IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No. 301- IA/709(AHM)2025
In
C.P.(IB)/238(AHM)2023

Under Sec 43 & 66 r/w Sec 25(2)(i) of IBC 2016

IN THE MATTER OF:

Mrs, Neha Bhasin Authorized Representative and Director of Primus Insolvency and Valuation Pvt. Ltd RP for Girdhari International Pvt. Ltd

........Applicant

V/s

M/s Radha Madhav International Pvt. Ltd & Ors

....Respondents

Order delivered on: 20/08/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-Sd-

SHAMMI KHAN
MEMBER (JUDICIAL)

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT– I, AHMEDABAD

IA No. 709 (AHM) 2025
In
CP (IB) No. 238 of 2023

(An application filed under Section 43 and Section 66 r/w Section 25(2)(j) of the Insolvency and Bankruptcy Code, 2016)

In the matter of:

Mrs. Neha Bhasin
Authorized Representative and Director Of
Primus Insolvency Resolution and Valuation Pvt. Ltd.,
Resolution Professional For
Girdhari International Pvt. Ltd

.... Applicant

VERSUS

1. **M/S. Radha Madhav International Private Limited**
Having Registered Office At:-
4th Floor, Office 401,
Union Trade Centre Udhana Darwaja,
B/S Apple Hospital, Surat
Gujarat, India – 395002
Email Id: Radhamadhavint@Gmail.Com

...Respondent No. 1

2. **M/S. Rameshwaram International Private Limited**
Having Registered Office At: -
4th Floor, Office 401,
Union Trade Centre Udhana Darwaja,
B/S Apple Hospital, Surat,
Gujarat, India, 395002
E-Mail Id: Rameshwaramint@Gmail.Com

...Respondent No. 2

3. **M/S. Iccchapore Textile Park Pvt. Ltd.**
Having Registered Office At: -

Labour Colony-2, Flat No. 501,
Sayan Textile Park, At-Po Ichhapore,
Village Ichhapore, Talu, Ka Chorasi,
Surat, Gujarat, India- 394270
E-Mail Id: Ichhaporepark@Gmail.Com

....Respondent No. 3

4. **Mr. Subodh Kumar Sharma**
R/O- A-301, Union Residency, Near
Safal Square, Udhna Magdalla Road
Surat, Gujarat, 395007
E-Mail Id: Sahilagarwal154@Icloud.Com

... Respondent No. 4

5. **Mr. Sahil Kamal Agarwal**
R/O- A-301, Union Residency, Near
Safal Square, Udhna Magdalla Road
Surat, Gujarat, 395007
E-Mail Id: Sahilagarwal154@Icloud.Com

.... Respondent No. 5

Order pronounced on:20.08.2026.

CORAM:
SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

APPEARANCE:

For the Applicant	: Mr. Monaal Davawala. Advocate.
For the Respondent	: Mr. P.M. Lakhani, Advocate for R-1, R-2, R-4 & R-5
	: Ms. Natasha Shah, Advocate for R-3

ORDER
(*Per*: Bench)

1. The present Application IA No. 709 of 2025 was instituted on 23.06.2025 vide inward dairy No. E 1319 under Sections 43 and Section 66 (1) of the Insolvency and Bankruptcy Code, 2016 ("IBC"), for avoidance of

preferential, extortionate, undervalued or fraudulent transactions. The present application is for seeking following reliefs: -

A. *Allow the present Application;*
B. *Direct the Respondent No. 1 to refund the amount of INR. 7,02,465/- to the account of the Corporate Debtor on account of the same being preferential u/s 43 of the Code;*
C. *Direct the Respondent No. 2 to refund the amount of INR. 41,36,125/- to the account of the Corporate Debtor on account of the same being preferential u/s 43 of the Code;*
D. *Direct the Respondent No. 4 & 5 to be jointly and severally liable for contributing to the assets of the Corporate Debtor, for aforementioned amounts of INR. 7,02,465/- refundable by Respondent No. 1 & of INR, 41,36,125/- refundable by Respondent No. 2, to the extent to which the same are not refunded by Respondent No. 1 and/or Respondent No. 2 respectively.*
E. *Direct the Respondent No. 4 & 5 to be jointly and severally liable for contributing a total amount of INR. 34,93,204/- to the assets of the assets of the Corporate Debtor on account of preferential transaction fraudulently undertaken by them on behalf of Corporate Debtor in favour of related party M/s. Banwari Enterprises Pvt. Ltd. as being Directors of both companies;*
F. *Direct the Respondent No. 4 to refund an amount of INR.4,50,000/- to the account of Corporate Debtor on account of the same being preferential u/s 43 of the Code;*

G. *Direct the Respondent No. 5 to refund an amount of INR. 54,75,999/- to the account of Corporate Debtor on account of the same being preferential u's 43 of the Code;*

H. *Direct the Respondent No. 4 & 5 to be jointly and severally liable for contributing a total amount of INR. 6,75,65,516/- to the assets of the Corporate Debtor on account of the Fraudulent Transactions entered by the Corporate Debtor u/s 66 of the Code,*

I. *Pass an order imposing cost of litigation of the present Application thereby making Respondent No. 4 & 5 jointly & severally liable for payment of the said cost;*

J. *Pass any such other or further order(s) as may be deemed fit by this Hon'ble Tribunal in the facts and circumstances of the present case,*

2. The Applicant has placed the **facts** through the in the following manner: -

a. That subsequent to the initiation of CIRP against the Corporate Debtor and the appointment/confirmation of the Applicant as the Resolution Professional, as stated in Para No. 1 hereinabove, the Committee of Creditors ("CoC"), in its 4th Meeting convened on 17.05.2024, resolved to appoint Mr. R.K. Gupta of M/s. Bansal R. Kumar & Associates as the Transaction and Forensic Auditor for examining the affairs of the Corporate Debtor and identifying transactions falling within the ambit of Preferential, Undervalued, Fraudulent and

Extortionate Credit Transactions ("PUFE Transactions") for the period from 01.04.2021 to 29.02.2024. Pursuant thereto, an Engagement Letter dated 10.05.2024 was issued in favour of the said auditor. A copy of the Minutes of the 4th CoC Meeting dated 17.05.2024 is annexed and marked as **Annexure A-2** to the present petition.

b. That the preparation and finalisation of the Transaction and Forensic Audit Report was delayed on account of substantive non-cooperation by the Suspended Management of the Corporate Debtor ("SM"). In view thereof, the Applicant filed I.A. No. 556/AHM/2024 in CP (IB) No. 238/AHM/2023 under Section 19(2) of the Insolvency and Bankruptcy Code, 2016 ("Code") seeking appropriate directions against the Suspended Management. The said application was allowed by this Tribunal vide order dated 01.07.2024 and was thereafter finally disposed of vide order dated 27.09.2024. Copies of the orders dated 01.07.2024 and 27.09.2024 passed in I.A. No. 556/AHM/2024 are annexed collectively and marked as **Annexure A-3** to the present petition.

c. That the hard copy of the Transaction and Forensic Audit Report was received by the Applicant in December 2024, whereafter the Applicant requested the appointed auditor to provide the soft copy of the

Report. The Applicant had already apprised the CoC of the receipt of the Report in the 9th CoC Meeting convened on 04.10.2024. However, considering the bulky nature of the hard copy of the Report, its discussion was deferred by the CoC.

d. That thereafter, in the 14th CoC Meeting convened on 24.01.2025, the CoC extensively considered and deliberated upon the Transaction and Forensic Audit Report submitted by the appointed auditor and discussed various issues arising therefrom. Upon consideration of the issues identified in the Report, the CoC advised the Applicant to obtain appropriate legal opinions from legal practitioners for determining the course of action in respect of the transactions identified in the Report. A copy of the Final Transaction and Forensic Audit Report received by the Applicant is annexed and marked as **Annexure A-4**, and a copy of the Minutes of the 14th CoC Meeting dated 24.01.2025 is annexed and marked as **Annexure A-5** to the present petition.

e. That pursuant to the aforesaid advice of the CoC, the Applicant obtained legal opinions from legal professionals in respect of the issues arising from the Transaction and Forensic Audit Report. Upon consideration of the said opinions and finalisation of the legal advice, the Applicant has preferred the present Application seeking appropriate reliefs in respect of the transactions identified as falling within the scope of Section 43 and Section 66 of the Code.

SECTION 43 TRANSACTION DETAILS

S. No.	Respondent No.	Detail of Transaction	Amount (in INR)	Page No. of the Audit Report
1.	1 M/s. Radha Madhav International Private Limited	Amount Payable by Corporate Debtor to Respondent No. 1 was adjusted and/or rounded off against receivable amount.	7,02,465	29-30
2.	2 M/s. Rameshwaram International Private Limited	Amount Payable by Corporate Debtor to Respondent No. 2 was adjusted and/or rounded off against receivable amount.	41,36,125	30-31
3.	4 Mr. Subodh Kumar Sharma	Payment made to Respondent No. 4 by the Corporate Debtor w.r.t Unsecured Loans obtained from him	4,50,000	108
4.	5 Mr. Sahil Kamal Agarwal	Admin Expenses paid to Respondent No. 5 by the	12,29,579	108-112

		Corporate debtor		
5.	5 Mr. Sahil Kamal Agarwal	Payment made to Respondent No. 5 by the Corporate Debtor w.r.t Unsecured Loans obtained from him	42,46,420	**108-112**
6.	4 & 5 Mr. Subodh Kumar Sharma & Mr. Sahil Kamal Agarwal	Amount payable by Corporate Debtor to related party M/s. Banwari Enterprises Pvt. Ltd. was adjusted and/or rounded off by against receivable amount.	34,93,204	**32**
		TOTAL	**1,42,57,793**	

SECTION 66 TRANSACTION DETAILS

S. No.	**Respondent No.**	**Detail of Transaction**	**Amount** *(in INR)*	**Page No. of Audit Report**
1.	3 Icechapore Textile Park Pvt. Ltd	Investment made in the Respondent No. 3 by the Corporate Debtor by defrauding creditors, without any supporting document. Further, on visit to Respondent's registered office by the Applicant, it was discovered that the office was a single flat office with no	3,30,00,000	**61 & 115**

