



IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
COURT-IV

I.A. NO. 2948 OF 2024
IN
C.P. NO. 304(ND) OF 2022

IN THE MATTER OF:

DEVENDRA UMRAO
RESOLUTION PROFESSIONAL,
OPULENT INFRADEVELOPERS PVT. LTD

...APPLICANT

Versus

AMIT KUMAR DUBEY

...RESPONDENT NO. 1

SURENDRA SINGH PILKHWAL

...RESPONDENT NO. 2

AND IN THE MATTER OF:

GENESIS COMTRADE PRIVATE LIMITED

...FINANCIAL CREDITOR

Versus

OPULENT INFRADEVELOPERS PVT. LTD

...CORPORATE DEBTOR

Order Delivered on: 04.11.2025

CORAM:

SHRI MANNI SANKARIAH SHANMUGA SUNDARAM
HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Applicant : Mr. Gaurav Mitra, Mr. Abhishek Parmar,
Advocates.

For the Respondent No 2 : Mr. Jeetender Gupta, Mr. Ashish Mishra, Mr.
Bharat Rawat, Advocates.



ORDER

PER: ATUL CHATURVEDI, MEMBER (TECHNICAL)

1. The present Application is being filed by the Applicant, i.e. the Resolution Professional of Opulent Infradevelopers Private Limited ("Corporate Debtor/CD") under Section 66 of the Insolvency and Bankruptcy Code, 2016 ("Code") seeking the following reliefs:
 - a. *Allow the present application;*
 - b. *Declare the payment of Rs. 3,10,00,000/- as fraudulent transaction under section 66 of the Code and Pass Consequential directions against the directors of the Corporate Debtor i.e Respondent No.1 to 2 to make contributions to the assets of the corporate debtor for deliberately defrauding the creditors and diverging funds from the Corporate Debtor;*
 - c. *Declare the payment of Rs. 1,33,68,225.95/- as fraudulent transaction under section 66 of the Code on account of non-collection of interest towards loan advanced to third parties and Pass Consequential directions against the directors of the Corporate Debtor i.e Respondent No.1 to 2 to make contributions to the assets of the corporate debtor for deliberately defrauding the creditors and diverging funds from the Corporate Debtor;*
 - d. *Declare the payment of Rs. 1,06,80,389/- as fraudulent transaction under section 66 of the Falsification of Book by way of Set Off of Adjustments and Pass Consequential directions against the directors of the Corporate Debtor ie Respondent No. 1 to 2 to make contributions to the assets of the corporate debtor for deliberately defrauding the creditors and diverging funds from the Corporate Debtor;*
 - e. *Declare the payment of Rs. 4,96,09,957/- as fraudulent transaction under section 66 of the code on account of booking false/non business related expenses and Pass Consequentia directions against the directors of the Corporate Debtor i.e Respondent No.1 to 2 to make*



contributions to the assets of the corporate debtor for deliberately defrauding the creditors and diverging funds from the Corporate Debtor;

- f. Pass Consequential directions against the directors of the Corporate Debtor for deliberately defrauding the creditors and diverging funds from the Corporate Debtor;*
- g. Direct the directors of the Corporate Debtor to make such contributions to the assets of the Corporate Debtor as it may deem, including order/directions under Section 67 of the Code;*
- h. Pass such other or further Order/ Order(s) as may be deemed fit and proper in the facts and circumstances of the instant case.*

2. SUBMISSIONS OF THE APPLICANT:

- i.** This Adjudicating Authority vide its order dated 12.07.2022 admitted the above captioned company petition i.e. CP (IB) No. 304 of 2022 filed on behalf of Financial Creditor i.e. Genesis Comtrade Pvt. Ltd. against the Corporate Debtor for commencement of the Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Code and Mr. Devendra Umrao was appointed as the Interim Resolution Professional and later confirmed as the Resolution Professional in the 1st CoC Meeting.
- ii.** It is submitted that pursuant to taking charge of the management of the Corporate Debtor, the Applicant wrote an e-mail dated 15.07.2022, to the suspended Board of Directors of the Corporate Debtor, apprising them about the initiation of CIRP proceedings of the Corporate Debtor by virtue of the order dated 12.07.2022 passed by this Adjudicating Authority and requesting them to provide the information/ documents as asked by the Applicant in the email dated 15.07.2022. Further the Applicant also requested them to refrain from making any payment transactions, issue any cheques or payment vouchers as signed by the previous signatories.
- iii.** It is further submitted that the Applicant visited the project site of the Corporate Debtor situated at Sector-168, Noida-201306 on 16.07.2022 where he met the suspended Director of the Corporate Debtor and requested



