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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **W.P.(C) 16457/2024, CM APPLs.69454/2024, 73853-55/2024 & 10569/2025**

EAST INDIA DRUMS AND BARRELS MANUFACTURING LTD

.....Petitioner

Through: Mr. Sanjeev Sindwani, Sr. Advocate
with Mr. Anuj Agarwala, Mr. Prakash
Jha, Mr. Vipul Singh and Ms. Mukti
Heliwal, Advocates.

versus

DEVELOPMENT COMMISSIONER MSME & ORS.

.....Respondents

Through: Mr. Chetan Sharma, ASG with Mr.
Vikram Jetly, CGSC with Ms. Shreya
Jetly, Mr. Amit Gupta, Mr. R V
Prabhat, Mr. Saurabh Tripathi, Mr.
Shubham Sharma, Mr. Yash Wardhan
Sharma and Mr. Naman, Advocates
for R1 to R3.

CORAM:

HON'BLE MR. JUSTICE PURUSHAINDR KUMAR KAURAV

ORDER

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07.01.2026

1. The instant petition seeks setting aside of the letter dated 28.10.2024 issued by respondent no.1, whereby, the petitioner's UDYAM MSME Registration Certificate bearing no. UDYAM-MH-19-0068913 (hereinafter "**UDYAM Certificate**") has been cancelled by the respondent no.1/department. It was also the case of the petitioner that the said order/communication dated 28.10.2024 has never been communicated to the



petitioner, and therefore, an additional prayer has been made to produce the aforesaid communication/letter dated 28.10.2024.

2. On the first date of hearing i.e., 28.11.2024, the Court while taken into consideration the aforesaid contention had directed the respondents to produce a copy of the communication dated 28.10.2024 issued by the Office of Development Commissioner, MSME, New Delhi along with entire record of documents, on the basis of which the communication dated 04.11.2024 was issued by the MSME Development & Facilitation Office. Pursuant to the aforesaid direction, the respondents produced the entire record.

3. Order dated 02.12.2024 would further indicate that the Court had considered the rival submissions made by the parties and in paragraph no.13 of the said order, found that the petitioner had established a *prima facie* case, and accordingly, the cancellation of the petitioner's UDYAM MSME Registration Certificate was directed to be kept in abeyance. The respondents, however, were directed to issue an appropriate communication to this effect and to place the same on their official website. Thereafter, the matter was taken up on various dates and is, on date, pending for final adjudication.

4. The primary ground to assail the impugned decision of the respondents rests on the violation of the principles of natural justice. Mr. Sanjeev Sindwani, learned senior counsel appearing for the petitioner has taken the Court through various dates and events and has explained that earlier the petitioner was a proprietorship firm which, became partnership firm and, thereafter, it became a private company and ultimately a public limited company. He also tried to indicate that the Udyam Certificate was



granted to one East India Drums and Barrels Manufacturing Pvt. Ltd., and the petitioner is the successor-in-interest of the said company by virtue of a reverse merger which was approved by the National Company Law Tribunal ('NCLT') vide its order dated 02.05.2023 in CP (IB) 2146 (MB)/2019 in the Corporate Insolvency Resolution Process (CIRP) of one Precision Containers Ltd.

5. According to Mr. Sindwani, this change took place w.e.f. 01.04.2024. Between August, 2023 and January, 2024, the MSME Authorities had doubts about the figures (turnover and investment) shown by the company on the UDYAM Portal, and because of those doubts, the authorities asked questions and sought clarifications from the petitioner. The company answered query, submitted documents and explained its position. He therefore, submits that before taking the decision, the respondents ought to have afforded an opportunity of hearing to the petitioner.

6. Mr. Chetan Sharma, learned Addl. Solicitor General of India controverts the submissions and strongly opposes the grant of relief in the instant petition. He has taken the Court through communications dated 09.08.2023, 01.09.2023 and the reply filed by the petitioner dated 02.09.2023. Additionally, he has also shown the CA certificate and has drawn the attention of the Court to the material which has been produced along with the additional affidavit. According to him, the petitioner ceases to enjoy the benefit of the UDYAM Certificate in view of statutory non-compliances.

7. The issue which emerges for the Court's consideration is whether the respondents while taking the impugned decision has followed a procedure known to know. From the record it appears that there has not been a specific



show cause notice issued to the petitioner seeking its response as to why the petitioner should suffer the cancellation of its existing certificate. If such a notice would have been issued to the petitioner, it would have appropriately agitated its grievance before the appropriate authority. The clear violations in the part of the petitioner should have been pointed out granting adequate opportunity to satisfy the authorities.

8. Under these circumstances, the Court finds that the procedure followed in the instant case does not adhere to the principles of natural justice, and accordingly, the impugned decision deserves to be set aside.

9. However, in the interest of justice, liberty stands reserved in favour of the respondents to issue the show-cause notice to the petitioner pointing out the specific deviations/violations within a period of two weeks from today.

10. Once the notice is issued to the petitioner (on the address given in the memo of parties), the petitioner shall be at liberty to file its reply within a period of two weeks along with the documents, upon which it places reliance, if any. If the petitioner desires for personal hearing, let the same be also afforded, within 15 days thereafter.

11. Upon the hearing concluding, let the respondents to pass a reasoned order with due expedition but not later than four weeks from the conclusion of the hearing. Once the order is passed, let the same be communicated to the petitioner. The petitioner, thereafter, shall be at liberty to take appropriate recourse in accordance with law.

12. Let notice be issued by the District Industries Centre, Mumbai. The petitioner shall also give its reply to the said authority.

13. All rights and contentions of the parties stand reserved.

14. In the meantime, till the fresh order is passed interim order shall be in



force.

15. The petition stands disposed of in the aforesaid terms. Pending applications also stand disposed of.

PURUSHAINDRA KUMAR KAURAV, J

JANUARY 7, 2026

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