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		documentation or staff.		
2.	4 & 5 Mr. Subodh Kumar Sharma & Mr. Sahil Kamal Agarwal (SBoD)	Corporate Debtor has received money from M/s. DRIP Capital Inc. which was utilized by Corporate Debtor to pay several parties on same or next day. However, there is no mention of M/s. DRIP Capital Inc. in the books of accounts of the Corporate Debtor as Unsecured Loan or as Creditor.	3,45,65,516	57-60
TOTAL			6,75,65,516	

f. That the details of the transactions identified in the Transaction and Forensic Audit Report and sought to be impugned by the Applicant under Sections 43 and 66 of the Code are set out herein below:

A. Preferential Transactions under Section 43 of the Code

i. The Transaction and Forensic Audit Report identifies M/s. Radha Madhav International Pvt. Ltd. (Respondent No.1), M/s. Rameshwaram International Pvt. Ltd. (Respondent No.2), M/s. Banwari Enterprises Pvt. Ltd. and M/s. Mahamaya Multinational Ltd. as related parties of the Corporate Debtor, inter alia, on the basis that Respondent Nos. 4

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and 5 (Mr. Subodh Kumar Sharma and Mr. Sahil Kamal Agarwal, who were directors of the Corporate Debtor, were also directors of the aforesaid entities. The relevant details are recorded at Pages 29 to 35 of the Report.

ii. Based upon the findings of the Transaction and Forensic Audit Report, the Applicant has identified the following transactions as preferential transactions for the purposes of the present Application:

iii. M/s. Radha Madhav International Pvt. Ltd. (Respondent No. 1): Respondent No. 1 has been identified as a related party of the Corporate Debtor. An amount of INR 7,02,465/-, payable by the Corporate Debtor to Respondent No. 1, was adjusted against the amount receivable from the said Respondent during the period from 28.02.2024 to 02.03.2024. The relevant transaction is recorded at Pages 29-30 of the Report.

iv. M/s. Rameshwaram International Pvt. Ltd. (Respondent No. 2): Respondent No. 2 has also been identified as a related party of the Corporate Debtor. An amount of INR 41,36,125/-, payable by the Corporate Debtor to Respondent No. 2, was adjusted against the amount receivable from the said Respondent during the period from 27.02.2024 to 28.02.2024. The relevant transaction is recorded at Pages 30-31 of the Report.

v. Mr. Subodh Kumar Sharma (Respondent No. 4): Respondent No. 4 was a director of the Corporate Debtor prior to initiation of CIRP and is accordingly identified as a related party. The Report records that Respondent No. 4 had advanced unsecured loans to the Corporate Debtor and that an aggregate amount of INR 4,50,000/- was paid to him by the Corporate Debtor during the period from 14.03.2022 to 09.02.2024. The relevant findings are recorded at Page 108 of the Report.

vi. M/s. Banwari Enterprises Pvt. Ltd.: The said entity has been identified as a related party of the Corporate Debtor on the basis set out hereinabove. An amount of INR 34,93,204/-, payable by the Corporate Debtor to the said entity, was adjusted against the amount receivable from it during the period from 01.04.2022 to 28.02.2024. The relevant transactions are recorded at Pages 32-35 of the Report.

vii. Mr. Sahil Kamal Agarwal (Respondent No. 5): Respondent No. 5 was also a director of the Corporate Debtor prior to initiation of CIRP and is identified as a related party. The Report records that Respondent No. 5 had submitted administrative expenses of INR 12,29,579/- to the Corporate Debtor and had advanced unsecured loans of INR 42,46,420/-, aggregating to INR 54,75,999/- as amounts claimed to be due to him from the Corporate Debtor. Against the same, the Corporate Debtor made several payments to Respondent No. 5 during the period from 10.03.2022 to 02.12.2022, aggregating to INR 1,04,55,094/-, comprising INR 10,48,094/- and INR 94,37,000/-, excluding remuneration and salary paid to him. The Applicant relies upon the findings in the Report that the aforesaid unexplained payments, made when Respondent No. 5 was a creditor of the Corporate Debtor, included payments towards the aforesaid administrative expenses and unsecured loans. The relevant findings are recorded at Pages 108-112 of the Report.

viii. The Applicant submits that the aforesaid transactions are liable to be examined under Section 43 of the Code in light of the principles laid down by the Hon'ble Supreme Court in *Jaypee Infratech Ltd., Interim Resolution Professional v. Axis Bank Ltd.*, (2020) 8 SCC

401, particularly in relation to transactions involving related parties and the preferential treatment contemplated under Section 43 of the Code.

ix. It is further stated that, as per the information available with the Applicant, CIRP has also been initiated against M/s. Banwari Enterprises Pvt. Ltd., in whose favour the Corporate Debtor had adjusted an amount of INR 34,93,204/- as referred to hereinabove. The Applicant submits that Respondent Nos. 4 and 5 were directors of both the Corporate Debtor and the said entity prior to initiation of CIRP and, in view of their involvement in the affairs of both entities during the relevant period, seeks appropriate directions against Respondent Nos. 4 and 5, including contribution of the said amount of INR 34,93,204/- to the assets of the Corporate Debtor, jointly and severally, subject to the findings of this Tribunal.

x. The transactions pertaining to M/s. Mahamaya Multinational Ltd. have not been impugned in the present Application, as the Transaction and Forensic Audit Report indicates that the concerned amount/transaction had already been refunded. The relevant observation is recorded at Page 32 of the Report.

B. Fraudulent Transactions under Section 66 of the Code

i. M/s. Icchapore Textile Park Pvt. Ltd. (Respondent No. 3): The Report records that an amount of INR 3.30 Crore was invested by the Corporate Debtor in Respondent No. 3. The Applicant states that no supporting documents relating to the said investment were made available. Further, upon personal visit to the registered office of Respondent No. 3, the Applicant found the premises to be an empty single-flat office, with no documents or staff available at the premises. In view of the absence of supporting documentation and the circumstances noticed during the visit, the Applicant has identified the said transaction for consideration under Section 66 of the Code. The relevant findings are recorded at Pages 61 and 115 of the Report.

ii. Transactions involving M/s. DRIP Capital Inc. and Respondent Nos. 4 and 5: Respondent Nos. 4 and 5 were the two directors of the Corporate Debtor during the period under review and continued to exercise control over its affairs until their suspension consequent upon initiation of CIRP.

iii. The Report records that M/s. DRIP Capital Inc. provided an amount of INR 3,45,65,516/- to the Corporate Debtor, which was utilised by the Corporate Debtor for making payments to various parties on the same day or within one to two days of receipt of the said amount. It is further recorded that there was no corresponding disclosure of M/s. DRIP Capital Inc. in the books of account of the Corporate Debtor in any financial year as an unsecured lender or creditor.

iv. The Applicant has accordingly identified the said transactions for consideration under Section 66 of the Code on the basis of the findings contained in the Report. The relevant transactions and findings are recorded at Pages 37-60 of the Report.

v. In view of the aforesaid transactions and the role attributed to Respondent Nos. 4 and 5, who were in control of the affairs of the Corporate Debtor during the relevant review period, the Applicant seeks appropriate directions under Section 66 of the Code requiring the said Respondents to contribute to the assets of the Corporate Debtor in respect of the transactions referred to in Para 12(b)(i)(1) and 12(b)(i)(2), subject to the determination of this Tribunal.

vi. The Transaction and Forensic Audit Report also identifies certain other transactions which may fall within the scope of Section 66 of the Code. However, the Applicant has not impugned such transactions in the present Application, as the Applicant was unable to form a concrete opinion regarding the same in the absence of the requisite supporting documents and information from the Suspended Management, despite requests made in that regard. The copies of the correspondence/emails exchanged between the Applicant and the Suspended Management seeking clarification and supporting documents in relation to the findings of the Transaction and Forensic Audit Report are annexed and marked as Annexure A-6.

vii. That, in the aforesaid circumstances, the Applicant, being under a statutory duty to take necessary steps in respect of transactions falling within the scope of the avoidance provisions of the Code, including in terms of Section 25(2)(j) of the Code, has preferred the present Application seeking appropriate reliefs in respect of the transactions identified hereinabove under Sections 43 and 66 of the Code.

viii. The Applicant submits that the filing of the present Application was delayed on account of the non-cooperation of the Suspended Management, which materially affected the preparation and finalisation of the Transaction and Forensic Audit Report. The Final Report was received only after considerable delay. Thereafter, the findings contained in the Report were considered and deliberated upon by the CoC, which advised the Applicant to obtain appropriate legal opinions from legal professionals before proceeding further. The process of obtaining and finalising such legal opinions also consumed additional time, resulting in the filing of the present Application at the present stage.

ix. That the present Application is being preferred bona fide and in the interest of justice, on the basis of the findings contained in the Transaction and Forensic Audit Report and the material available with the Applicant, with a view to securing appropriate reliefs in respect of the transactions identified for examination under Sections 43 and 66 of the Code and for protecting and augmenting the assets of the Corporate Debtor for the benefit of its stakeholders.

3. Upon issuance of notice, **Affidavit in Reply** on behalf of Respondent No. 1 (M/s Radha Madhav International Private Limited), 2 (M/s Rameshwaram International Private Limited), 4 (Mr. Subodh Kumar Sharma) and 5 (Mr. Sahil Kamal Agarwal) was received on 10.11.2025 vide inward dairy no. D 7418. Wherein the following submissions were made: -

a. At the outset, Respondent Nos. 1, 2, 4 and 5 have categorically denied the contents and allegations contained in the present Interlocutory Application except to the limited extent expressly admitted in their reply.

