NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH: NEW DELHI

Company Appeal (AT) No. 232 of 2026

[Arising out of the Impugned Order dated 10.04.2026 passed by the 'Adjudicating Authority' (National Company Law Tribunal, New Delhi – Bench – IV) in CP No. 145 (ND)/2025]

IN THE MATTER OF:

1. **Jagan Nath Dang**
   Shareholder & Director
   D-48, Bhagat Singh Road, Adarsh Nagar,
   New Delhi-110033 **...Appellant No.1**

2. **Pushpa Rani, Shareholder**
   D-48, Bhagat Singh Road, Adarsh Nagar,
   New Delhi-110033 **...Appellant No.2**

Versus

1. **Seven Seas Hospitality Private Limited**
   B-28, Lawrence Road, Industrial Area,
   Delhi – 110025
   Also at:
   Plot No. 12, Mangalam Place,
   Sector-3, Rohini, New Delhi, Delhi-110085 **... Respondent No.1**

2. **Ramesh Chand**
   Shareholder & Director
   R/o: E-2A, 2nd Floor, Rajouri Garden
   Delhi-110027 **... Respondent No.2**

3. **Rajeev Kumar**
   Shareholder & Director
   R/o: H. No. 20, Left Side, East Punjabi Bagh-1, Delhi-110026. **... Respondent No.3**

4. **Anil Kumar**
   Shareholder & Director
   R/o: N-29, Second Floor, Rajouri Garden,
   Near N Block, New Delhi-110027 **... Respondent No.4**

5. **Sumit Dang**
   Shareholder & Director
   R/o: E-27/A, First Floor, Rajouri Garden,
   Near Ring Hotel, Delhi-110027 **... Respondent No.5**

6. **Consilio**
Sole Proprietorship,
Through its proprietor Ms. Kanika Dang
12, Manglam Place, Sector-3, Rohini
New Delhi-110085 **... Respondent No.6**

7. **Seven Seas Gourmet Partnership Firm**
Through its authorized representative 12, Manglam Place, New Delhi-110085 **... Respondent No.7**

8. **Gemara**
Sole Proprietorship
Through its proprietor Mr. Mridul Dang 1st Floor, D-48, Bhagat Singh Rd, Adarsh Nagar, Delhi-110033 **... Respondent No.8**

9. **Regional Director**
Northern Region, B-2 Wing, 2nd Floor,
Pt. Deendayal Antyodaya Bhawan,
CGO Complex, New Delhi-110003 **... Respondent No.9**

10. **Registrar of Companies**
NCT of Delhi & Haryana 4th Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019
E-mail Id: roc.delhi@mca.gov.in **... Respondent No.10**

Present:

For Appellants : Mr. Virender Ganda, Sr. Advocate with Mr. Vishal Ganda, Ms. Chhavi Jain and Mr. Aseem Shrivastava, Advocates.

For Respondents : Mr. Ramji Srinivasan, Sr. Advocate with Mr. Jai Mohan, Mr. Aayush Gupta, Mr. Shivansh Gupta, Ms. Shefali and Mr. Aryansh, Advocates.

J U D G M E N T
(Hybrid Mode)

[Per: Arun Baroka, Member (Technical)]

The present Appeal under Section 421 of the Companies Act, 2013 ("Act") assails the Order dated April 10, 2026 ("Impugned Order") passed by the Hon'ble National Company Law Tribunal, New Delhi Bench-IV ("Ld. NCLT") in Company Petition No. 145 (ND) of 2025 ("Company Petition"), whereby the

Ld. NCLT dismissed the Company Petition filed under Sections 241 and 242 of the Companies Act, 2013.

Brief Background:

2. Respondent No. 1, Seven Seas Hospitality Private Limited ("the Company"), was incorporated on 8 December 2006 and carries on a hospitality business, including the operation of a hotel at Plot No. 12, Mangalam Place, Sector-3, Rohini, New Delhi. The dispute arises among family members who are shareholders and directors of the Company.

3. Appellant No. 1, Jagan Nath Dang, states that he is a promoter-director and holds 5,40,637 fully paid shares, representing 13.49% of the paid-up share capital. Appellant No. 2, Pushpa Rani, holds 56,849 shares, representing 1.41%. Their combined direct shareholding is stated to be 14.92%. The Appellants further rely on shareholdings held by members of their family and entities said to be associated with them.