for information/documents from them as mentioned by the applicant in his e-mail dated 15.07.2022. The suspended Directors of the corporate debtor, furnished part documents as sought by the Applicant. Therefore, Applicant sent reminder emails to the suspended board time and again.

- iv.** The Applicant on numerous occasions reminded respondents and explained them the about the entire CIRP proceedings and requested them to provide all the necessary details and their kind cooperation to the Applicant for the conducting the CIRP of the Corporate Debtor in the efficient manner.
- v.** It is further pertinent to mention here that during the CIRP of Corporate Debtor, on examination of the available financial records and review of various transactions undertaken by the Corporate Debtor, the Applicant inter alia observed certain suspect transactions including transactions with related parties/potentially related parties and others undertaken by the Corporate Debtor during the period as prescribed under Section 66 of the Code from the date of transaction till commencement of insolvency resolution process of the Corporate Debtor i.e. 12.07.2022.
- vi.** In accordance with Section 25 of the Code, the Applicant conducted the second meeting of the CoC and proposed the agenda for the appointment of Transaction cum Forensic Auditor to carry out the Transaction-Audit of the Corporate Debtor for the period 12.07.2020 -12.07.2022. Pursuant thereto, the CoC approved the resolution for conducting the transaction audit of the Corporate Debtor and accordingly, applicant appointed Transaction Auditor to conduct such audit of the Corporate Debtor.
- vii.** The Transaction Auditor after detailed examination of the transactions and other records of the Corporate Debtor sought further information and clarifications from the Applicant from time to time and the Applicant hereinafter provided limited information as available. The Transaction Auditor performed its work substantially and within the purview of its scope of work and accordingly, submitted its report.



iii. After examining the financials of the Corporate Debtor, the Applicant has observed that following transactions have been carried out with an intent to defraud the creditors of Corporate Debtor:

A. FALSIFICATION OF BOOKS OF ACCOUNTS BY WAY OF BOOKING OF FICTITIOUS INCOME AND EXPENSES

a. It is submitted that based on books of accounts of Corporate Debtor, Applicant is of the opinion that directors of the Corporate Debtor had invested huge amount of money in donation to three trusts namely, The Catholic Health Association of India, Ambience Education Society and Master Nihal Singh Memorial Education Society between the period 20.01.2021 to 25.06.2021. The said donation was neither mandated in law nor any basis keeping in view the financial health of the corporate debtor at during the relevant period.

Details of such payments are mentioned below:

Name of Party	Date Of Donation	Amount (in Rs.)
The Catholic Health Association of India	20.01.2021	28,20,000/-
The Catholic Health Association of India	08.02.2021	31,80,000/-
Ambience Education Society	08.06.2021	50,00,000/-
Ambience Education Society	25.06.2021	34,00,000/-
Ambience Education Society	29.06.2021	2,00,000/-
Ambience Education Society	29.06.2021	14,00,000/-
Master Nihal Singh Memorial Education Society	21.06.2021	50,00,000/-
Master Nihal Singh Memorial Education Society	22.06.2021	50,00,000/-
Master Nihal Singh Memorial Education Society	25.06.2021	50,00,000/-
	Grand Total	3,10,00,000/-

b. From the perusal of the above, the Applicant further verified it from the Form No. 10 BE under Income Tax submitted by the Corporate Debtor confirming such donation is clearly evident from the same.



Thus, it is clear that under no circumstances the said transactions can be considered in the normal course of business by any company, which leads to only one conclusion that the above said transactions were carried out by the directors are not only fraudulent but the same have been carried out despite having shortage of funds during the relevant period, only with an intent to defraud its creditors.

B. NON-COLLECTION OF INTEREST TO THE TUNE OF Rs. 1,33,68,225.95 ON LOANS & ADVANCES TO CERTAIN PARTIES

a. The Corporate Debtor had advanced certain loan and advances to some parties where respondents ought to have charged basic interest on such advances.