A. OBJECTIONS TO THE TRANSACTION AND FORENSIC AUDIT REPORT

b. The Respondents have principally challenged the Transaction and Forensic Audit Report prepared by M/s. Bansal R. Kumar & Associates, stated by them to have been submitted on 12.09.2024. It has been contended that the auditor did not visit the premises of the Corporate Debtor and did not interact or communicate with the directors or officers of the concerned companies. According to the

Respondents, the Report was prepared merely on the basis of papers made available by the IRP and without substantial supporting material or proof. The Respondents have therefore alleged that the Report is incomplete, biased and unreliable.

c. The Respondents have further stated that the Corporate Debtor had already filed its audit report for the year ended 31.03.2023 before the Income Tax Department and that the same had been duly approved/accepted by the concerned department. It has also been submitted that an outstanding tax demand of INR 29,46,45,720/-, along with accrued interest of INR 4,71,43,312/-, had been raised under Section 143(1) pursuant to notice dated 02.06.2023 bearing DIN No. ITBA/AST/S/1432/2023-24/1053520604(1).

d. According to the Respondents, the Corporate Debtor had appointed a Chartered Accountant to pursue an appeal against the said demand and the matter was stated to be undergoing proceedings relating to condonation of delay and hearing before the Income Tax Tribunal, Ahmedabad.

e. With regard to GST matters, the Respondents have submitted that the Board of Directors had been suspended upon initiation of CIRP and, therefore, the IRP/RP was required to file the appropriate response before the concerned authority.

f. As regards the Bank Reconciliation Statement, the Respondents have disputed the findings of the auditor concerning cheques issued but not cleared and cheques deposited but not cleared. It has been contended that every cheque shown in the Report as having remained uncleared was, in fact, cleared as reflected in the bank statements. According to the Respondents, the auditor merely reproduced the bank book without reconciling the same with the actual books of account and bank statements. The Respondents have accordingly disputed the findings appearing in Part 7 of the Report and at Pages 40 to 56 thereof.

B. Export Bills And Transactions With Drip Capital Inc.

a. The Respondents have stated that the Corporate Debtor was required to realise amounts from its overseas debtors and had approached the Reserve Bank of India for extension of the period for realisation of the export proceeds.

b. With respect to M/s. Drip Capital Inc., the Respondents have denied any concealment of the receipt of funds and have stated that the payments received from Drip Capital Inc. are duly reflected in the bank statements of the Corporate Debtor. According to the Respondents, the transaction constituted an off-balance-sheet financing arrangement undertaken on the creditworthiness of the Corporate Debtor and against submission of original bills of lading evidencing export of material.

c. It has been stated that the export transactions with Future Hope Mega Biz Ltd., Nigeria were genuine and could be verified from the original bills of lading, shipping bills and invoices submitted to Drip Capital Inc., on the basis of which the latter released the funds. According to the Respondents, when the overseas parties failed to realise the export proceeds, Drip Capital Inc. took delivery of the goods and sold them on its own. The Respondents have contended that any loss suffered on account of such sale by Drip Capital Inc. without consultation with the Corporate Debtor ought to be made good by Drip Capital Inc.

d. The Respondents have further stated that each export bill was supported by a bill of lading containing details of the invoice number, quantity/pieces/meters, shipping marks, container number, shipping bill number and container seal number, along with the shipping bill/LEO copy. According to them, these documents establish that the goods were actually exported and that diversion of the export proceeds through another channel was not possible. The Corporate Debtor had also approached the RBI for extension of the period for realisation of the export proceeds.

e. As regards the transaction with Drip Capital Inc., the Respondents have stated that the funding was undertaken pursuant to a Full Recourse Accounts Purchase and Security Agreement, Purchase Request and Deed of Assignment. It has been contended that the arrangement was off-balance-sheet because the goods stood assigned/transferred in favour of Drip Capital Inc. and, accordingly, the liability towards Drip Capital Inc. was not recorded as an unsecured loan or creditor liability in the books of the Corporate Debtor. The export invoices also specifically provided for direct payment by the overseas buyer to Drip Capital Inc.

f. The Respondents have further contended that Drip Capital Inc. itself took delivery of the goods at the relevant ports and subsequently disposed of the goods at a lower price despite communications from the Corporate Debtor requesting a better realisation. According to the Respondents, the auditor failed to consider these facts and incorrectly stated that the genuineness of the sales could not be commented upon. The Respondents contend that the very fact that the goods were shipped and subsequently taken delivery of by Drip Capital Inc. establishes the genuineness of the underlying export transactions.

C. INVESTMENT IN M/S. ICCHAPORE TEXTILE PARK PVT. LTD.

a. With regard to the investment of INR 3.30 Crore in M/s. Icchapore Textile Park Pvt. Ltd., the Respondents have disputed the allegation that the investment was made with an intent to defraud creditors.

b. The Respondents have stated that the Corporate Debtor had entered into a Sub-Lease Agreement dated 02.12.2022 with M/s. Icchapore Textile Park Pvt. Ltd., having its registered office at LC-2/501, M/s. Sayan Textile Park, Icchapore, Surat, for acquisition of 36 flats, being Flat Nos. 101 to 108, 201 to 208, 305 to 308, 401 to 408 and 501 to 508. Out of the said flats, 32 flats measured approximately 51.25 sq. metres each and 4 flats measured approximately 49.83 sq. metres each.

c. According to the Respondents, the total contractual value of the said transaction was INR 6.48 Crore, against which the Corporate Debtor had paid INR 3.30 Crore to M/s. Icchapore Textile Park Pvt. Ltd. The Respondents have stated that the copy of the Sub-Lease Agreement had already been filed before the Tribunal and was being enclosed again for ready reference.

D. SALES AND PURCHASES OF THE CORPORATE DEBTOR

a. The allegation concerning absence of evidence of sales has been denied. The Respondents have stated that approximately 90% of the sales of the Corporate Debtor were export sales, supported by shipping bills, bills of lading and invoices, and therefore the allegation that the sales were unsupported or non-genuine is incorrect.

b. As regards purchases, the Respondents have explained that the Corporate Debtor was engaged in the business of marketing fabrics and readymade garments in both domestic and export markets and was therefore required to purchase various kinds of fabrics and garments. According to them, weight slips are generally relevant for yarns and fibres, whereas the Corporate Debtor primarily dealt in fabrics, for which measurement is ordinarily recorded in metres.

c. The Respondents have further stated that, as per the arrangement with suppliers, the purchased material was required to be delivered at the relevant port, predominantly Nhava Sheva Port, Mumbai. Therefore, according to them, separate transport receipts were not necessarily required. The vehicle number was mentioned on invoices and the Corporate Debtor possessed the relevant e-way bills. The Respondents therefore contend that the purchases recorded in the books were genuine and that the Transaction Auditor reached conclusions without properly verifying the available documents.

It has again been stated that the auditor neither visited the Corporate Debtor's office nor interacted with its directors.

E. TRANSACTIONS WITH RELATED PARTIES

a. With respect to M/s. Radha Madhav International Pvt. Ltd., the Respondents have stated that the Corporate Debtor had borrowed INR 5,00,000/- in FY 2021-22 and INR 65,87,000/- in FY 2022-23, aggregating to INR 70,87,000/-, out of which INR 63,85,000/- was repaid in FY 2022-23 and the balance was received in the form of goods during FY 2023-24. According to the Respondents, the transactions constituted ordinary financial/business transactions and did not involve any fraudulent or preferential conduct. Copies of the relevant ledger/account from the books of the Corporate Debtor were stated to be enclosed.

b. With respect to M/s. Rameshwaram International Pvt. Ltd., the Respondents have stated that the Corporate Debtor had borrowed amounts during FY 2021-22, FY 2022-23, FY 2023-24 and FY 2024-25 up to 05.07.2024, which were subsequently repaid and/or settled through receipt of goods from the said entity. The Respondents contend that these were ordinary-course business and financial transactions.

c. With respect to M/s. Mahamaya Multinational Ltd., the Respondents have stated that the Corporate Debtor had lent INR 2,00,000/- in FY 2022-23, which was received back in FY 2023-24, thereby settling the account. The transaction has accordingly been characterised as a normal financial transaction and not as a fraudulent or preferential transaction.

d. With respect to M/s. Banwari Enterprises Pvt. Ltd., the Respondents have stated that the Corporate Debtor had borrowed money during FY 2021-22, FY 2022-23 and FY 2023-24, which was subsequently repaid and/or settled through sale of goods in various financial years. According to the Respondents, both accounts stood at nil and the transactions represented normal business transactions at market prices.

F. GST ALLEGATIONS

a. Respondent No. 5, Mr. Sahil Agarwal, has specifically disputed the allegations arising from the GST investigation. He has stated that the statement allegedly given by him before the DGGI was made under pressure and that he subsequently filed a retraction of the said statement, which was accepted by the DGGI authorities.

b. The Respondents have alleged that the Transaction Auditor merely reproduced allegations without examining the underlying facts or legality of the transactions. It has been contended that no proceedings had been initiated by the DGGI against the companies in which Respondent No. 5 was a director for alleged revenue loss or fraudulent/bogus billing. According to the Respondents, the auditor ought to have examined the stock registers and movement of goods.

c. It has further been stated that the goods purchased by the Corporate Debtor were duly exported to various parties and were supported by shipping bills, bills of lading and invoices. The Respondents have again relied upon the financing by Drip Capital Inc. against the original bills of lading to contend that the underlying transactions were genuine.

G. UTILISATION OF FUNDS RECEIVED FROM DRIP CAPITAL INC.

a. The Respondents have disputed the auditor's findings regarding utilisation of funds received from Drip Capital Inc. The Respondents state that an amount of INR 3,45,65,516.52/- received from Drip Capital Inc. was utilised towards discharge of business liabilities of the Corporate Debtor.

b. According to the Respondents, the utilisation included payments towards purchase of goods, financial transactions, day-to-day expenses, purchase of garments and repayment of unsecured loans, including payments to:

i. M/s. D.P. Enterprises – INR 4,04,19,402/-;
ii. M/s. Banwari Enterprises Pvt. Ltd. – INR 19,41,400/-;
iii. Gautam Enterprises – INR 29,82,500/-;
iv. M/s. Radha Madhav International Pvt. Ltd. – INR 10,00,000/-;
v. Cash – INR 9,90,000/-;
vi. M/s. Ram Enterprise – INR 25,02,500/-;
vii. M/s. Solanki Enterprise – INR 68,65,000/-;
viii. M/s. Rameshwaram International Pvt. Ltd. – INR 17,42,000/-;
ix. M/s. VR Sales – INR 67,65,126/-; and
x. Mr. Sahil Agarwal – INR 17,87,000/-.

g. The Respondents have stated that the total amount reflected in their analysis was INR 6,69,94,428/-, whereas the Transaction Auditor had considered an amount of INR 4,66,44,844/-, and have questioned how payments exceeding the amount received could have been attributed solely to the funds received from Drip Capital Inc. They have therefore alleged that the calculations in the Report were incorrect and had not been properly verified.