4. The Appellants allege that Appellant No. 1 looked after the financial administration and reporting of the Company and was the sole bank signatory for a substantial period. They say that, after he raised concerns about financial discrepancies and possible diversion of company funds, the other directors removed his executive responsibilities, restricted his access to company premises and records, and changed the bank signatory arrangements.

5. The Respondents dispute these allegations. They contend that the changes were made for the proper administration and protection of the

Company, and that Appellant No. 1 himself engaged in acts prejudicial to the Company. These competing allegations require examination on the record and cannot be finally resolved in this interim order.

Submissions on behalf of the Appellants

6. The Appellants submit that the NCLT erred in dismissing the Company Petition as a managerial and inter se dispute between directors without returning reasoned findings on the allegations of oppression and mismanagement. According to them, the petition raised issues under Sections 241 and 242 of the Act which could not be rejected merely because the parties are related.

7. The Appellants state that the Company was established as a family-run business and that Appellant No. 1 conceptualized and led its development. They submit that he played a central role in obtaining institutional finance, converting directors' advances into equity when required by lenders, and securing a restructuring proposal after the Company's loan accounts were classified as a non-performing asset in December 2018. They refer to payments said to have been made towards restructuring and to a personal contribution by Appellant No. 1.

8. The principal allegation pressed for interim purposes concerns financial discrepancies. The Appellants rely on guest booking sheets and invoices for the period January 2024 to January 2025 and allege a difference of approximately ₹30.89 crore. They contend that the Respondents' reply before the NCLT acknowledged discrepancies of about ₹9.20 crore, which, according to the Appellants, remain unexplained.

9. The Appellants rely on paragraph 38 of the Respondents' reply before the NCLT, which recorded, inter alia, the following figures:

> "Qua Respondent No. 2
> Estimation amount- Rs. 4284.47 lakhs (instead of alleged amount of Rs. 4664.32 lakhs)
> Invoice amount- Rs. 3596.87 lakhs (instead of alleged amount of Rs. 1923.25 lakhs)
> Difference amount- Rs. 687.60 lakhs (instead of alleged amount of Rs. 2741.08 lakhs).
>
> Qua Respondent No. 4
> Estimation amount- Rs. 301.99 lakhs (instead of alleged amount of Rs. 292.33 lakhs)
> Invoice amount- Rs. 205.34 lakhs (instead of alleged amount of Rs. 131.88 lakhs)
> Difference amount- Rs. 96.65 lakhs (instead of alleged amount of Rs. 160.45 lakhs).
>
> Qua Respondent No. 5
> Estimation amount- Rs. 289.68 lakhs
> Invoice amount- Rs. 150.73 lakhs (instead of alleged amount of Rs. 102.08 lakhs)
> Difference amount- Rs. 138.95 lakhs (instead of alleged amount of Rs. 187.60 lakhs).
>
> It may be noted that the difference of amounts was on account of estimation and actual calculation based on initial and final arrangement of giving services and/or spaces by Respondent No. 1 to customers. There is no significant disparity which is not more than 10%-15% in average."

10. The Appellants submit that the explanation based on estimates and final invoices cannot be accepted without an independent examination of the

underlying records. They also refer to the reported "cash in hand" balance of ₹5,41,86,000 as at 31 March 2024 and say that transaction-wise details and supporting vouchers were not provided despite their letter dated 20 February 2025.

11. The Appellants further allege that on 29 April 2024, after a refund of an earnest money deposit of approximately ₹1.53 crore was credited to the Company's account, cheques aggregating to approximately ₹1.45 crore were presented for transfer to personal accounts of Respondent Nos. 2 to 5. They question the validity of the board resolution relied upon to support the change in bank signatories and the proposed transfers.

12. The Appellants say that Appellant No. 1 was restricted from entering the Company's premises and from accessing its books, bank statements, financial information and management communications. They challenge the office order dated 26 February 2025 and the circular resolutions dated 18 May 2025, including the proposed constitution of an internal investigation committee comprising persons against whom allegations have been made.

13. The Appellants submit that the NCLT should have directed an independent forensic audit and/or investigation under Section 213 read with Sections 241 and 242 of the Act. They rely on **Able Automobiles Private Limited v. Smt. Rekha Singhal, C.A. (AT) (CH) No. 60 of 2022**, for the proposition that the NCLT may direct an investigation or production of an independent forensic audit report under Rule 43 of the NCLT Rules, 2016, even where a specific application has not been made.

