NATIONAL COMPANY LAW APPELLATE TRIBUNAL

PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) No. 206 of 2026

[Arising out of Order dated 04.02.2026 passed by the Adjudicating Authority (National Company Law Tribunal, Mumbai Bench) in CP/197(MB)2025]

IN THE MATTER OF:

Inlays India Private Limited
Through its Director
CIN: U36999MH2009PTC195587
507, 5th floor, plot no. 31, 1,
Sharda Chamber, Narsi Natha Street,
Bhat Bazar Masjid, Chinchbunder,
Princess Dock, Mumbai – 400009,
Maharashtra **...Appellant**

Versus

1. **Smart Chip Private Limited**
Through its Authorized signatory
CIN: U30007DL1996PTC451356
Plot No. 1-A, Sector - 73, Noida,
Uttar Pradesh- 201307

Also at: TR-325, 3rd Floor,
Alt F 101 Okhla, NH-19,
CRRI Ishwar Nagar,
New Delhi – 110044 **...Respondent No. 1**

2. **Idemia France SAS**
Through its Authorized signatory

Nanterre Corporate Register 340 709 534 2,
Place Samuel De Champlain 92400
Courbevoie, France **...Respondent No. 2**

Present:

For Appellant : Mr. Vivek K. Tankha, Sr. Advocate with Mr. Saurabh Agrawal, Ms Komal Mundhra, Ms. Laxita Upadhyay, Mr. Sidharth Dixit, Advocates.

For Respondents : Mr. Krishnendu Datta, Sr. Advocate with Mr. Aashish Gupta, Mr. Naman Kumar, Ms. Niharika Sharma, Advocates for R-1.

J U D G M E N T

Per Justice Sharad Kumar Sharma, Member (Judicial)

1. This is an Appeal, under Section 421 of the Companies Act, 2013 which is to be read with Rule 22 of the NCLAT Rules, 2016 where the Appellant challenges the Impugned Order dated 04.02.2026, passed by the learned NCLT, Mumbai Bench in **C.P. No. 197 of 2025**. The consequential effect of the Impugned Order had been, that the learned Tribunal, after considering the entire conspectus of the controversy, had proceeded to pass an Order directing the parties to maintain status quo, qua the subject involved in the Company Petition.

2. It is argued by the learned counsel for the Appellant that the nature of the Impugned Order, as it has been passed by the learned Tribunal on 04.02.2026, ought not to have been passed in the proceeding under Section 271, to be read with Section 273 of the Companies Act, 2013, for the reason that as a result the entire business transactions of the Company have come to a standstill, due to which the business activities of the Appellant are being adversely hampered, that too because of the pending proceedings of winding up and the parameters were yet to be determined.

3. When this Company Appeal was laid before this Tribunal, this Tribunal had proceeded to pass an Interim Order on 29.05.2026 and primarily, this

Tribunal, while directing the Respondent to file the counter affidavit, had passed an interim Order of the nature, observing thereof that, since the cash as reflected in the books of account of the Appellant Company was showing a standing balance of ₹12,14,86,800/- and that has not been utilized for any business activities, hence owing to the ensuring litigation, this Appellate Tribunal passed an interim order directing that the aforesaid amount would be converted into FDRs so that at least the Company can earn interest accruing on it because otherwise the amount was lying dormant in the bank account.

4. Owing to the aforesaid, the FDR was created by the Canara Bank, Noida Branch, for the period of one year, with its automatic renewal clause, and that was directed to be kept with the Registrar of this Tribunal, subject to its time-to-time renewal, assuring accruing of interest on deposit.

5. It is while continuance of this Interim Order passed by this Appellate Tribunal, the Appellant challenges the Impugned Order, contending thereof that the Interim Order, that has been impugned in the instant Company Appeal, i.e., 04.02.2026, ought not to have been passed for the reason that, according to the contention of the Appellant, their case was that since Inlays India Pvt. Ltd., i.e., the Appellant's Company, after being incorporated under the Companies Act, 1956, was engaged in the business of export and manufacturing of RFID Cards, e-passport inlays, and semiconductor devices, etc., at the initial stage, one of the promoters and the first Director of IIPL, i.e., Mr. Alok Mukherjee, who was associated with a company ever since 2009, who had been working as a professional for the last 17 years, had falsely stated that, he was a nominee Director of Smart Chip Pvt. Ltd. (SCPL) and was a promoter of the Company and a professional Director. Prior to his alleged induction as Director, there had been no complaint of any nature in any company of any established act of misappropriation or mismanagement as against Mr. Alok Mukherjee for the last over 17 years.