H. DEFENCE TO ALLEGED PREFERENTIAL TRANSACTIONS UNDER SECTION 43

a. In relation to the transactions alleged to be preferential under Section 43 of the Code, the Respondents have furnished the following explanation:
   i. M/s. Radha Madhav International Pvt. Ltd.: The transactions represented purchase of materials and financial transactions undertaken in the ordinary course of business.
   ii. M/s. Rameshwaram International Pvt. Ltd.: The transactions represented purchase of materials and financial transactions undertaken in the ordinary course of business.
   iii. M/s. Banwari Enterprises Pvt. Ltd.: The transactions represented purchase of materials and financial transactions undertaken in the ordinary course of business.
   iv. M/s. Mahamaya Multinational Ltd.: The transactions represented purchase of materials and financial transactions undertaken in the ordinary course of business.
   v. M/s. Icchapore Textile Park Pvt. Ltd.: The payment of INR 3.30 Crore was stated to have been made towards acquisition of 36 flats under the Sub-Lease Agreement for a total consideration of INR 6.48 Crore, and not for defrauding creditors.

vi. Mr. Subodh Kumar Sharma: Payments made to him were stated to comprise remuneration and reimbursement of expenses incurred in the ordinary course of business.

vii. Mr. Sahil Kamal Agarwal: Payments made to him were stated to comprise remuneration, reimbursement of expenses and repayment of unsecured loans availed by the Corporate Debtor, all of which were stated to be transactions undertaken in the ordinary course of business.

viii. Cash transactions: Cash withdrawals and deposits were stated to have been made in the ordinary course of business.

b. The Respondents have denied the auditor's allegation that the Board of Directors had attempted to siphon funds of the Corporate Debtor for purposes other than its normal business. According to them, the auditor has not identified any specific transaction which was conclusively established to be false or fraudulent and has merely classified transactions as preferential without establishing the necessary ingredients under Section 43 of the Code.

c. The Respondents have further referred to the observation at Point No. 21 of Page 144 of the Transaction Audit Report, where the auditor allegedly stated that supporting proof had not been provided. The Respondents contend that the auditor had not specifically approached the directors for such documents and that the relevant documents had already been submitted to the IRP, Ms. Neha Bhasin. They have stated that copies of the registered sale and purchase deeds executed before the Sub-Registrar, Surat, were also being produced.

I. Defence to Alleged Fraudulent Transactions under Section 66

a. With respect to the transactions classified by the auditor as fraudulent under Section 66 of the Code, the Respondents have submitted that the Report does not disclose the specific evidence or material on the basis of which such transactions were concluded to be fraudulent.

b. According to the Respondents, the auditor neither approached the directors to understand the nature of the business transactions nor verified the documents allegedly submitted to the IRP. It has therefore been contended that the findings under Section 66 were based on a predetermined or biased approach.

c. The Respondents have asserted that the transactions identified in the Report involved purchase of goods and services by the Corporate Debtor and payments made towards such transactions. Since the goods purchased were subsequently exported and supported by relevant commercial and shipping documents, the Respondents contend that the mere recording of such transactions in the books could not justify their classification as fraudulent.

d. The Respondents have accordingly alleged that the Transaction and Forensic Audit Report was prepared with a biased mind and without proper application of mind or detailed examination of the underlying transactions. It is their contention that almost every transaction was classified as either preferential, fraudulent, defrauding creditors or PUFE without adequate evidence or concrete reasons supporting such conclusions.

e. On the aforesaid basis, the Respondents have prayed that the Transaction and Forensic Audit Report be rejected and that a fresh transaction audit be conducted by appointing a new Transaction Auditor with specific guidelines.

J. General Defence and Relief Sought

a. The Respondents have contended that the transactions impugned in the I.A. were genuine business transactions entered into in good faith and in the ordinary course of business and, therefore, could not be treated as preferential transactions merely because certain transactions were entered into with related parties. They have further submitted that there was no material to establish that any particular creditor or related party was favoured over other creditors in contravention of Section 43 of the Code.

b. The Respondents have alleged that the present I.A. has been filed by the RP with mala fide intention and for an oblique purpose, with a view to cause unnecessary harassment, and without substantial material or concrete evidence.

c. It has accordingly been submitted that all transactions alleged in the I.A. were undertaken in good faith and in the ordinary course of business and do not constitute preferential or fraudulent transactions.

d. The Respondents have contended that the reliefs sought by the Applicant cannot be granted in the facts and circumstances of the case, as the Applicant has failed to establish the essential ingredients of the provisions of the Code under which the transactions have been impugned.

e. The I.A. has therefore been characterised as vexatious and baseless and as an attempt to cause undue harassment with an ulterior motive. The Respondents have accordingly prayed for dismissal of the I.A. with exemplary costs.

f. The Respondents have reserved their right, with the permission of this Tribunal, to add, amend, alter or rescind any of the averments contained in their reply.

g. It has further been stated that the present reply has been filed for the limited purpose of opposing the admission/entertainment of the I.A., and that the Respondents reserve their right to file any further or additional affidavit/reply as may be necessary.

h. This version is framed so that it can be used in an NCLT order under the heading "Submissions of the Respondents", while retaining the Respondents' factual explanations and their challenge to the Transaction Audit Report.

4. Further, the **Reply** on behalf of Respondent No. 3 was received dated 17.11.2025 vide inward dairy no. D 7596. Wherein following submission were made in:-

a. Respondent No. 3 has filed its Affidavit-in-Reply through its authorised signatory, duly authorised by Board Resolution dated 08.09.2025, annexed as **Annexure-A**. The Respondent has denied all averments in the Application except those specifically admitted and has reserved its right to file further affidavit(s), if required.

b. At the outset, Respondent No. 3 has raised the following preliminary objections:

   i. **<u>Respondent is a third party</u>**: It is contended that Respondent No. 3 is unconnected with the management, promoters or officers of the Corporate Debtor and that no relief under the Code can be maintained against such third party. The Applicant, being dominus litis, was required to implead only necessary parties.

ii. **Delay**: Relying upon Regulation 35 of the CIRP Regulations, Respondent No. 3 has contended that the Resolution Professional was required to form an opinion regarding transactions under Sections 43, 45, 50 and 66 within 115 days of the insolvency commencement date. Since CIRP commenced on 24.02.2021 and the present Application was filed only on 05.07.2025, the Application is stated to be grossly belated, without any explanation for delay or prayer for condonation.

iii. **Ingredients of Section 66 not established**: It is contended that the Applicant has failed to plead or establish the material facts necessary to constitute a fraudulent transaction under Section 66 and that the transaction concerning Respondent No. 3 falls within the exceptions contemplated under the said provision.

iv. **Joint application under Sections 43 and 66**: Respondent No. 3 has contended that

Sections 43 and 66 operate in distinct fields and require separate statutory ingredients and reliefs; hence, transactions under the two provisions cannot be jointly maintained without separately establishing the requirements of each provision.

v. **Absence of subjective satisfaction**: The Applicant is alleged to have merely relied upon the Transaction Auditor's findings without independently examining and verifying the transactions or arriving at the requisite subjective satisfaction before filing the Application.

vi. **No relief against Respondent No. 3**: It is contended that no specific relief has been sought against Respondent No. 3 in the prayer clause and, therefore, the Application is not maintainable against it.

vii. **Violation of natural justice**: Respondent No. 3 has contended that the Applicant failed to furnish the relevant Transaction Audit findings/draft Report to the concerned parties and provide them an opportunity to explain the transactions before approaching the Adjudicating Authority. According to the Respondent, such exercise was necessary before the Applicant could arrive at subjective satisfaction regarding the alleged fraudulent or preferential nature of the transactions.

c. As regards the pleadings in the Application, Respondent No. 3 has stated that the paragraphs concerning the Applicant, jurisdiction and matters not relating to it require no specific response. The Respondent has specifically disputed the plea regarding limitation and reiterated that the Application is belated and unsupported by any explanation or prayer for condonation. The averments concerning the transactions under Section 43 and the other Section 66 transaction have also been stated not to concern Respondent No. 3.

DEFENCE TO INVESTMENT OF INR 3.30 CRORE

d. Respondent No. 3 has specifically denied the allegation concerning Transaction No. 1 under Section 66, namely, that the Corporate Debtor invested INR 3.30 Crore in Respondent No. 3 with an intention to defraud its creditors or without supporting documents. It has also denied the allegation that its registered office was merely a single-flat office without documents or staff.

e. According to Respondent No. 3, the transaction was a genuine arm's-length transaction pursuant to a Sub-Lease Agreement entered into with the Corporate Debtor. The transaction concerned 36 flats, comprising Flat Nos. 101-108, 201-208, 305-308, 401-408 and 501-508, with 32 flats measuring approximately 51.25 sq. metres each and 4 flats approximately 49.83 sq. metres each. The total contractual consideration was INR 6.48 Crore, against which INR 3.30 Crore was paid by the Corporate Debtor.

f. Respondent No. 3 has relied upon the Sub-Lease Agreements with English translations, its statement of account and the Corporate Debtor's ledger maintained by it, annexed as Annexure-B. It has further stated that the transaction was duly reflected in its audited financial statements for FY 2023-24 and 2024-25, which were filed with the concerned statutory/regulatory authorities; the relevant audit reports are annexed as Annexure-C.

g. Respondent No. 3 has further stated that its registered office has since been shifted to the project site, where documentation and staff are available. In support, it has relied upon photographs, net-worth and fixed-asset certificates dated 08.11.2025 issued by M/s. Rashesh Shah and Associates, Chartered Accountants, and a valuation report dated 14.10.2025 issued by Mr. Bharat Patel, Civil Project Consultant, Chartered Engineer and Government-approved Valuer, annexed as Annexure-D.

h. It has further been submitted that, under the Sub-Lease Agreement, a further amount of INR 3.14 Crore remains payable by the Corporate Debtor and the Corporate Debtor is accordingly in default. Respondent No. 3 has therefore asserted its contractual right to forfeit the INR 3.30 Crore already received.

i. Respondent No. 3 has consequently denied that the transaction was fraudulent, dubious or intended to defraud the creditors and has maintained that it was a genuine, documented and arm's-length transaction.

j. The remaining averments have been stated either not to concern Respondent No. 3, to be matters of record, or to be unsupported by knowledge requiring a specific response. Respondent No. 3 has reiterated its denial of the allegations concerning the aforesaid investment and relied upon the documentary material placed on record.

k. In view of the aforesaid, Respondent No. 3 has submitted that the Applicant has failed to establish any fraudulent transaction attributable to Respondent No. 3 or the essential ingredients of Section 66 of the Code. It has accordingly prayed that the Application, insofar as it concerns Respondent No. 3, be dismissed with costs.