14. The Appellants also rely on **Archer Power System Pvt. Ltd. v. Cascade Energy Pvt. Ltd., C.A. (AT) No. 213 of 2017**, in support of the Tribunal's power to make interim orders regulating the conduct of the company's affairs and to direct a forensic audit where allegations of siphoning, breach of agreements and failure to maintain proper books require independent examination. They also cite **Mr. Shailesh B. Bhandari v. Electrotherm (India) Limited**, C.A. (AT) No. 57 of 2021, in relation to interim protection concerning access to company premises and participation in company affairs.

15. The Appellants seek, among other reliefs, an independent forensic audit, appointment of an administrator, restoration of unconditional access to the Company's premises and records, and such further orders as may be necessary to protect the Company and its stakeholders.

16. The Appellants have sought the following interim reliefs in I.A. No. 4204 of 2026:

(a) Pass an interim direction to appoint an Independent Observer/Administrator to immediately take custody of books and financial records, supervise operations of Respondent No. 1 Company, monitor banking cash transactions and file status reports before this Hon'ble Tribunal;

(b) Pass an interim order direction(s) for an appointment of Independent Forensic Auditor to examine the books and financial records and file an investigation forensic report before this Hon'ble Tribunal;

(c) Pass an interim stay on the operation, implementation, and effect of the Circular Resolution dated May 18, 2025, issued by the Board of Directors of the Respondent No. 1 Company;

(d) Pass an interim direction for immediate restoration of unconditional access of Appellant No. 1 to office premises, books of accounts, statutory records, bank statements, financial information, all management communications of Respondent No. 1 Company;

(e) Direct status quo with respect to shareholding pattern, directorships and assets of Respondent No. 1 Company;

(f) Pass an interim direction restraining Respondent Nos. 6 to 8 from operating any business from the Hotel Premises pending disposal of the present Appeal;

(g) Pass an interim direction that all bank accounts of Respondent No. 1 Company shall be operated only jointly by Appellant No. 1 with any one of the existing authorized signatories, and no amount exceeding Rs. 5,00,000/- be withdrawn or transferred without prior written consent of Appellant No. 1; and/or

(h) Pass any other order(s) as the Hon'ble Appellate Authority deems fit and necessary.

17. The Appellants have also sought the following <u>final reliefs:</u>

(a) Allow the present Company Appeal and set aside the Impugned Order dated April 10, 2026, passed by the Ld. NCLT;

(b) Pass an order directing that the Appellant No. 1 be a mandatory signatory along with any other director in all the bank accounts of the Respondent No. 1 Company;

(c) Pass an order declaring the resolution dated May 18, 2025, and the office order dated February 26, 2025, as void ab initio;

(d) Pass an order restraining the Respondents from acting contrary to the provisions of the Articles of Association of Respondent No. 1 Company;

(e) Set aside all actions undertaken by Respondent Nos. 1 to 5 restricting the Appellant No. 1 from participating in management, accessing books and records, operating bank accounts, entering the premises of Respondent No. 1 Company, and exercising rights as Promoter Director;

(f) Direct restoration of Appellant No. 1 to full participation in the management and affairs of Respondent No. 1 Company;

(g) Pass an order for recovery of undue gains made by Respondent Nos. 2 to 5 since their appointment in the Respondent No. 1 Company;

(h) Pass an order of investigation under Section 213 of the Companies Act, 2013;

(i) To declare and order that the Respondents are guilty of oppression and mismanagement in terms of Section 241 read with Section 242 of the Companies Act, 2013;

(j) Pass an order permanently restraining the Respondents from doing any act which may be detrimental to the interests of the Respondent No. 1 Company;

(k) Pass an order directing Respondent Nos. 6 to 8 to vacate and hand over peaceful possession of all portions of the Hotel Premises illegally occupied by them;

(l) Award costs of this Appeal to the Appellants; and/or

(m) Pass any other or further orders that are deemed necessary in the facts and circumstances of the case.

Submissions on behalf of the Respondents

18. The Respondents oppose interim relief. They submit that relief under Section 242 is exceptional and requires a sustained course of conduct lacking in probity towards members. According to them, the pleaded facts do not establish such a case and the appeal is an attempt to convert ordinary decisions concerning company administration into a dispute about oppression and mismanagement.

19. The Respondents state that the Company has 72 members and that the Appellants, together with the family interests relied upon by them, hold only a minority shareholding. They contend that Appellant No. 1's directorship and shareholding remain intact, that notices of board meetings were issued and minutes recorded, and that there was no unlawful exclusion from the governance structure.

