NATIONAL COMPANY LAW TRIBUNAL
INDORE BENCH
COURT NO. 1

ITEM No.202
IA/6(MP)2026
in
CP/8(MP)2026

Order under Section Rule 11

IN THE MATTER OF:

Sunil Mandwani **.....Applicant**
V/s
Santosh Devcon Pvt Ltd & Ors **.....Respondent**

Coram:

Hon'ble Shri Brajendra Mani Tripathi, Member (J)
Hon'ble Shri Man Mohan Gupta Member (T)

PRONOUNCEMENT OF ORDER
Delivered on 07/05/2026

The case is fixed for pronouncement of the order.

The order is pronounced in open Court *vide* separate sheet.

SD/- **SD/-**

MAN MOHAN GUPTA
MEMBER (TECHNICAL)

BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)

Tomar

IN THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT INDORE

I.A. (COMPANIES ACT)/6(MP)2026
in
CP (COMPANIES ACT)/8(MP)2026

IA/6(MP)2025

[*An application filed under Rule 11 of the NCLT Rules, 2016]*

Sunil Mandwani ……. Applicant

Vs.

M/s Santosh Devcon Pvt. Ltd. And Ors ……. Respondent

In the main matter of: CP/8(MP)2026

[An Application filed under Section 241-242 of the Companies, Act 2013]

Sunil Mandwani ……. Applicant

Vs.

M/s Santosh Devcon Pvt. Ltd. And Ors ……. Respondent

Coram: Brajendra Mani Tripathi, Hon'ble Member (J),
Man Mohan Gupta, Hon'ble Member (T)

Appearance:

For the Applicant : Ms. Deepanshi Ishar, Adv (Physical) a.w.
Mr. Prabuddh Singh, Adv (Physical) &
Mr. Aaditya Dubey, Adv (Physical)

For the Respondent : Mr. Manoj Munshi, Sr. Adv (R-1) (Online)
Mr. Mayank Munshi, Adv (Physical)

ORDER
DATED: 07.05.2026

(I) NATURE OF APPLICATION AND RELIEF SOUGHT

1. The present Application bearing IA No. 6/2026 has been filed by the Applicant on 19.04.2026 in Company Petition No. CP/8(MP)2026, seeking the following reliefs:

    1. *Allow the Application and list the Company Petition bearing C.P. No. 08/2026 for hearing the parties on interim relief.*
    2. *Grant ad-interim ex parte direction of status quo with respect to the shareholding and properties of the Company.*

(II) SUBMISSIONS OF APPLICANT:

2. That the Petitioner has filed the main Company Petition under Sections 241, 242 and 244 of the Companies Act, 2013 alleging acts of oppression and mismanagement committed by the Respondents and seeking protection against alienation or creation of third-party rights over the Subject Land admeasuring 10.462 Hectares situated at Village Limbodi, Tehsil and District Indore, on which the residential colony Mahalaxmi Dham stands.
3. Ld. Counsel for the Applicant submits that Respondent Nos. 2 and 3 are brothers engaged in the real estate business in Indore, who have illegally, and in violation of the Companies Act, 2013,

reduced the shareholding of the **Applicant from 87.75% to 0.56%** in the Respondent Company and are in the process of reducing it further by an illegal rights issue pursuant to a sham EGM of the Respondent Company purportedly held on 17.01.2026. The Applicant had gone to attend the said EGM scheduled on 17.01.2026 and found the door of the registered office (i.e., the residential address of Respondent No. 3) locked and no one present at the scheduled time. The Applicant has not participated in the said rights issue and allotment of shares as it would amount to acquiescence to the illegal acts of the Respondents.

4. Respondent Nos. 2 and 3 caused the resignation of the Applicant from the Directorship of the Company promoted by him, got 30,000 shares held by the Applicant cancelled by entering into a settlement before this Tribunal in TP No. 112/2019 filed by Shri Radheshyam Mandwani (R-13) and Shri Mukesh Matta (R-14), and induced the Applicant to induct Respondent Nos. 2 and 3 as Additional Directors in the Company pursuant to the Agreements dated 27.10.2022 entered between the Applicant and R-2 and R-3. The sole intention of R-2 and R-3 to execute the said Agreements was to gain absolute control over the management of the Company and its valuable Subject Land.