5. That the **Rejoinder to the Reply of Respondent No. 1, 2, 4 and 5** was received dated 18.11.2025 vide inward No. 7649. Wherein submits that the Affidavit in Reply filed by the answering Respondents is misconceived, legally untenable and devoid of merit. The Respondents have made vague, evasive and blanket denials without specifically rebutting the allegations raised in the Interlocutory Application or producing any documentary evidence in support thereof.

a. That the allegations raised in the Interlocutory Application are not conjectural or extraneous, but are based upon the findings of the Transaction and Forensic Audit Report prepared by M/s. Bansal R. Kumar & Associates, Chartered Accountants, duly appointed by the Committee of Creditors in its 4th CoC Meeting dated 17.05.2024. The said Report was subsequently deliberated upon in the 14th CoC Meeting dated 24.01.2025, wherein the CoC advised the Applicant to obtain legal opinion and take appropriate proceedings before this Tribunal.

b. That the answering Respondents' objection regarding the auditor not having physically visited the premises is untenable. The auditor had sought necessary information and clarifications from the directors through email; however, the directors failed to respond. The Transaction Auditor was provided with the available books of account, bank statements and other relevant records by the Resolution Professional and conducted the audit in accordance with the scope of work under the Engagement Letter dated 10.05.2024 and applicable professional standards.

c. That the limitations recorded in the Audit Report were substantially attributable to the non-cooperation of the Suspended Management and related parties, including non-production of promoters'/directors' bank statements, debtor statements furnished to DRIP Capital Inc. and bank statements of related parties. The Suspended Directors had also failed to cooperate with the Resolution Professional despite repeated requests and the specific direction of this Tribunal dated 09.07.2024 in IA/556(AHM) 2024. The Respondents cannot be permitted to take advantage of their own default.

d. That the Respondents have admitted the existence of substantial statutory liabilities, including Income Tax demands of approximately Rs. 29.46 crore with accrued interest of approximately Rs. 4.71 crore under Section 143(1). Respondent No. 5 has also admitted having given a statement before the DGGI and subsequently retracting the same. These circumstances further substantiate the need for examination of the financial transactions and the findings recorded in the Transaction Audit Report.

e. That the transactions with M/s. Radha Madhav International Pvt. Ltd., M/s. Rameshwaram International Pvt. Ltd., M/s. Mahamaya Multinational Ltd. and M/s. Banwari Enterprises Pvt. Ltd. are transactions involving related parties, as common directors were associated with the Corporate Debtor and the said entities. The Respondents' description of such transactions as "normal business transactions" cannot, by itself, defeat the statutory examination required under Section 43 of the Code.

f. That the Transaction Audit Report specifically identifies an adjustment of Rs. 7,02,465/- with M/s. Radha Madhav International Pvt. Ltd. between 28.02.2024 and 02.03.2024, and an adjustment of Rs. 41,36,125/- with M/s. Rameshwaram International Pvt. Ltd. between 27.02.2024 and 28.02.2024. The Report also identifies an adjustment of Rs. 34,93,204/- involving M/s. Banwari Enterprises Pvt. Ltd. during the period from 01.04.2022 to 28.02.2024. The said transactions fall within the relevant period and warrant examination as preferential transactions under Section 43 of the Code.

g. That with respect to M/s. Icchapore Textile Park Pvt. Ltd., the Corporate Debtor made payments aggregating to Rs. 3.30 crore on 10.11.2022, 11.11.2022 and 02.12.2022 without supporting sale documents, receipts, property papers or other evidence of a genuine investment. The Resolution Professional's visit to the registered office revealed an empty single-flat office with no staff, documents or apparent business activity, which was also supported by photographs annexed to the Audit Report. The Respondents' assertion that the payment was towards purchase of 36 flats worth Rs. 6.48 crore is wholly unsupported by any sale deed, allotment letter, receipt or property document.

h. That the aforesaid transaction is particularly suspicious considering that M/s. Icchapore Textile Park Pvt. Ltd. had a paid-up capital of only Rs. 1 lakh. The Respondents, despite being called upon through emails to furnish information and documents, failed to provide any satisfactory explanation. The transaction therefore warrants examination under Section 66 of the Code for possible fraudulent diversion of the Corporate Debtor's funds.

i. That the Transaction Audit Report further identifies receipt of Rs. 3,45,65,516/- from M/s. DRIP Capital Inc., which was utilised for making payments to various parties on the same day or within one or two days. Despite such funding, M/s. DRIP Capital Inc. was not reflected in the books of account of the Corporate Debtor as an unsecured lender or creditor in any financial year. It is pertinent that DRIP Capital Inc. had itself initiated the CIRP in CP (IB) No. 238/AHM/2023, which was admitted by this Tribunal on 29.02.2024. The Respondents have failed to explain the said material discrepancy, thereby lending support to the allegation of concealment and manipulation of liabilities.

j. That the Audit Report also identifies preferential payments made to Respondent No. 4, Mr. Subodh Kumar Sharma, amounting to Rs. 4,50,000/- towards repayment of unsecured loans during 14.03.2022 to 09.02.2024, and payments of Rs. 54,75,999/- to Respondent No. 5, Mr. Sahil Kamal Agarwal, comprising Rs. 12,29,579/- towards administrative expenses and Rs. 42,46,420/- towards repayment of unsecured loans. The Respondents have failed to furnish any satisfactory explanation or documentary justification for the said payments.

k. That the past conduct of the Respondents further assumes significance. This Tribunal, vide order dated 09.07.2024 in IA/784(AHM) 2024, recorded that Respondent Nos. 1 and 2 had transferred Rs. 14,34,146/- from the Corporate Debtor's account during the moratorium period in violation of Section 14 of the Code. Respondent No. 5 admitted the transactions and tendered an unconditional apology. Such conduct reinforces the Applicant's contention that the transactions identified in the present proceedings require strict scrutiny.

l. That the Respondents' prayer for rejection of the Transaction Audit Report and appointment of a fresh auditor is misconceived and amounts to an attempt to delay the proceedings. The Transaction Auditor was duly appointed by the CoC in its 4th meeting dated 17.05.2024 and the Report was considered in the 14th CoC Meeting dated 24.01.2025. The Respondents have failed to identify any specific error, illegality, omission or material defect in the 115-page professionally prepared Report containing detailed analysis of financial statements, bank transactions, purchases, sales and related-party transactions.

m. That the Respondents' assertion that the transactions were undertaken in "good faith" and in the "ordinary course of business" is unsupported by documentary evidence and does not answer the specific findings of the Transaction Audit Report. Likewise, the allegations that the present Application has been filed with mala fide intention, oblique motive, or for harassment are baseless. The Application has been filed bona fide in discharge of the Applicant's statutory duties and for protection and maximisation of the assets of the Corporate Debtor.

n. That the answering Respondents, being the Suspended Directors and persons connected with the related-party entities, were in control of the affairs of the Corporate Debtor during the relevant period and were responsible for the transactions identified in the Audit Report. Their failure to specifically rebut the findings or produce supporting documents cannot displace the prima facie material placed on record by the Applicant.

o. That in view of the aforesaid facts and circumstances, the Affidavit in Reply filed by the answering Respondents deserves to be rejected, the objections raised therein deserve to be disregarded, and the prayers made in the Interlocutory Application deserve to be allowed. The Respondents ought to be directed to refund/contribute the amounts found liable to be restored to the assets of the Corporate Debtor, in the interest of the creditors and stakeholders and for maximisation of value.

6. That the **Rejoinder to the Reply of Respondent No. 3** was received dated 19.06.2026 vide inward No. D 5035. Wherein following submission were made in: -

a. That the Applicant, being the Authorised Representative and Director of Primus Insolvency Resolution and Valuation Pvt. Ltd., acting as the Resolution Professional, is competent to file the present Rejoinder and denies all averments of Respondent No. 3 except those specifically admitted.

b. That the Reply dated 14.11.2025 is misconceived, legally untenable and devoid of merit, containing vague and unsupported denials. The timing of the Reply, filed immediately after the Applicant's Rejoinder dated 13.11.2025, also indicates an attempt to delay the adjudication of the present Application.

c. That the objection of misjoinder is untenable since Respondent No. 3 is the direct recipient of the Rs. 3.30 crore allegedly fraudulently transferred by the Corporate Debtor and is therefore a necessary and proper party for effective adjudication and recovery under Section 66 of the Code.

d. That the contention that Respondent No. 3 is an unrelated third party is incorrect, as the transaction was undertaken by Respondent Nos. 4 and 5, the Suspended Management, who were closely connected with Respondent No. 3. The amount was directly received by Respondent No. 3, making its presence necessary.

e. That the objection regarding delay is misconceived. The CIRP commenced on 29.02.2024, while the Transaction Audit Report was received only in December 2024 due to the non-cooperation of the Suspended Management. The Applicant formed the requisite satisfaction after receipt and consideration of the Report by the CoC in its 14th meeting dated 24.01.2025.

f. That the ingredients of Section 66 are prima facie established, as Rs. 3.30 crore was invested in Respondent No. 3 without contemporaneous supporting documents, and the physical inspection dated 04.07.2024 revealed an empty office without staff, records or business activity. The independent auditor, M/s. Bansal R. Kumar & Associates, specifically flagged the transaction as fraudulent.

g. That the Applicant undertook extensive verification by issuing repeated emails and notices to Respondent No. 3, its directors, the statutory auditor and the Suspended Management, besides conducting a physical inspection. Despite these efforts, no documents or explanation were furnished during the CIRP, thereby supporting the Applicant's satisfaction regarding the fraudulent nature of the transaction.

h. That the objection regarding maintainability of a joint application under Sections 43 and 66 is untenable, as there is no statutory bar against seeking interconnected reliefs in one application. In any event, the relief against Respondent No. 3 arises principally under Section 66.

i. That the plea of violation of natural justice is baseless, as Respondent No. 3 was repeatedly given opportunities to provide documents and explanations but remained completely unresponsive. It cannot rely upon its own non-cooperation to allege denial of natural justice.

j. That the alleged sub-lease agreement, account statements and other documents produced for the first time with the Reply cannot retrospectively establish the genuineness of the transaction. The mere reflection of the transaction in Respondent No. 3's audited financial statements also does not establish its legitimacy.

k. That the contention regarding shifting of the registered office and the alleged right to forfeit Rs.

