage it had entertained the Appeal on 21.05.2026, had passed a conditional Interim Order directing the Appellant to deposit ₹2,00,000, and consequent thereto the recovery of the balance amount was directed to be kept in abeyance. Since we have partly modified the Order, reducing the cost of ₹10,00,000 to ₹5,00,000, and because cost of ₹2,00,000 has already been deposited by the Appellant under the Interim Order of 21.05.2026, it would be adjusted as against the cost directed to be deposited by the Appellant by today's Order. As a matter of fact, the Appellant will now be required to deposit the balance cost of ₹3,00,000 in pursuance to this Order. Hence, the Appeal is partly allowed, limited to the extent of imposition of cost, is reduced from ₹10,00,000 to ₹5,00,000.

17. All interlocutory applications would stand closed.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Arun Baroka]
Member (Technical)

[Indevar Pandey]
Member (Technical)

NEW DELHI

18th September, 2026

rashmi