20. The Respondents say that the change from a single bank signatory to two signatories was an administrative decision taken in the Company's interest. They contend that the resolution dated 24 April 2024 was necessitated by the circumstances and was subsequently ratified at the board

meeting dated 27 April 2024, which Appellant No. 1 attended. They deny that the resolution was forged or fabricated.

21. The Respondents deny siphoning or diversion of funds. They submit that the alleged ₹30 crore discrepancy is based on estimates in guest booking sheets compared with final invoices. In the hospitality business, they say, the final invoice may vary because of changes in guest numbers, menu, discounts, decoration, hampers and other services. They assert that variations of 10% to 15% are ordinary and that the invoices filed before the NCLT, including the additional documents dated 25 October 2025, establish the actual revenue received by the Company.

22. The Respondents rely on the figures set out in paragraph 38 of their reply and submit that the Appellants have overstated the alleged differences. They also state that the Company's accounts are scrutinized by an Agency for Specialized Monitoring ("ASM") appointed by the PNB consortium lenders. They contend that the existence of an ASM and the audited financial statements militate against the need for an additional forensic audit.

23. In relation to the alleged transfer of ₹1.45 crore, the Respondents contend that Respondent No. 4 had advanced approximately ₹1.56 crore from his personal account as short-term assistance to the Company for a performance guarantee, on an understanding that it would be returned. They say that the proposed split cheques were intended to refund that contribution, but were not cleared because the amount was appropriated by the lender

towards the Company's outstanding loan account. They deny that the funds were withdrawn for personal use.

24. The Respondents also rely on allegations against Appellant No. 1, including alleged removal of company records and cheque books, removal of CCTV cameras, use of company resources for a parallel business, non-payment of vendors, taking personal loans in the Company's name, transfer of ₹58.35 lakh to his daughter, and conduct said to have affected employees and hotel guests. They contend that these matters justified withdrawal of his executive powers and restrictions on access to sensitive information.

25. The Respondents state that the reported cash-in-hand balance of ₹5,41,86,000 was reflected in the audited balance sheet signed by Appellant No. 1 and was not untraceable. They also rely on licence agreements with Respondent Nos. 6 to 8 for use of limited areas of the hotel premises and contend that the arrangements were documented, approved and remunerative to the Company.

26. The Respondents further submit that the Appellants have not established the three requirements for interim relief, namely, a prima facie case, balance of convenience and irreparable injury. They oppose appointment of an administrator and contend that the Appellants should not be permitted to interfere with the day-to-day management of the Company.

Consideration and Findings

27. We have heard learned counsel for the parties and perused the pleadings, the Impugned Order, the material placed on record and the detailed

reply filed on behalf of the Respondents. The Appellants challenge the dismissal of their petition under Sections 241 and 242 of the Companies Act, 2013. They seek, inter alia, an independent forensic audit, protection against further changes to the shareholding and financial affairs of Respondent No. 1 Company, and relief in respect of their access to company records and participation in its affairs.

28. To begin with, we look into whether the Appeal raises a serious question on financial mismanagement. We observe that the Ld. NCLT dismissed the Company Petition on the view that this is a managerial dispute within a family-owned company. A company does not stop being a company because its directors are related. The family character of a company neither bars a petition under Sections 241 and 242, nor makes every dispute among its directors an act of oppression. What matters is the nature of the acts complained of. Here, the complaint is not limited to who should run the day-to-day affairs. It includes allegations of diversion of funds, understatement of invoices, unrecorded cash receipts and an unexplained cash balance. These go to the financial health of a company which has a mortgaged hotel property, institutional lenders and a large workforce. As pointed out by the Appellants, the Impugned Order notes the figures in Para 38 of the Reply, but treats them as not being an unequivocal admission of siphoning, and finds no independent forensic audit report on record. In our *prima facie* view, this part of the case needs a closer examination in the Appeal. We now refer to a few of those areas of the dispute which need a closer examination.

29. On the booking sheets and the invoices, the Appellants put the gap between the guest booking sheets and the invoices at ₹30.89 crore for January 2024 to January 2025. The Respondents, in Para 38 of their own Reply, accept differences between the estimated amounts and the invoice amounts in the cases of R2, R4 and R5. Taken together, these differences are ₹923.20 lakh, which is about ₹9.23 crore. The Respondents explain them as the normal difference between estimates and final arrangements, of not more than 10%-15% on average. On the figures given in Para 38 itself, the differences work out to about 16% for R2, 32% for R4 and 48% for R5 of the estimated amounts. We do not say that the explanation is wrong. We say that it cannot be tested on the pleadings alone. It can be tested only by looking at the booking sheets, invoices and receipts, booking by booking.