A summarized table of such loan advanced and 12 percent interest calculation for the said period is as follows:

S.No.	Particulars	Period	Amount (INR)	Rate	Interest
1	Urbtech Finvest P Ltd	12.07.2020 to 12.07.2022	1,03,83,560.40/-	12%	46,24,051.58/-
2	UTC Softech P Ltd	12.07.2020 to 12.07.2022	3,97,708.90/-	12%	1,07,902.98/-
3	Urbtech India Developers P Ltd	12.07.2020 to 12.07.2022	10,93,17,500/-	12%	85,09,917.91/-
4	Hi lead Infotech P Ltd	12.07.2020 to 12.07.2022	33,50,000/-	12%	1,26,353.48/-
		GRAND TOTAL	12,34,48,769.30/-		1,33,68,225.95/-

b. As per the above-mentioned table and ledger balance of the said parties, a total amount of Rs. 12.34 Crores (Approx.) was advanced to these parties. Though this money has been repaid by these parties, however Corporate Debtor should have charged interest from the said parties or should have taken NOC from its creditors for entering into such transactions. Thus, it is clear that this money was enjoyed by these parties without incurring any cost/payment of interest to the Corporate Debtor, thereby causing loss to the Corporate Debtor. In the said circumstances, such transactions



can be construed as fraudulent transactions under the definition of Section 66 of the code.

- c.** The Applicant has no proper documents or records justifying the loans advanced to such parties and in absence of concrete justification from the respondents, Applicant has no other option but to suspect such transactions entered by the Corporate Debtor falling under the fraudulent trading. Further, such transaction is a willful act done by suspended members of the board reducing its own asset base for the remaining stakeholders from whom financial help has been actually derived by the corporate debtor. The amount of Rs. 1,33,68,225.95/- is recoverable from the present respondents for non-collection of interest from the respective parties.

C. BOOKING FALSE/NON-BUSINESS-RELATED EXPENSES:

- a.** The Applicant while verifying the records of corporate debtor, has found that respondents has booked fictitious and non business-related expenses without any proper documentation and invoices of the same showing irregularities in such transactions.



The details of such transactions booked by the respondents as false/non-business related expenses are as follows:

Name of Party	Amount	Remark
Art and Glass	36,33,517/-	Invoice is in the name of Corporate debtor, however the material was delivered to UTC Softech Private Limited
Bikaner Expenses	1,40,34,933/-	Seems personal expenses booked by Respondents for their personal purposes since there is no business activity of corporate debtor in Bikaner
Optimization Consultants	6,00,000/-	Fabricated invoices, since there is no proper invoice and the signature are different
		of same parties involved in the said transaction.
Sahun Khan (Khan Enterprises)	93,41,507/-	Amount paid towards maintenance however, supporting are not justifiable
Enershell Alloys and Steel Private Limited	2,20,00,000/-	No proper invoices
Grand Total	4,96,09,957/-	



- b.** The Applicant had verified from the ledger account of the aforesaid parties as mentioned in table, evidencing such adjustments made by the respondents, out of which most transactions have been adjusted particularly on 31.03.2022 just few months before ICD. The amount of Rs.4,96,09,957/- is recoverable from the present respondents for falsification of books by way of booking false/non-business related expenses.
- c.** As enumerated above, the solitary ingredient of Section 66(1) is that if any business of the Corporate Debtor has been carried on with an intent to defraud creditors of the Corporate Debtor or for any fraudulent purpose then on an application by the Resolution Professional, this Hon'ble Adjudicating Authority can pass an order for contribution by the persons who were knowingly parties to the carrying on of the business in such manner. That the said fraudulent transactions shall imply that while the creditors of the Corporate Debtor are struggling with their recovery in insolvency resolution process and will have to undertake significant write off on their stakes, the funds of the Corporate Debtor have been diverted through transactions assailed in this application to the prejudice of the financial creditors and other stakeholders.
- d.** Any transaction which has an adverse bearing on the financial health of a distressed Corporate Person has to be viewed with considerable disfavour. Reliance is placed on the decision of the Hon'ble Supreme Court in the matter of **Anuj Jain Interim Resolution Professional for Jaypee Infratech Limited V. Axis Bank Limited** passed in **Civil Appeal No. 8512-8527**.