5. The Agreements dated 27.10.2022 were entered when R-2 and R-3 approached the Applicant with an offer to purchase his 5,100 shares in the Company, in lieu of the Applicant entering into a settlement in TP No. 112/2019 where the Applicant would agree to cancellation of 30,000 shares held in his name, resign as Director, and induct R-2 and R-3 as Additional Directors. The total

consideration was Rs. 43 Crores under the said Agreements, out of which Respondent Nos. 2 and 3 paid only Rs. 1 Crore at the time of entering the Agreements and then breached all their obligations after taking over absolute control of the Company and also buying out the shares of the other two erstwhile Directors, namely Radheshyam Mandwani (R-13) and Mukesh Matta (R-14), pursuant to separate Share Purchase Agreements dated 09.11.2022.

6. Ld. Counsel further submits that R-2 and R-3 are also parties to the ongoing arbitration proceedings initiated by the Applicant bearing Arb. Case No. 13/2025 pending before Hon'ble Mr. Justice Shantanu Kemkar (Retd.), who was appointed as Sole Arbitrator vide order dated 06.11.2025 passed by the Hon'ble Supreme Court in SLP(C) No. 9000/2024. The said arbitration has been invoked by the Applicant for reliefs arising out of breach of the Agreements dated 27.10.2022 by R-2 and R-3, which led to termination of the said Agreements by the Applicant.

7. The Settlement Order dated 09.12.2022 passed in TP No. 112/2019 is based on the settlement terms in the Application dated 06.12.2022 (Annexure H at pages 145-153, Vol. I), which clearly records that the Applicant is giving up 30,000 shares in the Respondent Company held by him and resigning as Director and inducting Respondent Nos. 2 and 3 as Additional Directors in order to hand over control and management of the Company to them as per the terms of the Agreements dated 27.10.2022.

8. The present Application has been filed by the Applicant on 19.04.2026 in light of the two registered Agreements to Sell dated

15.04.2026 executed by the Company. After notice was issued in the Company Petition vide order dated 17.03.2026, service to the Company was done on its official email address available at the MCA website (kamalnachani@gmail.com — i.e., R-2's email address) and on the registered address of the Respondent Company (residence of R-3). Within 3 days of the order dated 17.03.2026, R-2 and R-3, represented by the same learned counsel who is representing the Company in this case, filed an Application under Section 16 of the Arbitration Act before the Ld. Arbitral Tribunal in Arb. Case No. 13/2025, annexing the complete copy of the Company Petition bearing CP/8(MP)2026 and this Tribunal's order dated 17.03.2026. The Respondent Company chose not to file a reply before the next date i.e., 16.04.2026 only to delay proceedings. This Tribunal passed order dated 16.04.2026 holding that ***"all decisions taken in respect of the shares and assets of the company shall be subject to the decision of this petition."***

9. However, on 18.04.2026, the Applicant came to know that on 15.04.2026, the Company acting through Respondent No. 5 executed two registered Agreements to Sell dated 15.04.2026 with respect to Plot Nos. 84 and 85 in Mahalaxmi Dham Colony situated on the Subject Land.

10. The Respondent Company is now hastily selling all the plots remaining on the Subject Land (Mahalaxmi Dham Colony) by contending that the Company is not bound by such injunction orders as the Company was not a party before the Hon'ble Supreme Court and the Ld. Arbitral Tribunal. However, the Respondent Company admits before this Tribunal that the

"business" and the "stock-in-trade" mentioned in the said orders dated 13.09.2024, 06.11.2025 and 04.01.2026 are of the Respondent Company.

11. Ld. Counsel further submits that in view of the changed circumstances and the emergent situation arising from the acts of the Respondents, the Applicant is constrained to file the present Interim Application seeking early hearing of the Company Petition and directions for maintaining status quo with respect to the Subject Land during the pendency of the proceedings.