30. the rest of the amount, the Appellants say that the invoices are fabricated, bear no party name and carry frivolous descriptions. The Respondents say that they have filed more than 7,500 invoices running into 7,669 pages, that the actual invoices are higher than what the Appellants allege, and that proof of siphoning would need a contract-to-invoice comparison, a GST reconciliation and beneficiary tracing. Both sides thus rely on documents, and each says that the figures of the other are wrong. The Appellants also say that part of the booking amounts was received in cash, against booking sheets marked 'Received' and signed by R2 to R4, and was not entered in the books. We have not found a specific response to this point in the submissions of the Respondents.

31. The Respondents also rely on the scrutiny of the accounts by the ASM appointed by the PNB Consortium. The ASM monitors the account for the lenders. On the material before us, nothing shows that its mandate extends to examining the specific allegations of diversion of funds made in this case. Its reports, therefore, do not take the place of an independent examination.

32. On the issue of cash in hand, we find that the cash in hand was ₹5,41,86,000 as on 31.03.2024. The Respondents say that it was shown in the audited balance sheet, which A1 signed. The Appellants say that no transaction-wise details, vouchers or board minutes were given, despite the letter dated 20.02.2025. Both can be partly right. The presence of the figure in the balance sheet does not explain how the cash arose, or where it is now. The concern of the Respondents that sensitive client information may be misused is real, but it can be met by confidentiality conditions on an independent auditor. It is not an answer to the request for an explanation.

33. On the issue of the cheques of ₹1.45 crore and the resolution dated 24.04.2024, we observe that both sides accept that, on or about 29.04.2024, the Company received a refund of about ₹1.53 crore, that four cheques aggregating ₹ 45 crore were issued in favour of R2 to R5, and that the cheques were not honoured. The Appellants say that this was an attempt to move money of the Company to personal accounts. The Respondents say that it was meant to repay a short-term loan of ₹1.56 crore given by R4 for the performance guarantee, and that the money in fact went to the PNB Consortium. Both sides also accept that the notice dated 21.04.2024 placed

the change in the signatory matrix on the agenda of the meeting of 27.04.2024, and that A1 objected by his letter dated 25.04.2024. The resolution dated 24.04.2024 was passed by circulation before that meeting, and the Respondents say that it was ratified on 27.04.2024. The Appellants say that it was fabricated. We make no finding on these rival versions. We note only that the dispute concerns the way money was sought to be moved out of the accounts of the Company, and how control of those accounts changed. It can be resolved fairly only with access to the bank records and the minute books.

34. With respect to the issue of the use of the hotel premises by R6, R7 and R8, the Appellants say that this use is without approval or compensation, and is in breach of the loan covenants. The Respondents say that there are written licences, that fees are payable and paid, that there is a board resolution, that A1 knew of the arrangements, and that PNB was satisfied. We also note that, as the Respondents themselves say, the son of A1 is a partner in R7. The correct position can be found from the records, including whether the licence fees due have been charged and recovered. It cannot be settled by rival statements.

35. On the issue of the several allegations against A1, we find that the Respondents have made serious allegations against A1. They include the removal of records on the night of 27.01.2025, the removal of CCTV cameras, the taking away of cheque books, personal loans in the name of the Company, the use of funds of the Company for a house, a transfer of ₹ 58.35 lakh, a

parallel business, and a misstatement about the rate of interest on the loan of ₹ 245 crore. A1 has denied the allegations in the notice dated 29.01.2025 by his letter dated 01.02.2025, and the Appellants dispute the rest. These allegations are untested. Many of them are financial in nature. The Respondents argue that, because of them, A1 has not done equity and is not entitled to interim relief. We are unable to accept this at this stage on untested allegations. At the same time, the allegations show why A1 should not be restored to sole control of finance, and why the interim arrangement must protect the Company against misuse by either side. Any independent audit that the Ld. NCLT may direct should examine these allegations of the Respondents as well.