6. Owing to the letter of allotment dated 09.12.2009, IIPL was allowed to operate, from Plot Number 60-61, Noida SEZ, and at that point of time, i.e., on 27.05.2015, Mr. Shailender Singh and Mr. Raj Pal Singh Tariyal, were appointed as Directors of IIPL. Owing to certain controversy having been arisen thereafter pertaining to the issuance of the additional shares of the IIPL in the year 2011–2012 to ASK France SA, as *'Shares in kind'* for supply of plant and machinery to IIPL, it is submitted that the allotment of share did under norms which stood reckoned, require an approval from RBI, it was submitted that owing to the aforesaid procedural formality that was required to be satisfied, the RBI had expressed its reservation as regards the nature of transfer of shares by way of letters dated 12.12.2011 and 27.02.2012 which was not known procedure, and hence, a certain clarification was sought from IIPL, before giving any final approval of such transfer, which was carried by the letters dated 12.12.2011 and 27.02.2012, which were more or less of administrative nature.

7. The ASK France, to whom the additional shares were issued in 2011–2012, was alleged to have been merged with the Paragon Group, resulting into a "resulting entity" called "Paragon ID", to become a shareholder of IIPL. But owing to the fact that as no approval had been granted to ASK France, any subsequent transfer or ownership of Paragon ID, i.e., the resulting Company, was argued by the Appellant to have a cloud over it, and cannot be reckoned in the eyes of law.

8. Besides that, it was the case, that during the period from 2013 to 2017, number of outstanding exports had taken place of the goods, which were exported to its shareholders, ASK France SA/Paragon ID, a French Company, which was valued at approximately INR 36 Crores and that amount had fallen due and payable to IIPL for the goods exported out of the country. There was a huge amount of deflection of amount, hence a Company Petition, being Company Petition No. 317 of 2016, was preferred before the Bombay High Court.

9. Because IIPL was unable to recover the amount that was outstanding under export invoices in time, because of which the Bombay High Court was constrained to pass an Order on 04.05.2018, directing winding up of IIPL and had appointed an Official Liquidator, who would be continued to be attached to the Bombay High Court. At that time, when the Bombay High Court passed the Order on 04.05.2018, IIPL was located at Nariman Point, Mumbai, and its property was shown to be owned by M/s LML Limited, which itself at the relevant time was undergoing liquidation. Hence, it was observed, that the appointment of the Liquidator by the High Court's Order dated 04.05.2018, in respect of M/s IIPL could not have borne any fruits, because of the fact that

IIPL was not in possession of the said property and was no longer authorised to use the same.

10. Consequentially, the Respondent was still persistently claiming to be having the Registered Office at the site located at 714, Raheja Chambers, Nariman Point, Mumbai. A similar situation arose by issuance of the letter of approval in 2019, which was issued to IIPL, is consonance to an Order of the Special Economic Zone, granting permission to use Plot No. 60-61, Noida SEZ, where the manufacturing facility of IIPL was shown to have been located, though despite the fact that the allotment had expired. The Respondent still proceeded to use the said address as forged and fabricated on the letterheads while sending communication to the parties.

11. The Respondent is shown to have filed a civil suit, as against the Company before the District Judge, Gautam Buddha Nagar, once again falsely projecting the address of IIPL to be located at Plot No. 60-61, Noida SEZ. In fact, the said address is that of Respondent No. 1, who is using the premises for his occupation.

12. It was the case of the Appellant, that Respondent, had by fraudulently misrepresenting the address of the Company and with a sole purpose to carry out its malafide intentions in the business of the Company. To recover the outstanding dues under the export invoices, the Directorate of Enforcement issued notices under Section 37 of the Foreign Exchange Management Act, 1999, to be read with Section 133(6) of the Income Tax Act,1961 calling upon

IIPL to furnish the details and the documents pertaining to the outstanding exports, relating to the Financial Year 2012–2013 and 2013–2014.

13. A show cause notice was thus issued on 12.07.2019, which had concluded that during the pendency of the same, it would not be appropriate to carry out any liquidation process and, consequently, the interest of the Company was still protected. The Respondent contended that they have entered into an agreement to transfer the shareholding of IIPL, but because of the fact that there was no Board approval for the said transfer as required under the Articles of Association, no Board meeting for the purposes of transfer of shares to IIPL could be convened and hence also no approval from RBI was sought for the said transfer.