(III) <u>SUBMISSIONS OF RESPONDENTS</u>

12. The present Application seeking early hearing and interim relief is wholly misconceived, frivolous, and devoid of merit. The same constitutes a clear arm-twisting tactic adopted by the Petitioner to obstruct the legitimate day-to-day business operations of the Respondent Company, M/s Santosh Devcon Private Limited ("the Company"), in furtherance of his personal inter-se disputes with Respondent Nos. 2 and 3, namely Mr. Kamal Nachani and Mr. Ankush Nachani.

13. It is an admitted position that the Petitioner holds merely 5,100 fully paid-up equity shares out of total paid-up capital comprising 9,10,000 equity shares, amounting to only 0.56% shareholding. The Petitioner had himself agreed to transfer these shares to Respondent Nos. 2 and 3 pursuant to the settlement recorded before this Tribunal on 09.12.2022 in TP No. 112/2019. His

continued appearance as a shareholder is solely due to a private dispute with the proposed purchasers.

14. The Petitioner resigned from the Directorship of the Company on 05.01.2023 in terms of the aforesaid settlement. Since then, he has had absolutely no role in the management, administration, or business operations of the Company.

15. The Petitioner has falsely portrayed the execution of two registered Agreements to Sell dated 15.04.2026 as an act of alienation warranting urgent intervention. The Company is engaged in the business of development and sale of residential plots in the colony known as "Mahalaxmi Dham". Execution of agreements to sell plots is the very essence of the Company's commercial activity. A shareholder holding only 0.56% cannot be permitted to stall the commercial functioning of a going concern, particularly when the Company has ongoing commitments towards more than 450 plot purchasers.

16. The present Application is based solely on registration of two Agreements to Sell dated 15.04.2026 executed through authorised representative Respondent No. 5, Shri Vijay Mourya. The Agreements bearing Registration Nos. MP7IGR17522026A100452489 and MP7IGR17522026A100452455 relate to Plot Nos. 84 and 85 in Mahalaxmi Dham Colony executed in favour of Shri Naresh Mamtani and Ms. Lavin Mamtani. Each purchaser had already paid Rs. 16,94,000 out of Rs. 17,10,000 prior to execution. The Agreements merely formalised pre-existing contractual obligations.

17. More than 450 plots have already been sold by the Company, a substantial number of which were executed during the Petitioner's tenure as Director. Having himself conducted identical transactions, the Petitioner is estopped from challenging similar business activities today.

18. The Petitioner has suppressed binding judicial orders governing the parties. In SLP(C) No. 9000/2024 (Civil Appeal No. 13489 of 2025), the Hon'ble Supreme Court permitted parties to carry on day-to-day business operations and deal with stock-in-trade while directing that parties shall not alienate immovable properties. The plots developed for sale constitute the Company's stock-in-trade. The Sole Arbitrator, vide order dated 04.01.2026 under Section 17 of the Arbitration Act, continued identical protection. The Arbitrator further clarified vide communication dated 09.03.2026 that the interim order binds only the parties before him — not the Company, which is a separate juristic entity.

19. Having failed to obtain a blanket restraint before the Hon'ble Supreme Court and the Arbitral Tribunal, the Petitioner is attempting forum shopping by seeking identical relief from this Tribunal. Such conduct deserves strict disapproval.

20. The settled principles governing interim relief are absent: there is no prima facie case against routine business transactions; the balance of convenience lies overwhelmingly in favour of the Company and third-party purchasers; and the Petitioner suffers no irreparable harm, while stoppage of business would irreversibly harm purchasers and the Company.

21. The transactions were carried out pursuant to Sale Order No. 7129/Colony Cell/2025 dated 16.10.2025 and subsequent authorisation dated 10.04.2026 issued by competent authorities. The sales are fully lawful and regulatory approved.