3.30 crore are belated and unsupported by contemporaneous documents. The physical inspection found the premises vacant, while the MCA records and auditor's certificate continued to reflect the same address.

l. That the valuation report dated 14.10.2025 and net-worth certificates dated 08.11.2025, obtained after filing of the Application, cannot retrospectively validate a transaction which lacked supporting documentation throughout the CIRP. Similarly, the belated production of the alleged sub-lease agreements raises serious doubts regarding their bona fides.

m. That the complete absence of contemporaneous documentation, repeated non-cooperation, physical inspection findings and the specific findings of the Transaction Audit Report establish a prima facie case of fraudulent diversion of funds under Section 66 of the Code.

n. That accordingly, the objections of Respondent No. 3 deserve to be rejected and the Application deserves to be allowed with appropriate directions for reversal/recovery of the PUFE transactions and contribution of the amounts to the estate of the Corporate Debtor. The Applicant reserves the right to file further affidavits or amend the present submissions, if necessary.

7. That the **Written Submission** on behalf of the Respondent No. 3 was received dated 13.04.2026 vide inward No. D 3212 along with the Written Arguments on behalf Respondent No. 1, 2, 4 and 5 dated 13.04.2026 vide inward dairy no. D 3213.

8. That the **Written Submission** on behalf of the Applicant was received dated 20.07.2026 vide inward No. D5903.

9. We have heard Ld. Counsel for the Applicant, Ld. Counsel for the Respondents, carefully examined the Interlocutory Application, the reply filed by Respondents, the rejoinder of the Applicant and written submissions. The Application seeking adjudication of transactions alleged to be hit by section 43 (Preferential Transactions) and section 66 (Fraudulent or wrongful trading) is filed by the Resolution Professional of the Corporate Debtor (Girdhari International Private Limited) and sought corresponding reliefs. A copy of the final transaction and forensic audit report prepared by M/s Bansal R Kumar and Associates is enclosed at Pages 70 to 184 of the Application.

10. We provide below a chronology of dates and Events with reference to transactions, as available in the pleadings.

Date	Particulars / Event
01.04.2021	Commencement of the period covered by the Transaction and Forensic Audit for examination of PUFE transactions.
14.03.2022 – 09.02.2024	Payments aggregating to **Rs. 4,50,000/-** were allegedly made by the Corporate Debtor to Respondent No. 4, Mr. Subodh Kumar Sharma, towards unsecured loans.
10.03.2022 – 02.12.2022	Payments were allegedly made to Respondent No. 5, Mr. Sahil Kamal Agarwal, aggregating to **Rs. 1,04,55,094/-**, excluding remuneration and salary. The Applicant alleges that these included payments towards administrative expenses and unsecured loans.
10.11.2022	One of the payments forming part of the alleged **Rs. 3.30 crore investment in Icchapore Textile Park Pvt. Ltd.** was made.
11.11.2022	Another payment forming part of the alleged **Rs. 3.30 crore investment in Icchapore Textile Park Pvt. Ltd.** was made.
02.12.2022	The Respondents rely upon a **Sub-Lease Agreement** dated 02.12.2022 with Icchapore Textile Park Pvt. Ltd. for acquisition of **36 flats** for a total consideration of **Rs. 6.48 crore**, against which ₹3.30 crore was allegedly paid.
02.12.2022	The period of payments to Respondent No. 5 also extends up to this date.
27.02.2024 – 28.02.2024	An amount of **Rs. 41,36,125/-** payable by the Corporate Debtor to Respondent No. 2, Rameshwaram International Pvt. Ltd., was allegedly adjusted against the receivable from the said Respondent. The Applicant treats this as a preferential transaction.
28.02.2024 – 02.03.2024	An amount of **Rs. 7,02,465/-** payable by the Corporate Debtor to Respondent No. 1, Radha Madhav International Pvt. Ltd., was allegedly adjusted against the amount receivable from the said Respondent.
29.02.2024	The document contains a reference to **29.02.2024 as the CIRP commencement date** in the Applicant's rejoinder. The Audit Report's review period also ends on this date.
29.02.2024	The Applicant alleges that DRIP Capital Inc. had initiated CIRP proceedings against the Corporate Debtor, which were admitted by the Tribunal on this date.
10.05.2024	Engagement Letter issued to **M/s. Bansal R. Kumar & Associates** for conducting the Transaction and Forensic Audit.

Date	Particulars / Event
17.05.2024	In the **4th CoC Meeting**, the CoC resolved to appoint Mr. R.K. Gupta of M/s. Bansal R. Kumar & Associates as the Transaction and Forensic Auditor to examine PUFE transactions for the period **01.04.2021 to 29.02.2024**.
01.07.2024	The Tribunal allowed **I.A. No. 556/AHM/2024**, filed by the Applicant under Section 19(2) of the IBC, seeking directions against the Suspended Management for non-cooperation.
04.07.2024	According to the Applicant, a personal inspection of the registered office of **Icchapore Textile Park Pvt. Ltd.** was conducted. The Applicant allegedly found an empty single-flat office without staff or documents. This inspection subsequently became an important basis for the Section 66 allegation concerning the Rs. 3.30 crore transaction.
09.07.2024	In **IA/784(AHM) 2024**, the Tribunal recorded that Respondent Nos. 1 and 2 had transferred **Rs. 14,34,146/-** from the Corporate Debtor's account during the moratorium in violation of Section 14. Respondent No. 5 allegedly admitted the transactions and tendered an unconditional apology.
27.09.2024	**I.A. No. 556/AHM/2024** was finally disposed of by the Tribunal concerning cooperation by the Suspended Management.
04.10.2024	In the **9th CoC Meeting**, the Applicant apprised the CoC regarding receipt of the Transaction and Forensic Audit Report. Detailed discussion was deferred because of the bulky nature of the hard copy.
December 2024	The Applicant states that the **hard copy of the Transaction and Forensic Audit Report** was received. The Applicant thereafter requested the auditor for the soft copy.
24.01.2025	In the **14th CoC Meeting**, the Transaction and Forensic Audit Report was extensively considered and deliberated upon. The CoC advised the Applicant to obtain appropriate **legal opinions** and take necessary proceedings in respect of the identified transactions.
2025	Pursuant to the CoC's advice, the Applicant obtained legal opinions concerning the transactions identified in the Audit Report and thereafter decided to initiate proceedings under **Sections 43 and 66 of the IBC**.
05.07.2025	Respondent No. 3, in its reply, states that the present

Date	Particulars / Event
	Application was filed on **05.07.2025** and challenges it as belated. This appears to be the date intended for filing of IA No. 709 of 2025.
08.09.2025	Respondent No. 3's authorised signatory was authorised by a **Board Resolution dated 08.09.2025** to file its reply.
14.10.2025	A **valuation report** concerning the Icchapore transaction was obtained by Respondent No. 3. The Applicant subsequently argued that this report could not retrospectively validate the transaction.

11. Considering the prayers in the Application and pleadings in the case, the following Issues are framed for determination: -

i. **Issue No. 01;** Whether the present Application under Sections 43 and 66 of the Code is maintainable and whether the same is barred by delay/limitation as contended by the Respondents?

ii. **Issue No. 02;** Whether the transactions/adjustments involving M/s. Radha Madhav International Pvt. Ltd., M/s. Rameshwaram International Pvt. Ltd., M/s. Banwari Enterprises Pvt. Ltd., Respondent No. 4 and Respondent No. 5 constitute preferential transactions within the meaning of Section 43 of the Code?

iii. **Issue No. 03;** Whether the Corporate Debtor's payment of Rs. 3.30 crore to M/s. Icchapore Textile Park Pvt. Ltd. constitutes a fraudulent transaction within the meaning of Section 66 of the Code?