14. It is based upon the aforesaid intricate facts and, particularly, the effect of the Orders passed by Bombay High Court on 12.01.2022 and 04.05.2018 directing the liquidation of IIPL. In these peculiar situations, instead of handing over the books of accounts to the management of the Company, the Canara Bank refused to hand over the control of the accounts to IIPL and requested that a list of documents to be supplied. It is alleged by the Appellant that, despite supplying of all the documents to the management of Canara Bank, the Canara Bank had even thereafter too refused to hand over the control of the Company's Account owing to the illegal collusion with the Respondent.

15. It had come, in the Company Appeal, that under the aforesaid circumstances, a Company Petition was filed by the Ministry of Corporate

Affairs before the learned NCLT, which was numbered as C.P. No. 197 of 2025. In the Company Petition, the Respondent had submitted that the Petitioner, namely, Smart Chip Pvt. Ltd., was holding 2,31,206 equity shares, that is, equivalent to 43.7%, and IDEMIA France SAS was alleged to be holding 2,97,874 equity shares, that was, equivalent to 56.3%. In those proceedings under Sections 271 and 273 of the Companies Act, 2013, a prayer was made for a direction in the light of the provisions contained under Section 273, seeking for the winding up of the Company.

16. Consequentially, Orders on it were passed by the Tribunal on 01.10.2025, they were directed to serve the petition to the Registrar of Companies and place an affidavit of service on record. The same was complied with, the Registrar of Companies had logged in, when the proceedings were taken up before the Tribunal. In the proceedings, which were held on 15.10.2025, the Registrar of Companies observed that there were certain disputes pertaining to the two sets of Directors and also some actions were also being undertaken by the Enforcement Directorate. Accordingly, the Assistant Registrar of Companies observed that owing to these peculiar circumstances, they were not able to assess the complete details of the Company and sought time for filing a reply.

17. Consequently, as per the report of the ROC that was filed on 16.12.2025, the Registrar of Companies, after making a detailed enquiry, had made certain observations touching the financial aspects of the Company, particularly with regard to the cash transactions that had taken place and those pertaining to the one, which was reflected in the books of Account to the tune of ₹12,14,86,800 and other current assets of the Company. The report also finds reference to the details pertaining to the other proceedings, complaints and also pertaining to the issue of transfer of shares between Paragon ID France to the Petitioner No. 2 in this Company Petition.

18. The learned Tribunal observed that owing to the report that, has been placed on record, since the Company was shown not to be operational for about last 07 to 08 years and as no transaction had taken place, nor was there was any proof placed on record for the same, not even the books of Accounts reflected any transactions except for reflecting the valuable assets that the Company owed in the shape of cash equivalent amount shown to be lying in the Bank. Hence, the Tribunal proceeded to pass an Order of status quo. The Appellant expresses his grievances as against the said Order while putting a challenge to the Order of status quo dated 04.02.2026 in the instant Company Appeal.

19. It is a settled principle of law that once, in a judicial proceeding, a Tribunal or a Court exercises its discretionary powers to grant a stay in order to protect the subject matter of the proceedings, during the pendency of the proceedings itself, the appropriate recourse left to the opposite party against whom the interim Order has been granted, should have been first to approach the forum itself granting the stay for getting the interim Order vacated, rather than invoking the appellate jurisdiction of this Tribunal under Section 421 of the Companies Act, 2013.

20. We are of the opinion that after filing of an objection, as against the order of grant of status quo order, and when any decision is taken on the application for vacation of Interim Order, to be preferred by the opposite party, i.e., the Appellant herein, it would be open for them to approach this appellate forum for redressal of their grievances. This was not done and, as against the grant of the status quo Order, rather the Appellant has straightaway approached before this appellate Tribunal in the instant Company Appeal, skipping the remedy of first filing stay vacation application.

21. Looking to the facts that have been brought on record and there being an apparent and intricate factual dispute, which is subject matter under consideration to be resolved, in the proceedings under Section 271, to be read with Section 273 of the Companies Act, 2013 and since there had been various doubtful transfers of shares as observed in the documents, which had come on record, grant of an Order of status quo Order at interim stage would rather only facilitate in resolving the dispute and protecting the same to be multiplied, owing to the vested interest, that has perpetuated between the parties for their own clandestine benefits.