(IV) ADMITTED FACTS

22. Based on the pleadings, the following facts are either admitted or undisputed on record from both sides:

    a. The Company M/s Santosh Devcon Pvt. Ltd. was incorporated on 27.04.2011 by the Applicant as founder-promoter. The Subject Land admeasuring 10.462 Hectares at Village Limbodi, Indore was purchased in the Company's name vide five sale deeds between 2011 and 2013 and remains the sole valuable asset of the Company, worth more than Rs. 250 Crores.

    b. The Applicant originally held 87.75% shareholding (35,100 shares out of 40,000) in the Company prior to the Agreements dated 27.10.2022.

    c. Two Agreements dated 27.10.2022 were executed between the Applicant and Respondent Nos. 2 and 3 for a total consideration of Rs. 43 Crores. The dispute with respect to passing of consideration in lieu of transfer of shares under the said Agreements is pending before the Ld. Sole Arbitrator.

    d. Pursuant to the Agreements and the settlement order dated 09.12.2022 passed by this Tribunal in TP No. 112/2019, the

Applicant cancelled 30,000 shares, resigned as Director, and inducted Respondent Nos. 2 and 3 as Additional Directors — reducing his holding from 87.75% to 51%.

e. Respondent Nos. 2 and 3 were appointed as Additional Directors only till 30.09.2023 or the next Annual General Meeting — this is expressly recorded in the settlement order dated 09.12.2022 and is not disputed

f. A rights issue of 9,00,000 equity shares was effected in December 2023 — 6,00,000 shares allotted to Respondent No. 3 on 13.12.2023 and 3,00,000 shares to Respondent No. 2 on 16.12.2023 — as a result of which the Applicant's shareholding stands reduced to 0.56% (5,100 out of 9,10,000 shares).

g. The Hon'ble Supreme Court vide order dated 13.09.2024 in SLP(C) No. 9000/2024 and the Hon'ble Sole Arbitrator vide order dated 04.01.2026 in Arb. Case No. 13/2025 — the latter by consent of both parties — directed that the parties shall not encumber, alienate or part with possession of any immovable properties. Both orders are admitted on record by both sides.

h. No sale deed or agreement to sell was executed by the Company in respect of the Subject Land from September 2024 until 14.04.2026 — a period of over seventeen months. This is evident from the record and is not disputed

i. Two Agreements to Sell dated 15.04.2026 (Plot Nos. 84 and 85) and five Sale Deeds dated 22.04.2026 (Plot Nos. 84, 195, 261, 419 and 420) — registered instruments in seven days

— were executed by the Company. Their execution is admitted by the Respondent Company.

(V) ANALYSIS AND OBSERVATIONS

23. We have heard the Ld. Counsel for the Applicant and Respondent No. 1. Respondent Nos. 2 to 14 have not filed any reply to the present IA No. 6/2026.

24. Now we proceed to examine the facts of the present case. The Applicant, along with two other promoters, namely Shri Radheshyam Mandwani (R-13) and Shri Mukesh Matta (R-14), initially incorporated the Company with the Applicant holding 51% shareholding (5,100 shares out of total 10,000 share). Thereafter, 30,000 shares were additionally allotted to the Applicant, resulting in an increase of his shareholding to 87.75%. Subsequently, pursuant to Agreements dated 27.10.2022 entered into between the Applicant and Respondent Nos. 2 and 3, 30,000 shares were cancelled and Respondent Nos. 2 and 3 were inducted into the Company as Additional Directors. Consequently, the Applicant's shareholding was reduced from 87.75% to 51%.

25. Respondent Nos. 2 and 3 further proceeded to issue 9,00,000 equity shares by way of a rights issue, which were allotted without any offer being made to the Applicant despite him being the 51% majority shareholder at the relevant date, resulting in the reduction of the Applicant's shareholding from 51% to 0.56%. On the basis of these pleadings, the Applicant has alleged that the acts of the Respondents are oppressive in nature. It has also been pleaded that the Respondents are bent upon transferring the properties of the Company at the earliest.

26. Considering the pleadings of the Applicant, the Ld. Senior Counsel for Respondent No. 1 submitted that the Agreements dated 27.10.2022 were executed between the Applicant and Respondent Nos. 2 & 3 and have no binding effect upon the Company. He further submitted with vehemence that the property exclusively belongs to Respondent No. 1, i.e., the Company, which has a separate legal entity. The acts of the Applicant and Respondent Nos. 2 and 3 inter se do not bind Respondent No. 1 Company and, therefore, no order can be passed against Respondent No. 1 Company.