ix. The summary of transactions involved in the present application are as follows:

<u>Particulars</u>	<u>Amount</u>
Donation	3,10,00,000/-
Non-Collection of interest towards loan advances to third parties	1,33,68,225.95/-
Falsification of Books by way of adjustments	1,06,80,389/-
Booking false/Non-business related expenses	4,96,09,957/-
<u>Grand Total</u>	<u>10,46,58,571.95/-</u>

- x. In terms of Section 66 of the Code, no limitation period is prescribed for the Resolution Professional to file an application and therefore, there is no delay in filing the present application by the Resolution Professional. That the Applicant was appointed as the Resolution Professional of the Corporate Debtor on 12.07.2022. Further, the Hon'ble Appellate Tribunal in ***Company Appeal (AT) (CH) (Insolvency) No. 293 of 2021 in Thomas George vs K Easwara Pillai*** has held that there is no lookback period for filing any application under Section 66 of the Code. Even otherwise, the said Regulation 35A of the CIRP Regulations, 2016 has been held to be a 'directory' in nature. Reliance was placed on the Hon'ble National Company Law Appellate Tribunal in ***Aditya Tibrewal v. Om Prakash Pandey & Ors., Company Appeal (AT) (Insolvency) No. 583 of 2021.***
- xi. Reliance was further placed on the decision of the Hon'ble NCLAT in the matter of ***K.N Narayanan Namboodiripad & Ors. v. K. Parameswaran Nair, ERP & Ors. in Comp. App. (AT) (INS) 409 of 2022*** and ***the Royal India Corporation Limited v. Mr Nandkishor Vishnupat Despande & ors. in Company Appeal (AT)(INS) 137 of 2021.***
- xii. In view of the aforesaid observations and the law laid down by the Hon'ble Supreme Court in ***Anuj Jain v. Axis Bank Ltd., (2020) 8 SCC 401***, the



Applicant has filed the present Application in respect of the transactions falling under Sections 66 and 67 read with Section 25(2)(j) of the Code and for passing of appropriate consequential orders.

3. SUBMISSIONS OF THE RESPONDENT NO. 2:

- i. The Suspended Directors have always cooperated with the RP and provided necessary documents/information within their power and possession, from time to time, in response to various queries and communication by the RP.

A. Issue No.1: Donation of huge amount of Rs. 3,10,00,000/-

- a. It is submitted that as per the RP, the Corporate Debtor had donated money despite huge losses being suffered by them. Further, as per the RP, these types of donations are not mandated as per law, and as such these donations cannot be considered to be incurred during the normal course of business. The Ld. RP has gone to the extent of alleging that the intent behind these donations was to defraud the company's creditors. The allegation is wrong and baseless and hence denied.
- b. The suspended directors had earlier also responded to Ld RP and communicated that these donations had been given with bonafide intent to serve the public. It is pertinent to mention here that all the requirements were fulfilled in support of said donations along with requisite documents. The allegation is based on a baseless narrative, put by the auditors. It is nothing but a travesty of facts. The respondents have already provided various documents such as the Board Resolution, Receipt, certificate, ledger, IT Form, etc and as such there is no other additional document, which is in the power and possession of the Respondent No.2.

B. Issue No. 2: Non-collection of interest to the tune of Rs. 1,33,68,225.95 on Loan and Advance of Rs. 12,34,48, 769.30/-

- a. As per the Ld. RP, the Corporate Debtor had neither charged interest on loan advanced to the third parties nor taken any NOC from Creditors before such transaction. The Ld. RP has gone to the extent of alleging that



these transactions were fraudulent. The allegation is wrong and baseless and hence denied.

- b.** It is submitted on behalf of the suspended directors that the relevant Ledgers have already been provided in the early responses to the Ld. RP and based on those ledgers, it is evident that all allegations by Ld. RP are baseless and misplaced. It is further submitted that it is not mandatory under the law that the interest must be charged on such transactions.