22. Hence, the grant of the status quo by the Tribunal, while exercising its inherent discretionary powers, was simply intended to preserve the subject of the proceedings, and that would have further facilitated in curbing the issues from being multiplied, and would facilitate deciding the same on its own merits. Grant of a status quo Order, since being a discretionary Order depending upon the establishment of a prima facie case, particularly owing to such complicated and intricate half disclosed facts, at this stage, that required consideration, the grant of the status quo rather runs in for the benefit of all the parties till their rights are adjudicated on the merits. In that eventuality, the Appellant ought not to have approached this Tribunal as against the grant of an interim Order in the shape of the status quo Order, before seeking its vacation or clarification before the learned Tribunal itself.

23. Having not done so, the instant Company Appeal at the behest of the Appellant may not be tenable.

24. Be that as it may, since at the time of admission of the Company Appeal, this Appellate Tribunal found that certain unused amount was lying in the books of accounts and, owing to the pleadings of the appeal, this Tribunal came to a conclusion that since the record shows that there was no business activity being carried in the Company. The amount lying in the books of accounts by way of cash was directed to be deposited in a fixed deposit account, which was to be secured by FDR in a maximum interest-bearing account.

25. The grant of the Interim Order of status quo by an Order dated 04.02.2026, in fact, it protects the subject of the proceedings, and that too particularly when it has been granted to secure the interest of the parties, at the discretions of the Tribunal. The Appeal against the Interim Order ought not to be maintainable. The appropriate recourse available to the Appellant would have been to approach the Tribunal for getting the stay Order vacated or modified, rather than filing of an Appeal.

26. Be that as it may, since this Appellate Tribunal, too has also granted an Interim Order on 29.05.2026 and because of the fact that the main proceedings are yet to be decided on merits, in all fitness of things, and more particularly to have an effective adjudication before the learned Tribunal, before the cause itself is adjudicated between the parties to the proceedings, maintenance of the status quo Order, as well as the Order passed by this Tribunal on 29.05.2026 would rather be in the interest of parties to be maintained during the pendency of the Company Petition No. 197/MB/2025, which is yet to be decided on its merits.

27. The contention of the learned counsel for the Appellant that the grant of a status quo Order is rather affecting the functioning of the Company, is not acceptable by us for the reason being that the facts from record do not reveal that the Company is in an operational condition, nor do the supporting documents establish the fact that any business activity is being carried out. Even the book of account does not show carrying of any business activities, as there had been no current and current entries in the balance sheet of the Company.

28. These contentions have been raised by the learned counsel for the Appellant for the purposes of putting a challenge to the Impugned Order dated 04.02.2026 directing the parties to maintain status quo. It cannot itself be determined at this stage until and unless there happens to be an elaborate appreciation of evidence, which requires the establishment of the fact that the Company is still functioning.

29. In these eventualities, where prima facie the Tribunal has recorded a finding that since there is no business activity being carried out, coupled with a fact that the finding has also been recorded by the Tribunal were based upon the documents those were placed on record, which showed no business activities of the Company for the last 07 to 08 years, as they do not show any transactions having taken place, nor does it reflect from the books of Accounts, maintenance of the status quo Order and its continuance would rather be assisting in reducing the complication of the controversy before it is being adjudicated by the learned Tribunal

30. So far as the interest pertaining to the capital lying in the books, i.e., ₹12,14,86,800/-, that has already been directly directed to be deposited in the fixed deposit by virtue of the Interim Order passed by this Appellate Tribunal. We while declining to interfere in the Interim Order that, has been passed by the Tribunal in the pending Company Petition, since the nature of the Order that has been passed by the learned Tribunal while exercising its discretionary powers if exclusively intended to protect the subject of the proceedings of the Company Petition and reducing future complications, it does not call for any interference by us in the exercise of our appellate jurisdiction.

31. Owing to the fact that the Order passed by this Tribunal of depositing the amount in a fixed deposit yet again happens to be in the interest of the parties, the Interim Order passed by this Tribunal on 29.05.2026 is directed to be continued to be maintained till the Company Petition itself is decided on merits.

32. While affirming the Order of status quo dated 04.02.2026 and maintaining the interim Order passed by us on 29.05.2026, this Company Appeal is being dismissed, with the request to the learned NCLT to expedite the proceedings of the Company Petition No. 197 of 2025 pending before it and to decide the same as expeditiously as possible, but not later than six months from the date of production of certified copy of this Order.

[Justice Sharad Kumar Sharma]
Member (Judicial)

[Arun Baroka]
Member (Technical)

NEW DELHI

18th September, 2026

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