27. We have carefully examined the rival contentions of the Ld. Counsels for the parties. It is an admitted fact that the Applicant initially held 87.75% shareholding in the Company, which has subsequently been reduced to 0.56%. The issues that now arise for consideration are: whether the Company is bound by the acts and agreements of its Directors, and whether an interim order restraining Respondent No. 1 from transferring the Subject Land can be passed against the Company.

28. It is not in dispute that Respondent Nos. 2 and 3 had entered into Agreements dated 27.10.2022 with the Applicant, pursuant to which 30,000 shares were cancelled and they were inducted into the Company as Additional Directors. We are in agreement with the submissions of the Ld. Senior Counsel for Respondent No. 1 that the Company has a separate legal identity. However, it is equally well-settled that a company acts through its Directors, who function as agents of the Company.

29. As noted above, Respondent Nos. 2 and 3 were inducted into the Company on the basis of the Agreements executed between the Applicant and Respondent Nos. 2 and 3. The substantial shareholding and interest in the assets of the Company initially vested with the Applicant, and the very agreement which resulted in the induction of Respondent Nos. 2 and 3 into the Company is presently under dispute and is sub-judice before the Ld. Arbitral Tribunal.

30. Therefore, this is a case where Respondent Nos. 2 and 3 cannot be permitted to shield themselves behind the veil of the Company. If Respondent No. 1 Company is permitted to transfer its assets, the same would certainly frustrate the purpose of the main petition and result in serious prejudice to the rights of the Applicant. Accordingly, we are of the considered opinion that in the facts and circumstances of the present case, Respondent No. 1 cannot claim the benefit of a separate legal entity to defeat the interim protection sought by the Applicant.

31. We now proceed to consider the orders passed by the Hon'ble Supreme Court, which were subsequently continued by the Hon'ble Arbitral Tribunal. Before entering into the interpretation of the said orders, we deem it appropriate to extract the relevant portion of the order passed by the Hon'ble Supreme Court in SLP(C) No. 9000/2024 dated 13.09.2024, which is as follows:

"...the parties shall not, in any way, encumber, alienate or part with the possession of any of the immovable properties. They may carry on day-to-day business and accordingly deal with the movable assets/stock in trade."

32. The above order was thereafter continued by the Hon'ble Supreme Court vide its final order dated 06.11.2025 in the same SLP. Subsequently, the Ld. Sole Arbitrator, Hon'ble Mr. Justice Shantanu Kemkar (Retd.), vide order dated 04.01.2026 passed in IA No. 02/2025 in Arb. Case No. 13/2025, passed an identical order by consent of both parties, operative till the final disposal of the arbitration.

33. It is an admitted position that the Hon'ble Supreme Court passed the order extracted above in the context of disputes between the parties, which are, at their core, disputes relating to the Subject Land of Respondent No. 1 Company. The Ld. Counsel for the Applicant has argued that the order pertains to the immovable properties of the Company and squarely covers the Subject Land. On the other hand, the Ld. Senior Counsel for the Respondents has contended with vehemence that the latter part of the order passed by the Hon'ble Supreme Court permits the Company to deal with its movable assets and stock-in-trade, and that the plots of the Company — being its primary business commodity — fall within the definition of "stock-in-trade". According to him, the Hon'ble Supreme Court has therefore permitted Respondent No. 1 to sell the plots to buyers.

34. We now procced sot examine the rival contention of both the Ld. Counsel regarding Interpretation of the order of Hon'ble Supreme Court.

35. The order passed by the Hon'ble Supreme Court consists of two distinct parts. The first part categorically restrains the parties from encumbering, alienating, or parting with possession of any

of the immovable properties. The second part of the order expressly permits the parties to carry on day-to-day business and to deal with movable assets/stock-in-trade.

36. The question that arises for consideration is: if the Hon'ble Supreme Court had intended to permit the Respondents to transfer the property by treating plots as stock-in-trade of the Company, upon which immovable properties would the first and principal part of the order operate? It is evident from the record that the only dispute between the parties pertains to the Subject Land — the immovable property owned by Respondent No. 1 Company. No other immovable property belonging to any of the parties has been brought to the notice of this Bench as being under dispute between the parties at any stage of these proceedings.