C. Issue No. 3: Falsification of Books by way of Set off of Adjustment entries of receivables of Rs. 1,06,80,389/-

- a.** The Ld. RP has alleged that the corporate debtor has indulged in falsification of books by way of set-off of adjustments. The amount was set off just months before ICD. The Ld. RP has gone to the extent of alleging that these transactions were fraudulent. The allegation is wrong and baseless and hence denied.
- b.** It is submitted that all the requisite ledgers have already been provided to the Ld. RP. It is further submitted that the allegations levied upon the respondents are baseless and nothing but a travesty of facts. It is further submitted that the amount receivable was set off against the amount payable (more than 2 years), which was unlikely to be paid on the balance sheet date. The Sweeping of the balances was exercised to avoid any liability towards the amount payable, thereby not extending the limitation period by way of acknowledgment in the balance sheet.



D. Issue No. 4: Booking of false/ non-business-related expenses of Rs. 4,96,09,957/-

- a. It is respectfully submitted that all the relevant ledgers have already been provided to the Ld. RP. The various transactions questioned by Ld. RP are being clarified here as follows:

Name of Party	Amount	Remark	Clarification
Art & Glass	36,33,517.00	Invoice is in the name of CD but material was dispatched to UTC Softech Pvt Ltd	The material was received by CD at the Xaviers project and the invoices were in the name of CD only. It is acknowledged that the shipping address was overlooked by the accountant of the supplier and the storekeeper at the Xaviers Project site. However, the product was used for



			Xavier Project only. It was first come to our notice by your remark only.
Bikaner Expenses	1,40,34,933.00	These Expenses are made as Bikaner Expenses e.g. tubewell, sprinkle system, solar exp, labour charges etc. This seems to personal expenses of Management booked with CD since there is no business activity	Actually, these expenditures are not related with any location of Bikaner, rather, the parties from Bikaner, who are working in NCR region had supplied their labour and material to the Xavier Society. The word Bikaner does not intend to relate with any city, it was written by the accountant just for the reference of these expenditures. Thus, it is not correct to say



			these expenses as personal expenses of Management, rather beautification work was carried out at the project site only.
Optimisation Consultants	6,00,000.00	Invoice is not proper and signature of same parties are different so there is a possibility of fabricated invoice	The payment was made to the party for the Architecture consultancy provided by them to the CD for the Xavier's Project. It is also pertinent to note here that TDS had already been deducted by the CD on the payment made to Optimisation Consultants, which was made during financial year 2016-17. Expenses



			cannot be said fabricated being paid through bank and TDS also deducted. Also, the Income tax department did not raise any query on the same.
Sahun Khan (Khan Enterprises)	93,41,507.00	Amount Paid towards basement maintenance , No supporting was provided	Invoice with Supporting for maintenance of basement were provided to RP during the course of audit
Enershell Alloys & Steel Pvt Ltd	2,20,00,000.00	Amount paid and booked as Building construction however no invoice detail or GST bifurcation was provided	The amount of transaction made with M/s Enershell Alloys & Steel Pvt. Ltd. is actually Rs. 2,20,00,000/- . The money was paid as advance against the supply of material. Therefore the amount is
			directly transferred to Building under Construction Account. Further documentatio n with respect to this transaction is not traceable.
Grand Total	26,25,21,364.00		



4. ANALYSIS AND FINDINGS:

- i.** We have heard the Ld. Counsel of both the parties and perused the documents placed on record.
- ii.** The present Application has been filed by the Resolution Professional of Opulent Infradevelopers Private Limited under Section 66 of the Code, seeking directions against the suspended directors, Respondent Nos. 1 and 2, to make contribution to the assets of the Corporate Debtor on account of certain transactions undertaken by them with an intent to defraud the creditors of the Corporate Debtor.
- iii.** The Applicant has alleged that the suspended directors indulged in the following:
 - a.** Unjustified Donations
 - b.** Non-collection of Interest on Loans to third parties
 - c.** Falsification of Books by Adjustment
 - d.** Falsification of Books by Adjustment
- iv.** At the outset, it is pertinent to note that Section 66 of the Code empowers this Adjudicating Authority to direct any person who was knowingly a party to the carrying on of the business of the Corporate Debtor with intent to defraud creditors or for any fraudulent purpose, to make such contribution to the assets of the Corporate Debtor as the Adjudicating Authority may deem fit. Further, Section 66(2) extends to wrongful trading where directors knew or ought to have known that there was no reasonable prospect of avoiding insolvency, yet failed to exercise due diligence. Section 66 is reproduced herein below:

Section 66-Fraudulent trading or wrongful trading.