36. We further note that the sequence of events is important. A1 was the Head of Finance and the sole signatory. He objected to the change in the signatory matrix on 25.04.2024 and, as the Appellants say, instructed the bank not to honour the four cheques. On 20.02.2025, he asked for details of the cash in hand. Within six days, on 26.02.2025, the Office Order restricted his access to information and records. It was ratified on 31.03.2025. His entry to the premises was sought to be restricted by Circular Resolution No. 03/2025-26, and an investigation committee against him was proposed by Circular Resolution No. 04/2025-26, with R2, R3 and R5 as its members. The Respondents explain each step by the misconduct of A1, and they say that the committee has halted its inquiry for the moment. We make no finding on motive. But the position, as it stands, is that the director who looked after finance, and who raised these concerns, has been removed from the finance

function and kept away from the records by the directors who hold the majority. The inquiry into his conduct was proposed to be held by members of the other group.

37. From a bare perusal of the above list of issues, we find that the appeal raises issues which go beyond a disagreement about ordinary administration. The Appellants allege significant discrepancies between booking records and invoices, unexplained cash balances, attempted transfers from the Company's bank account, and restrictions imposed after Appellant No. 1 raised financial concerns. The Respondents dispute the allegations and provide an alternative explanation based on estimates, final invoices, prior advances and board decisions. These are material competing positions. An independent examination of the relevant financial records would assist in determining the true position.

38. In this background, an inquiry into the financial affairs of the Company by a committee of the Board is not suitable. The Board is divided into two groups, and each group makes serious financial allegations against the other. A committee made up of directors of one group cannot inquire into the affairs of the other group and also command the confidence of both sides. The same is true of an examination by the present finance team, which works under the Respondents. If an examination of the records is directed, it should be an independent professional examination, on whose findings both sides, the lenders and the Tribunal can rely.

39. The Respondents refer to scrutiny by the Agency for Specialized Monitoring appointed by the PNB consortium lenders. That circumstance is relevant, but it does not, by itself, answer the specific issues raised in the appeal. The scope, purpose and findings of the ASM's work may differ from a forensic audit into the particular discrepancies alleged here. Whether an independent forensic audit, confined to defined financial questions and carried out by a firm having no connection with either group of directors, is required is a matter for the Ld. NCLT to decide on remand.

40. The Impugned Order, as pointed out by the Appellants, declined to act on the figures because no independent forensic audit report was on record. On the facts, this reasoning appears to be circular. The books, bank statements and invoices are in the control of the Respondents, and the Appellants say that they were denied access to them. A party who cannot get access to the books can hardly be expected to produce a forensic report on them. Where a *prima facie* case of irregularity is shown, and the records are with the other side, it is for the Tribunal to see that the records are examined by an independent agency. That is the very purpose of a forensic audit. It is not a roving inquiry, as its scope is to be settled by the Ld. NCLT after hearing the parties. It is not meant to collect evidence for either side, and it will help the Ld. NCLT in either event. If the allegations are unfounded, the report will clear the Respondents. If they are well founded, it will show their extent.

41. We must also take note of the interest of the lenders. The Hotel Premises are mortgaged to the PNB Consortium, and the account of the Company has

been classified as an NPA since December 2018. Both sides say that a restructuring proposal was approved by the Banks and that substantial payments were made under it, and the Respondents say that PNB has freshly approved the restructuring by e-mail dated 20.08.2026. The Appellants say that PNB has started recovery proceedings, and the Respondents say that the Hon'ble High Court of Delhi has stayed coercive measures. On either version, the position of the account is delicate. Diversion or mismanagement of funds during the audit period could push the account into difficulty, to the loss of the lenders, the employees and all the shareholders. It is expected that the lenders will continue to exercise due diligence during this period, so that the Company does not become, or again slip into, an NPA. The Respondents themselves say that the account is already monitored by the ASM.

42. The Appellants rely on **Able Automobiles Private Limited v. Smt. Rekha Singhal (Paras 27 to 31)**. The principle they draw from it is that, under Rule 43 of the NCLT Rules, 2016, the Tribunal can direct an investigation or an independent forensic audit even if no specific application has been made.

43. In the present case, the Appellants have in any event made a specific prayer for a forensic audit, both before the Ld. NCLT and in the Stay Application. The Appellants have asked for the audit under Section 213 of the Act. Section 213 deals with an investigation into the affairs of a company where there are circumstances suggesting, among other things, that its business is being conducted in a manner oppressive to its members, or that

persons managing its affairs are guilty of fraud, misfeasance or other misconduct.

44. We observe that the rival submissions disclose substantial factual disputes. The figures set out in paragraph 38 of the Respondents' reply are explained by the Respondents as differences between estimates and final arrangements for services or spaces provided to customers. The Appellants, however, contend that those differences, read with the underlying booking sheets, invoices and receipts, warrant independent scrutiny. At this stage, neither the allegation that the differences represent diversion nor the explanation that they are ordinary commercial variations can be accepted as established. The underlying records require examination.

