

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) No. 118 of 2026

IN THE MATTER OF:

Keshav Ashok Punj

...Appellant

Versus

**Union of India,
Ministry of Corporate Affairs**

...Respondent

Present:

For Appellant : Mr. Amir Arsiwala, Ms. Neha Arya and Ms. Shivani Kumbhojkar, Advocates.

For Respondent :

WITH

Company Appeal (AT) No. 162 of 2026

IN THE MATTER OF:

Sandhya Ashok Punj & Ors.

...Appellants

Versus

**Union of India,
Ministry of Corporate Affairs**

...Respondent

Present:

For Appellants : Mr. Amir Arsiwala and Ms. Neha Arya, Advocates.

For Respondent : Adv. Harsh Paratap Shahi, Adv. Hitaishi Tulsian and Adv. Adrchisman Bhattacharyya, Advocates.

Mr. Pradeep Yadav, Mr. Durga Dutt and Mr. Z Orenvungo, Ezung, Advocates.

O R D E R
(Hybrid Mode)

07.08.2026: The Section 469 of the Companies Act, basically deals with the procedural aspects as to how the Tribunal would be functioning while dealing with the proceedings, which are instituted before it. The provisions of the NCLT Rules would be equally applicable to the proceedings,

which are drawn before the learned NCLT under provisions contained under the Companies Act.

2. The instant Company Appeals, challenge the impugned Order, passed on 26.02.2026 by the learned NCLT, Ahmedabad. It is a common order, which has been simultaneously put to challenge in the connected Company Appeal, being *Comp. App. (AT) No. 162 of 2026*. The effect of the impugned Order had been that the learned Tribunal, while considering and testing the propriety of the substitution application being *I.A. No. 28(AHM)/2026*, that was preferred in Company Petition *7(AHM)/2025*, has allowed the substitution application. It directed to bring on record the heirs of the deceased Respondent No. 2. The Appellant happens to be the heirs of the deceased Late Mr. Ashok Yoginder Punj original Respondent No. 2 Rule 53 of the NCLT Rules prescribes that in an eventuality where, in a pending proceedings before a Bench, a party to a case dies or is adjudged insolvent, or in cases of Company being wound up; the proceeding shall not abate, but would rather be continued by or against the executor, administrator or other **Legal Representatives** of the parties, by or against the assignee receiver, liquidator, as the case may be.

3. Learned Tribunal, by invoking this provision contained under Rule 53 of NCLT Rules, had passed the impugned Order, which is identically involved consideration in both the Company Appeals, as a consequence to which the IA has been allowed, directing the substitution to be carried and the heirs, that is, *inter alia* the Appellant herein, have been directed to be brought on record in the proceedings of the Company Petition.

4. It is this Order which is challenged by the Appellant, who are the heirs of the deceased Late Mr. Ashok Punj, the original Respondent No. 2 to the Company Petition, which was taken up under Section 241, 242, 246 & 339 of the Companies Act. The solitary ground, which has been taken by the Appellant while putting a challenge to the impugned Order had been that, prior to the consideration of the substitution application being *IA/28/AHM/2026*, no notices were issued to the Appellant or the proposed heirs.

5. The question that, would be relevant to be considered is as to whether at all issuance of a notice on substitution application, was required prior to its consideration by the NCLT. The original proceeding was initiated by the Government of India, Ministry of Corporate Affairs, invoking the provisions contained under Section 241, 242 & 246 to be read with Section 339 of Companies Act, 2013 wherein the deceased Respondent No. 2, Late Mr. Ashok Yoginder Punj, the predecessor of the Appellant's, was shown to have been inducted as a managing director of the Respondent No.1 company, w.e.f. 01.11.2003. In the Company Petition, it was contended by the Union of India, that apart from that the deceased, there were other whole-time directors also who were part of the promoters group, who were found to have indulged in the act of oppression and mismanagement.

6. In that eventuality, if any one member of the promoters group meets with the sad demise, the provisions contained under Rule 53 will automatically come into play, for the reason that whatsoever rights or liabilities the deceased had in Respondent No. 1, will automatically flow to

the heirs of the deceased under law of succession, who have been sought to be made as a party to the proceedings by way of a substitution.

7. More particularly, looking to the nature of relief, which was sought in the Company Petition, that was in the shape of a declaration of the following nature: -

“...A. Declare that Respondent Nos. 2 to 8 were parties to the carrying on of the business of Respondent No. 1 with a fraudulent purpose and/or with a view to defraud its creditors and hold Respondent Nos. 2 to 8 to be personally liable without limitation of liability to contribute such amounts as this Hon’ble Tribunal may deem fit towards all the debts and liabilities of Respondent No. 1;
B. Permit the Petitioner to liquidate the assets and properties of Respondent Nos. 2 to 8 and apply the same towards discharging the debts and liabilities of Respondent No. 1...”

8. Looking to the nature of relief, and more particularly when it pertains to conduct of a fraudulent act at the hands of the deceased Respondent No. 2, of whom the Appellants are the heirs, when it engages with a question of determining an aspect of fraud that has been alleged by to the creditors at the hands of the Respondent Nos. 2 to 8, that includes the deceased too as Respondent No. 2. The determination will always involve fastening of a personal liability without there being any restrictions to it, for the purposes to contribute such amount as the Tribunal may deem fit for if all the debts and liabilities are settled upon final adjudication.

9. Owing to the nature of relief that, was sought and the circumstances there were under consideration, calling a fraudulent act of the Respondents who were the directors of the Company i.e., Respondent No. 1, who are said to be engaged in duping the creditors, the heirs become a necessary party to be substituted because once the Appellant, in the capacity of being the heir of the deceased Late Mr. Ashok Yoginder Punj. It is essential that if any rights or liability which would accrue upon the determination of the proceedings of the Company Petition, can be determined, only after providing an opportunity of hearing to the heirs of the deceased Respondent No. 2. For that purpose there has to be an identified entity upon whom the rights/liabilities could be fastened upon adjudication, for that substitution becomes inevitable.

10. Hence, merely because of non-issuance of notice on the substitution application is not so fatal that, it could prejudice any one of his/her right in the proceedings of the Company Petitions, which could require interference by us in the exercise of our appellate jurisdiction.

11. During the course of argument, we posed a specific question to the learned counsel for the Appellant, whether they deny themselves to be the heirs of the deceased! They admitted the fact that they are the heirs. They further admitted the fact that, looking to the nature of dispute involved and for an effective adjudication, since whatsoever right the deceased had, that would automatically under law of succession devolve upon the heirs, they become the necessary party to the proceedings and they are required to be heard.

12. Besides that, since merely carrying out the substitution of the heirs of the deceased is a statutory mandate under Rule 53 NCLT Rules, and it does not cause any immediate prejudice to the Appellant, because of the observations made in the impugned Order, where the heirs are thus directed to be substituted, have been called upon to file their reply to the amended petition, as well as to the main petition, all defences are still open for them to be agitated before the learned Tribunal. Because heirs upon substitution have their own right to file written objection, that could still be availed by the Appellant.

13. Hence, we are of the view that, since substitution has been carried out as prescribed by the law and it only facilitates an effective adjudication; no interference is called for in the exercise of our appellate jurisdiction. Thus, the Appeal lacks merits and the same is accordingly dismissed.

**[Justice Sharad Kumar Sharma]
Member (Judicial)**

**[Indevar Pandey]
Member (Technical)**

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