(1) If during the corporate insolvency resolution process or a liquidation process, it is found that any business of the corporate debtor has been carried on with intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the Adjudicating Authority may on the application of the resolution professional pass an order that any persons



who were knowingly parties to the carrying on of the business in such manner shall be liable to make such contributions to the assets of the corporate debtor as it may deem fit.

(2) On an application made by a resolution professional during the corporate insolvency resolution process, the Adjudicating Authority may by an order direct that a director or partner of the corporate debtor, as the case may be, shall be liable to make such contribution to the assets of the corporate debtor as it may deem fit, if-

(a) before the insolvency commencement date, such director or partner knew or ought to have known that there was no reasonable prospect of avoiding the commencement of a corporate insolvency resolution process in respect of such corporate debtor, and

(b) such director or partner did not exercise due diligence in minimising the potential loss to the creditors of the corporate debtor.

(3) Notwithstanding anything contained in this section, no application shall be filed by a resolution professional under subsection (2), in respect of such default against which initiation of corporate insolvency resolution process is suspended as per section 10A.

Explanation. For the purposes of this section a director or partner of the corporate debtor, as the case may be, shall be deemed to have exercised due diligence if such diligence was reasonably expected of a person carrying out the same functions as are carried out by such director or partner, as the case may be, in relation to the corporate debtor.

v. Donation of Rs. 3,10,00,000/- to Non-Business Entities:

- a. It is observed from the records that between 20.01.2021 and 25.06.2021, the Corporate Debtor made donations aggregating to ₹3.10 crore to three trusts namely: The Catholic Health Association of India, Ambience Education Society, and Master Nihal Singh Memorial Education Society. These payments were made at a time when the



Corporate Debtor was already under severe financial distress and had defaulted in meeting its obligations to its creditors.

- b.** The Respondents have sought to justify these payments as bona fide charitable donations supported by board resolutions and receipts. However, no material has been placed on record to demonstrate that such donations were linked to the business objects of the Corporate Debtor or that they yielded any tangible benefit. On the contrary, these disbursements have no nexus with the ordinary course of real estate business of the Corporate Debtor.
- c.** The timing, magnitude, and nature of these donations clearly indicate that the same were effected with the intent to divert funds and reduce the asset pool available to creditors. The argument of the Respondents that the donations were made “to serve the public” cannot be accepted, as directors of an insolvent company are required to act in the interest of creditors once financial distress sets in. Therefore, this Adjudicating Authority finds that the said payments were made with intent to defraud creditors and fall within the purview of Section 66(1) of the Code.

vi. Non-collection of Interest to the tune of Rs.1,33,68,225.95/- on Loans and Advances:

- a.** The Corporate Debtor advanced loans and advances aggregating to approximately Rs. 12.34 crore to various parties, without charging any interest. Though the principal amounts were repaid, no interest income was recorded, resulting in loss to the Corporate Debtor.
- b.** The Respondents have contended that charging interest on such advances is not mandatory and that all relevant ledgers have been provided. This contention is devoid of merit. Once the Corporate Debtor had borrowed funds from financial creditors and was facing liquidity constraints, it was expected of the management to act with commercial prudence and safeguard the financial interest of the



company. Advancing interest-free loans during such period, without any business justification or creditor consent, reflects gross negligence and mala fide intent.

- c. The deliberate omission to charge interest deprived the Corporate Debtor of legitimate income and effectively benefited third parties at its cost. Such conduct evidences a pattern of financial mismanagement with intent to prejudice creditors. Accordingly, this Tribunal holds that the failure to collect interest on such advances constitutes a fraudulent transaction under Section 66(1) of the Code. The amount of Rs.1,33,68,225.95/- representing interest loss is recoverable from the Respondents.

vii. Falsification of Books by Adjustment Entries of Rs.1,06,80,389/-

- a. The RP has pointed out that certain adjustment entries were passed just prior to the commencement of CIRP, whereby receivables were set off against payables without valid documentation or approval. The Respondents have admitted that such set-off was done “to avoid liability and limitation”, which itself demonstrates a conscious intent to manipulate the books of accounts.
- b. The sweeping-off of balances without proper substantiation or supporting documents constitutes falsification of accounts. Such acts distort the financial position of the Corporate Debtor and mislead creditors and stakeholders regarding its true assets and liabilities. These actions are squarely covered under fraudulent trading as envisaged under Section 66(1) and warrant contribution from those responsible.