OBSERVATION OF THE TRIBUNAL:-

12. **Findings on Issue No. 01:-** Whether the present Application under Sections 43 and 66 of the Code is maintainable and whether the same is barred by delay/limitation as contended by the Respondents?

i. We have perused the Application, Transaction and Forensic Audit Report, Replies, Rejoinders and Written and oral Submissions of the parties. The Respondents contend that the Application under Sections 43 and 66 is barred by delay, having been filed beyond the timeline prescribed under Regulation 35A of the CIRP Regulations.

ii. A Petition under section 7 of the IBC, 2016 was filed by Drip Capital Inc. on 05.10.2023. The Corporate Debtor defaulted in payment of USD 2,52,600 to the Financial Creditor. The CD had entered into a "Full Recourse Account Purchase and Security Agreement" dated 11.04.2022 with the Financial Creditor. Invoices containing necessary details were assigned by the CD in favour of the FC together with the packing list. The FC had paid USD 3,65,660 to the CD towards assignment of 7 invoices. The buyers had failed to make payments to the FC and the FC sold goods for USD 1,61,355 and balance due of USD 2,52,660 was payable and defaulted by the CD. The CIRP commenced on **29.02.2024**. The CoC appointed M/s. Bansal R. Kumar & Associates as Transaction and Forensic Auditor on **17.05.2024**. Owing to alleged non-cooperation by the Suspended Management, the Applicant initiated proceedings under Section 19(2), which were allowed on 01.07.2024 and finally disposed of on 27.09.2024. The Transaction Audit Report (TAR) was thereafter considered by the CoC in its **14th meeting dated 24.01.2025**, wherein the Applicant was advised to obtain legal opinions and take appropriate proceedings.

iii. It is true that the present Application was filed beyond the timeline contemplated under Regulation 35A. However, the Hon'ble NCLAT in ***Aditya Kumar Tibrewal v. Om Prakash Pandey*** Company Appeal (AT) Insolvency No. 583 of 2021, ***Prasant Chandra Rath v. Surya Kant Satapathy*** Company Appeal (AT) (Insolvency) No. 869 of 2022, and ***Jagdish Kumar Parulkar v. Vinod Agrawal*** Company Appeal (AT) (Insolvency) No.483 of 2022 has held that the timeline under Regulation 35A is **directory and not mandatory**, and delay does not, by itself, render an avoidance application non-maintainable. The delay has to be examined in the facts and circumstances of each case.

iv. The same position has been reiterated in ***Jasvinder Singh Makan v. Anish Kumar Sanghi (RP),*** (2026) ibclaw.in 135 NCLAT, decided on 06.02.2026, wherein the NCLAT held that non-compliance with Regulation 35A does not extinguish the jurisdiction of the Adjudicating Authority to examine transactions under Sections 43 and 66. The purpose of such proceedings is to protect the assets of the Corporate Debtor and the interests of its creditors.

v. In the present case, the Applicant has placed contemporaneous material showing that steps were taken for investigation, including appointment of the Transaction Auditor, initiation of proceedings under Section 19(2) on account of non-cooperation by the suspended management, consideration of the Audit Report by the CoC and obtaining of legal opinions before filing the Application. Therefore, the delay cannot be treated as a case of an inaction by the Resolution Professional who kept on working for obtaining a Report and then filed the present application.

vi. The Respondents have also questioned the filing of a composite application to consider the transactions under Sections 43 and 66 of the Code. The Hon'ble Supreme Court in the case of ***Piramal Capital & Housing Finance Ltd. v. 63 Moons Technologies Ltd.***, Civil Appeal Nos. 1632-1634 OF 2022, has held that although applications under Sections 43, 45 and 50 constitute avoidance applications falling under Chapter III, proceedings under Section 66 relating to fraudulent or wrongful trading fall under Chapter VI and operate in a distinct field. The Hon'ble Supreme Court further held that where common applications are filed under Sections 43, 45, 50 and 66, the Adjudicating Authority is required to distinguish the transactions and determine the provision attracted to each transaction before exercising the powers conferred under the respective provisions.

vii. Accordingly, the timeline prescribed under Regulation 35A is directory and non-compliance therewith does not, by itself, render the present Application non-maintainable. In the facts of the present case, the explanation regarding non-cooperation of the Suspended Management, completion of the transaction audit, consideration of the Report and obtaining of legal advice sufficiently explains the time taken in instituting the present proceedings.

Accordingly, the objection of the Respondents regarding limitation, composite application and maintainability is **rejected**. The Application is held to be **maintainable**.

13. **Findings on Issue No. 2:-** Whether the transactions/adjustments involving M/s. Radha Madhav International Pvt. Ltd., M/s. Rameshwaram International

Pvt. Ltd., M/s. Banwari Enterprises Pvt. Ltd., Respondent No. 4 and Respondent No. 5 constitute preferential transactions within the meaning of Section 43 of the Code?

i. For a transaction to constitute a preference under Section 43, it must be established that: (i) there was a transfer of property or an interest thereof of the Corporate Debtor; (ii) the transfer was for the benefit of a creditor, surety or guarantor; (iii) it was made on account of an antecedent financial debt, operational debt or other liability owed by the Corporate Debtor; (iv) it had the effect of placing such person in a beneficial position than would have been available in a distribution under Section 53; and (v) the transaction falls within the relevant period under Section 43(4), subject to the exceptions under Section 43(3). As held by the Hon'ble Supreme Court in ***Anuj Jain, IRP for Jaypee Infratech Ltd. v. Axis Bank Ltd.,*** AIRONLINE 2020 SC 279, (2020) 4 SCALE 310, these ingredients are required to be cumulatively established, while fraudulent intention is not an essential ingredient of Section 43.

ii. The Transaction Audit was undertaken for the period **01.04.2021 to 29.02.2024** and specifically examined transactions that might be covered under the provisions of Section 43. The report, however, records certain limitations due to non-availability of complete information and documents but the suspended management was given an opportunity to provide comments and necessary documentary evidence.

iii. In respect of **M/s. Radha Madhav International Pvt. Ltd.**, it is alleged that an amount of approximately **Rs. 7,02,465/-** payable by the Corporate Debtor was adjusted against the receivable from the said related party shortly before the insolvency commencement date. The Respondent relies upon earlier borrowings, purchases and ordinary business dealings.

iv. The issue is discussed on pages 29 and 30 of the Transaction and Forensic Audit Report (TAR) (pages 98 and 99 of the Application). M/s Radha Madhav International is a related party and this fact is undisputed. As per the Report, the CD made payments of Rs. 70,87,000/- to Radha Madhav International Pvt. Ltd. during the period 29.12.2021 and 04.11.2022 and received Rs. 63,85,000/- from Radha Madhav International on 03.03.2022. Purchases of Rs. 7,02,463/- made on 27.02.2024 and 28.02.2024. The TAR notes that the balance of Rs. 7,02,000/- was adjusted on 28.02.2024. The CIRP commenced on 29.02.2024. The TAR notes amount adjusted of Rs. 7,02,000/-. This happened just one day prior to the CIRP commencement date. We note that payments of Rs. 70,87,000/- were made to Radha Madhav and amount of Rs. 63,85,000/- was received leaving Rs. 7,02,000/- as receivable from Radha Madhav. The CD is shown to have made purchases of Rs. 7,02,463/- on 27.02.2024 and 28.02.2024. The TAR has taken note of this adjustment through purchases. After these purchases made neither amount was payable nor receivable. The TAR refers to transactions with related party and nowhere notes it is a preference transaction. Further, the amount of Rs. 7,02,463/- receivable (difference of payments and receipt) was adjusted by making purchases. We find that no payment has been made or property or interest has been transferred and the Report only refers to balance receivable adjusted by making purchases. Based on the facts of the transaction, we are of the view that application of section 43 is not attracted in this case.

v. As regards **M/s. Rameshwaram International Pvt. Ltd.**, **Rs. 41,36,125/-** payable by the Corporate Debtor was adjusted against its receivable on **27.02.2024/28.02.2024**. The Respondent relies upon genuine borrowings, repayments and purchases. The issue is discussed on pages 30 and

31 of TAR (pages 99 and 100 of the Application). Payment of Rs 1,88,93,200 was made by the CD to Rameshwaram International Private Limited during the period 11.11.2021 to 20.10.2022 (including Rs 1000 on 04.01.2024). Amount of Rs 1,47,60,000 was received by CD from M/s Rameshwaram International during the period 17.11.2021 to 01.01.2024. Based on these payments and receipt, an amount of Rs. 41,33,200 /- was receivable by the CD from Rameshwaram International. The Report notes that CD made purchases of Rs. 41,36,125/- on 27.02.2024 and 28.02.2024. Based on these transactions, the Report notes that amounts were adjusted. Considering these facts that the receivable was adjusted through purchases made and for the reasons given as in the case of Radha Madhav International Private Limited, we do not agree with the RP and hold that no application of section 43 is warranted for transactions with Rameshwaram International Private Limited. We are not giving any comments on the purchases shown to have been made just one day prior to the insolvency commencement date.

vi. In respect of **M/s. Banwari Enterprises Pvt. Ltd.**, **Rs. 34,93,204/-** payable by the Corporate Debtor was adjusted against its receivable during **01.04.2022 to 28.02.2024**. The material further indicates common directorship/relationship involving Respondent Nos. 4 and 5. The Respondents' contended that the transactions represented ordinary purchases and financial dealings. The issue is discussed on pages 32 to 35 of TAR (Pages 101 to 105 of the Application). CD made payments of Rs. 6,94,16,045/- to Banwari Enterprises during the period 03.06.2021 to 28.02,2024 and received amount of Rs. 7,06,13,031/- during the period 19.04.2021 to 09.02.2024. There was a sale of Rs. 1,19,96,846/- to Banwari Enterprises during the period 07.07.2022 to 28.02.2024. All these transactions resulted into receivable of Rs. 1,07,99,860/- from Banwari Enterprises. The Report refers to amount adjusted of Rs. 34,93,2024/- but whether it was out of payable or receivable and how that will be considered a preferential transaction is not established. As noted above, the TAR only refers to transaction with related party and basis of application of section 43 is not stated by the RP. We are of the view that provisions of section 43 are not applicable to the transactions with Banwari Enterprises.

vii. As regards **Respondent No. 4, Mr. Subodh Kumar Sharma**, the Applicant has alleged repayment of **Rs. 4,50,000/-** towards an unsecured loan during

14.03.2022 to 09.02.2024. The issue is discussed on page 108 of the TAR (page 177 of the Application). The payments are made in cash. A total payment of Rs. 6,00,000/- is made but during the two years look back period only Rs. 4,50,000/- is paid. Mr. Subodh Kumar Sharma is a related party and repayment of loan that too in cash is a transfer of property for the benefit of a creditor on account of an antecedent debt and such a repayment of an antecedent unsecured loan to a related-party director during the look-back period places such person in a more beneficial position than what such a person could have received under Section 53 and, therefore, constitutes a preferential transaction. We hold that repayment of loan to Mr. Subodh Kumar Sharma amounting to Rs 4,50,000/- is a preferential transaction under the provisions of section 43 of the Code.

viii. In respect of **Respondent No. 5, Mr. Sahil Kamal Agarwal**, the transactions are stated on pages 108 to 112 of the TAR (Pages 177 to 181 of the Application. An amount of Rs 12,29,579 is paid towards Admin Expenses (between 16.12.2021 to 31.03.2023), an amount of Rs 15,97,437 is received from him during the period 14.01.2022 to 02.12.2022, an amount of Rs. 42,46,420/- is received as unsecured loan during the period

17.04.2021 to 16.01.2023 and an amount of Rs 1,00,07,000 is paid during the period 02.06.2021 to 21.10.2022. The above details show that there have been regular receipt and payment transaction with Mr. Sahil Agrawal. The Application has not made a case that how these transactions attract provisions of section 43 of the Code. It has not been established that payment towards an antecedent debt have been made.