45. Similar considerations arise in relation to the cash-in-hand balance, the proposed payments following the refund of the earnest money deposit, the change in the bank-signatory arrangements, and the use of the hotel premises by Respondent Nos. 6 to 8. The Respondents have also raised serious allegations against Appellant No. 1, including allegations concerning company records, cheque books, the use of company funds and a parallel business. These allegations are denied or disputed and have not been adjudicated on evidence in the present appeal. A fair examination must not be confined to the allegations made by one side; it should also consider the relevant financial allegations raised by the Respondents against Appellant No. 1.

46. We also note that the existence of an Agency for Specialized Monitoring appointed by the lenders is a relevant circumstance. However, on the material

presently before us, it has not been demonstrated that the mandate of that agency necessarily covers all the specific allegations raised in the Company Petition. Whether a separate forensic audit is warranted, and the appropriate scope and safeguards for such an audit, are matters which should be considered by the Ld. NCLT after hearing both sides and examining the relevant record.

47. We are of the view that the Impugned Order cannot be sustained insofar as the Company Petition was dismissed without an adequate determination of the material disputes raised by the parties. The allegations concern the financial affairs of the Company and the conduct of its directors. They cannot be finally resolved merely by characterizing the dispute as a family dispute or a disagreement between directors. At the same time, the allegations and explanations on both sides cannot be treated as proved merely because they have been pleaded. They require reasoned consideration on the evidence and applicable law.

48. In the above facts and circumstances of the case, we find that the appropriate course is to set aside the Impugned Order and remit the Company Petition to the Ld. NCLT for fresh consideration. The Ld. NCLT shall consider all issues arising under Sections 241 and 242 of the Companies Act, 2013, as well as the prayer for investigation or forensic audit, in accordance with law. It shall determine whether an independent forensic audit is necessary, identify the issues and period to be covered, and settle the terms of reference after hearing the parties. In doing so, it may consider the scope of the existing

monitoring by the lenders, the records already on file, the explanations offered by the Respondents, and the allegations made by the Respondents against Appellant No. 1.

49. Any forensic audit, if considered necessary, shall be directed and be also supervised by the Ld. NCLT and not undertaken for the first time at the appellate stage. Any such report shall be supplied to all parties, who shall have a reasonable opportunity to file objections and make submissions. The Ld. NCLT shall consider the report along with the pleadings and other evidence and pass an appropriate order. This procedure preserves the parties' right to challenge the Ld. NCLT's eventual decision through the appellate remedy available in law.

50. The remand does not establish the allegations of siphoning, diversion, oppression or mismanagement, nor does it accept the Respondents' explanations or allegations against Appellant No. 1. All issues remain open for determination by the Ld. NCLT, and the parties may raise all contentions available to them in law, subject to this order.

51. Pending fresh consideration, limited interim protection is necessary to preserve the subject matter and prevent changes to the Company's financial position or shareholding that may frustrate the proceedings. These measures are protective, confer no executive control on either group, and may be varied by the Ld. NCLT by a reasoned order after hearing the parties.

Order

52. The appeal is allowed in part. The impugned order dated 10.04.2026 passed by the National Company Law Tribunal, New Delhi Bench-IV in Company Petition No. 145 (ND) of 2025 is set aside. The Company Petition is restored to the file of the Ld. NCLT for fresh consideration in accordance with law and in the light of the observations made above.

53. The Ld. NCLT shall as far as possible take up the Company Petition on a priority basis. After hearing both sides, it shall decide afresh whether an independent forensic audit or investigation is required. If an audit is directed, the Ld. NCLT shall appoint an independent registered professional firm having appropriate experience and it has no conflict of interest with the Company, the parties, the Company's statutory auditors or the lenders' monitoring agency. The Ld. NCLT shall settle the scope, terms of reference, timetable, fees and arrangements for access to records. The audit, if ordered, shall be conducted under the supervision of the Ld. NCLT and not as an investigation controlled by either group of directors.