- i. Booking of False/Non-Business-Related Expenses of Rs. 4,96,09,957/-**
- a.** It is further revealed that fictitious and non-business-related expenses amounting to Rs. 4.96 crore were booked in the ledgers without supporting invoices or vouchers.
 - b.** The Respondents have failed to provide any cogent explanation or documentary evidence substantiating that these expenses were incurred in the ordinary course of business. The cumulative pattern of booking inflated or unverified expenses close to insolvency proceedings reinforces the conclusion that these were intended to siphon off funds to the detriment of creditors.
- ix.** In view of the foregoing discussion, this Adjudicating Authority finds that the Respondents were knowingly parties to carrying on the business of the Corporate Debtor with an intent to defraud its creditors and to divert the assets of the Corporate Debtor. The impugned transactions identified by the Resolution Professional comprising donations, interest-free advances, falsified adjustments, and booking of fictitious expenses, are found to be fraudulent within the meaning of Section 66(1) of the Code.
- x.** This Adjudicating Authority concludes and directs as under:
- a. Donations:** The disbursement of Rs. 3.10 crore towards donations to non-business entities having no nexus with the Corporate Debtor's objects was effected with intent to defraud creditors. Accordingly, the said transaction is held to be fraudulent under Section 66(1) of the Code, and the Respondent Directors are directed to contribute a sum of Rs. 3,10,00,000/- to the assets of the Corporate Debtor.
 - b. Interest-free Advances:** The omission to collect interest on loans and advances of ₹12.34 crore, resulting in a loss of Rs. 1,33,68,225.95/-, reflects gross negligence and lack of due diligence during financial distress. The transaction constitutes wrongful trading under Section 66(2) of the Code. The Respondent Directors are therefore directed to



contribute an amount of Rs.1,33,68,225.95/- to the assets of the Corporate Debtor.

c. Falsification of Books by Adjustment: The passing of unauthorised adjustment entries aggregating Rs. 1,06,80,389/- without proper documentation or approval amounts to falsification of accounts and fraudulent manipulation of financial statements. The same is held to be a fraudulent transaction under Section 66(1) of the Code. The Respondent Directors are accordingly directed to contribute Rs. 1,06,80,389/- to the assets of the Corporate Debtor.

d. Booking false/ Non-business related expenses: The booking of false or non-business-related expenses amounting to Rs. 4,96,09,957/- evidences diversion of funds and intent to prejudice creditors. The same is declared fraudulent under Section 66(1) of the Code. The Respondent Directors are directed to contribute Rs. 4,96,09,957/- to the assets of the Corporate Debtor.

xi. Accordingly, this Adjudicating Authority allows the present Application and directs that Respondent Nos. 1 and 2, being the suspended directors of the Corporate Debtor, shall contribute **JOINTLY AND SEVERALLY** to the assets of the Corporate Debtor in the following manner:

S. No.	Particulars	Amount
1.	Donations	3,10,00,000
2.	Non-collection of Interest on Loans to third parties	1,33,68,225.95
3.	Falsification of Books by Adjustment	1,06,80,389
4.	Booking false/ Non-business related expenses	4,96,09,957
	GRAND TOTAL	10,46,58,571.95/-



- i.** In view thereof, the Respondents are directed to jointly and severally contribute an aggregate sum of Rs. 10,46,58,571.95 to the assets of the Corporate Debtor within a period of **15 days** from the date of pronouncement of this Order.
- xiii.** The Resolution Professional is directed to take all consequential steps for recovery of the said amounts.
- xiv.** Accordingly, the present Application bearing **I.A. 2948 OF 2024** is **allowed** in the above terms.

-SD/-

**(ATUL CHATURVEDI)
MEMBER (TECHNICAL)**

-SD/-

**(MANNI SANKARIAH SHANMUGA SUNDARAM)
MEMBER (JUDICIAL)**