37. Therefore, it is very much clear that the order of the Hon'ble Supreme Court is specifically concerned with the immovable property of Respondent No. 1 Company, viz., the Subject Land. The argument advanced by the Ld. Senior Counsel for the Respondents that the immovable property of the Company can be transferred by treating it as stock-in-trade is not tenable. A plain reading of the order of the Hon'ble Supreme Court demonstrates that in the first part, the parties were expressly restrained from transferring or otherwise dealing with the immovable properties. Thereafter, in the second part, the Hon'ble Supreme Court permitted the parties to carry on day-to-day business and deal with movable assets/stock-in-trade.

38. In our considered opinion, the expression "stock" used in the Hon'ble Supreme Court's order is qualified by the word "movable". Therefore, the Respondents were permitted to deal only with movable assets or movable stock-in-trade and not with the immovable properties, which are specifically and expressly protected under the first part of the order. To accept the Respondents' contention would be to render the first part of the order entirely otiose and meaningless — which cannot be the intent of the Hon'ble Supreme Court.

39. The contention of forum shopping raised by the Ld. Senior Counsel for Respondent No. 1 is not tenable. The arbitration clause in the Agreements dated 27.10.2022 governs only the inter se disputes between the Applicant and Respondent Nos. 2 and 3 arising out of those Agreements. The present petition has been filed under Sections 241 and 242 of the Companies Act, 2013 alleging oppression by illegal reduction of the Applicant's shareholding and suppressive treatment as a shareholder — a cause of action that is distinct, independent and falls exclusively within the jurisdiction of this Tribunal. This is not forum shopping; this is forum choosing. The contention is accordingly rejected.

(VI) PRIMA FACIE CASE, BALANCE OF CONVENIENCE AND IRREPARABLE HARM

40. On the basis of the above analysis, it is clear that the Applicant initially held 87.75% shareholding in the Company, which has subsequently been reduced to 0.56%. The genesis of this

reduction lies in the very Agreements dated 27.10.2022 which were allegedly not honoured by Respondent Nos. 2 and 3 and the dispute is pending before the Arbitral Tribunal.

41. The shareholding was further reduced from 51% to 0.56% by a rights issue effected without any offer to the Applicant, in prima facie violation of Section 62 of the Companies Act, 2013. If the assets or immovable properties of the Company are permitted to be transferred to plot buyers at this stage, the rights of the Applicant may suffer irreparable prejudice. Therefore, the Applicant has established a prima facie case in his favour.

42. So far as the balance of convenience is concerned, we find the same to be in favour of the Applicant. If the immovable properties of the Company are transferred to different plot buyers at this stage, it may lead to further complications and multiplicity of proceedings. On the other hand, if the claims of the plot buyers are considered after the final decision in the main Company Petition, no permanent prejudice would be caused to their rights. Accordingly, the balance of convenience also lies in favour of the Applicant. The interests of bona fide purchasers who have already paid substantial consideration shall be separately addressed and protected.

(VII) ORDER

43. In view of the observations recorded hereinabove, and without expressing any opinion on the merits of the main Company Petition CP/8(MP)2026, this Tribunal deems it appropriate to grant limited interim protection to preserve the subject matter of

the dispute. Accordingly, the following directions are issued, which shall remain in force till further orders:

(I) The respondents are directed to maintain status quo w.r.t the disputed property and shall not alienate or part with or transfer, encumber the immovable property in any manner during pendency of company petition

(II) The 0.56% shareholding of the Petitioner shall not be reduced further and if reduced, shall not be given effect to.

44. It is clarified that the observations made herein are prima facie in nature and confined to the adjudication of the present interim application, and shall not influence the final adjudication of the main Company Petition CP/8(MP)2026.

45. The **I.A.(Companies Act)/6(MP)2026 stands allowed and disposed of in the above terms**. The main Company Petition CP/8(MP)2026 shall be listed on 25.06.2026 as fixed.

SD/- **SD/-**

MAN MOHAN GUPTA
MEMBER (TECHNICAL)

BRAJENDRA MANI TRIPATHI
MEMBER (JUDICIAL)

Chandni Wadhwani - LRA/

Tomar