54. In considering the need for, and scope of, any audit, the Ld. NCLT may, after hearing the parties, examine as appropriate: (i) the differences between guest booking sheets and invoices, including the accounting of cash receipts; (ii) the cash-in-hand balance of ₹5,41,86,000 as on 31.03.2024 and the supporting records, vouchers and approvals; (iii) the refund received on or about 29.04.2024 and the four cheques aggregating approximately ₹1.45 crore, together with the relevant bank transactions and resolutions; (iv) the arrangements with Respondent Nos. 6 to 8, including the licence fees charged

and recovered and any relevant effect on lender covenants; (v) the financial allegations made by the Respondents against Appellant No. 1; and (vi) any other connected financial issue that the Ld. NCLT considers necessary and appropriate. This list is indicative and shall not limit the Ld. NCLT's judicial discretion.

55. If a forensic audit is directed, the Company, its directors and officers, and the relevant persons having custody of the Company's records shall cooperate with the appointed firm and provide access to relevant books, ledgers, vouchers, bank statements, invoices, statutory records and electronic data, subject to appropriate confidentiality and data-protection safeguards. Appellant No. 1 shall likewise make available any Company records in his possession. Any alleged non-cooperation may be brought before the Ld. NCLT for appropriate directions. The report shall be supplied to all parties, who shall be given a reasonable opportunity to submit their objections and observations before the Ld. NCLT proceeds further.

56. Pending further orders of the Ld. NCLT, Respondent No. 1 Company and its Board shall not issue any rights shares or undertake any fresh allotment, preferential allotment, private placement, conversion or other step having the effect of reducing the existing percentage shareholding of the Appellants. This direction shall not prevent an application to the Ld. NCLT for permission to undertake a bona fide corporate action, supported by full particulars and after notice to the other side.

57. Pending further orders of the Ld. NCLT, the bank accounts of Respondent No. 1 Company shall not be operated by a single signatory. The Company shall continue the existing two-signatory arrangement, subject to the following safeguard: Appellant No. 1 shall be one of the authorized signatories and the other shall be one of the existing authorized signatories nominated by Respondent Nos. 2 to 5. Respondent Nos. 2 to 5 shall communicate the name of their nominee to the Company and the Appellants within seven days of this order, and the Company shall notify its bankers of the arrangement within a further seven days and file proof of compliance before the Ld. NCLT. If implementation of this arrangement is shown to be impracticable or inconsistent with a binding direction of a lender or a bank, the Company or any party may promptly seek suitable directions from the Ld. NCLT.

58. Appellant No. 1's role as a signatory under the preceding paragraph shall not restore him to the position of Head of the Finance Department or confer any general executive authority over the Company's finances. The existing finance function shall continue, subject to the directions of the Ld. NCLT. Supporting vouchers or documents relating to a payment shall be made available to both signatories when the payment is placed for signature. Both signatories shall act in good faith and shall not unreasonably delay payments in the ordinary course of business, including lender instalments, salaries, statutory dues and bona fide vendor payments. No payment or transfer shall be made to a director, shareholder, their relatives or related entities except for bona fide dues in the ordinary course of business supported by appropriate

documents and approvals. This direction shall not prevent payments required by law or by binding orders of a court, tribunal or lender.

59. The Company shall preserve all books of account, statutory records, invoices, booking sheets, vouchers, bank records, electronic accounting data, board minutes and other material relevant to the disputes. No party shall destroy, alter, conceal or remove such records. This direction does not confer unconditional access to the Company's premises or records upon Appellant No. 1. Questions concerning inspection or access, including suitable safeguards to protect confidential business and customer information, may be placed before the Ld. NCLT for appropriate directions.

60. The prayer for appointment of an administrator and the other interim prayers, including the request for unconditional access to the Company's premises and records and the restraint against Respondent Nos. 6 to 8 from operating from the hotel premises, as well as the prayer for a declaration that the resolutions dated 18.05.2025 and the office order dated 26.02.2025 are void, are not granted by this Tribunal at this stage. Those issues, insofar as they arise in the Company Petition and are maintainable before the Ld. NCLT, are left open for consideration by the Ld. NCLT after hearing the parties. The interim protections expressly granted above shall operate until varied by the Ld. NCLT by a reasoned order.

61. The Ld. NCLT shall endeavour to decide the Company Petition expeditiously, preferably within six months from the date the parties first appear before it pursuant to this order, subject to its docket and the

requirements of a fair hearing. Nothing in this order shall be construed as expressing a final view on the merits of any allegation or defence. All questions of fact and law are left open. A copy of this order shall be placed before the Ld. NCLT forthwith. There shall be no order as to costs.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Arun Baroka]
Member (Technical)

[Indevar Pandey]
Member (Technical)

New Delhi.
November 25, 2026.

pawan/ayanti