Accordingly, we hold that **none of the transactions except for an amount of Rs 4,50,000 in the case of Mr. Subodh Kumar Sharma meets the requirements of section 43 of the Code** and are held accordingly and no relief as prayed in the Application is granted in respect of payments to various parties except in the case of Mr. Subodh Kumar Sharma.

14. **Findings on Issue No. 3:-** Whether the Corporate Debtor's payment of Rs. 3.30 crore to M/s. Icchapore Textile Park Pvt. Ltd. constitutes a fraudulent transaction within the meaning of Section 66 of the Code?

i. The issue is discussed on page 10 of the Transaction Audit Report. The Report notes that an investment of Rs 3.30 crores has been made in Ichhapore Textile Park Private Limited. This company is registered in a single flat office with no documents and no staff. The paid-up capital of the company is only Rs 1.0 lakh. No receipt of investments was produced, and no property papers are provided.

ii. Upon consideration of the Application, Transaction and Forensic Audit Report, relevant bank entries, sub-lease agreement and its annexures, the reply and written submissions of **Respondent No. 3 – M/s. Icchapore Textile Park Pvt. Ltd.**, and the minutes of the CoC, this Adjudicating Authority observes that the issue under Section 66(1) of the Code is whether the payment of **Rs. 3.30 Crore** by the Corporate Debtor to Respondent No. 3 was made for a fraudulent purpose and whether Respondent No. 3 was **knowingly a party** to such conduct. Section 66(1) requires something more than a mere irregular or commercially unsuccessful transaction, namely, a finding of fraudulent purpose and knowing participation.

iii. The Hon'ble Supreme Court in ***Piramal Capital & Housing Finance Ltd. v. 63 Moons Technologies Ltd.***, Civil Appeal Nos. 1632-1634 of 2022, has distinguished Section 66 from the avoidance provisions under Sections 43, 45 and 50 and held that the enquiry under Section 66 concerns whether the business of the Corporate Debtor was carried on with an intent to defraud its creditors or for a fraudulent purpose.

iv. In the present case, the material on record establishes that an aggregate amount of Rs. 3.30 Crore was paid to Respondent No. 3 (Ichhapore Textile Park Pvt. Ltd) [Rs. 1,40,25,000/- on 10.11.2022, Rs. 14,75,000/- on 10.11.2022 and Rs. 1,45,00,000/- on 11.11.2022 and Rs. 30,00,000/- on 02.12.2022], whereas the sub-lease agreement is dated 02.12.2022. Thus, a substantial amount of approximately Rs. 3 Crore had already been transferred before execution of the sub-lease agreement which is relied upon by Respondent No. 3 as the basis of the transaction.

v. The Respondent No.3 has objected to its inclusion as a Respondent because it is unconnected and unrelated to the management of Corporate Debtor and no relief as sought under section 66 can be alleged against the third party. We refer to relevant provisions of section 66 of the Code and the same is extracted below:

Section 66: Fraudulent 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 [or the liquidator,] 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.

vi. Bare reading of the above provision leads us to examine whether the transaction has been carried for a fraudulent purpose and any person (Respondent No.3) was knowingly a party to the carrying on the business in such a manner which shall be liable to make such contributions to the assets of the Corporate Debtor. Therefore, a third party can be liable to contribute to the assets of the Corporate Debtor if the conditions of section 66(1) are met and therefore the contention of the Respondent No.3 that being an unconnected and unrelated party, provisions of section 66 do not apply, is rejected.

vii. Respondent No.3 has also raised contention regarding filing of application at a belated stage and much beyond 115 days from the initiation of CIRP. This issue has already been adjudicated in this order and this contention is rejected.

viii. It has also been contented that alleged transaction is covered within the contours of the exception carved out under section 66 and the application is not maintainable. However, the Respondent has not explained the exception under which the transaction is covered and accordingly this contention is rejected.

ix. We now move to consider the case on merits based on the facts. Before that, we consider appropriate to refer to the relevant facts below concerning the transaction.

x. As noted in **point (iv)** Above, the sub-lease agreement is dated 02.12.2022 whereas all the payments were made prior to that date. There is no contemporaneous correspondence between parties on record to establish that the payments were made for purchasing sub-lease rights in the property. The Respondent No.3 has claimed that as per sub lease agreement the corporate debtor is required to make further payments of Rs. 3,14,00,000/- which is still pending and the corporate debtor being in default the Respondent is entitled to forfeit the amount of Rs. 3,30,00,000/-.

xi. The Respondent No.3 has attached a copy of Sub-Lease Agreement dated 02.12.2022 (Pages 11 to 17 of its Reply) along with its Reply filed on 14.11.2025. This document is in Gujarati Language. A translated copy is available on pages 20 to 26 of the Reply. The document in Gujarati Language is on the letter head of Respondent No.3 and is not on a stamp paper. The Respondent No.3 has not provided any independent document to prove that the sub lease agreement was prepared contemporaneously.

xii. Page 30 of the Reply of Respondent No.3 filed on 14.11.2025 is a copy of ledger of Girdhari International Private Limited in the books of account of the Respondent No.3 and it does not show that the amount was received for sale/sub-lease of property.

xiii. Page 43 of the Reply of Respondent No.3 filed on 14.11.2025 contains notes on accounts for the year ended March 31, 2024 of Respondent No.3 and Note 2.3 shows that the Respondent No.3 has accounted the receipt of Rs. 3,30,00,000/- as an unsecured loan as on 31.03.2023 and 31.03.2024 from Girdhari International Private Limited. Relevant portion of the audit report is extracted below:

Note No. 2.3 Long Term Borrowings

In ₹ Hundreds

Particulars	as at 31/03/2024	as at 31/03/2023
Others		
Unsecured		
HARMONY PRINTS PVT. LTD.	107101.70	107101.70
NIYATI EXPORTS PVT. LTD.	474046.35	474046.35
GUINEA SECURITIES & FINANCIAL PVT. LTD.	50250.00	50250.00
KKOP POLYMERS PVT. LTD.	312100.00	312100.00
STAR CHEM POLYTRADE PVT. LTD.	440000.00	486000.00
SAYAN TEXTILE PARK LIMITED	242525.34	277525.34
LOAN FROM DIRECTORS & THEIR RELATIVES	4891817.29	6200317.29
GIRDHARI INTERNATIONAL PVT. LTD.	330000.00	330000.00
AYUSH TEXLENE LTD.	75000.00	0.00
	6928840.68	8237340.68

xiv. Page 73 of the Reply of the Respondent No.3 is a part of the statutory audit report for the year ending 31.03.2025. Note 2.3 of the Notes on Accounts for the year ended 31.03.2025 shows the amount of Rs 3,30,00,000 as unsecured loan from Girdhari International Limited. The relevant portion of the Statutory Audit Report is extracted below:

NOTE NO. 2.3 LONG TERM BORROWINGS

In ₹ Hundreds

PARTICULARS	AS AT 31/03/2025	as at 31/03/2024
OTHERS		
UNSECURED		
HARMONY PRINTS PVT. LTD.	54601.70	107101.70
NIYATI EXPORTS PVT. LTD.	354046.35	474046.35
GUINEA SECURITIES & FINANCIAL PVT. LTD.	50250.00	50250.00
KKOP POLYMERS PVT. LTD.	0.00	312100.00
STAR CHEM POLYTRADE PVT. LTD.	0.00	446000.00
SAYAN TEXTILE PARK LIMITED	157525.34	242525.34
LOAN FROM DIRECTORS & THEIR RELATIVES	4388787.59	4891817.29
GIROHARI INTERNATIONAL PVT. LTD.	330000.00	330000.00
AYUSH TEXLENE LTD.	75000.00	75000.00
	5410210.98	6928840.68

xv. The above cited statutory audit report in the case of M/s Icchapore Textile Park Pvt. Limited unequivocally shows that the Respondent No.3 has accounted the receipt from the Corporate Debtor as long-term unsecured loan. The receipt has not been accounted as revenue or income as should have been the case if the contention of the Respondent that it was part of a consideration for sub-leasing of flats. We are of the strong view that the claim of the Respondent regarding receipt as a consideration for sub-lease falls flat based on the contents in its own statutory audit reports.

xvi. The money paid by the CD to Respondent No.3 is held to be a deposit by the CD and is an asset of the Corporate Debtor. Otherwise also, payment for purchasing the sub-lease rights on flats is also an asset of the Corporate Debtor.

xvii. This Adjudicating Authority is conscious of the principles laid down by the NCLAT *in* ***Renuka Devi***

Rangaswamy v. Regen Powertech Pvt. Ltd., Company Appeal (AT) (Insolvency) No. 629 of 2025 and ***Nalinesh Kumar Paurush v. Arvind Mittal, Comp.,*** Company Appeal (AT) (Insolvency) No. 346 of 2024 & IA No. 6783 of 2024, that fraudulent intent must be established through cogent material and that a Transaction Audit Report, by itself, cannot be treated as conclusive proof of fraud.

xviii. We have considered the transaction audit report to understand the transaction, but the true character and nature of the transaction is established from the statutory audit report of the Respondent No.3. It appears that the CD diverted its fund to Respondent No.3 as an unsecured loan at the cost of the creditors of the CD. It could not pay to the Financial Creditor who filed application under section 7 of the Code and the CD was to be admitted to the CIRP. The above facts conclusively prove that the CD made a payment of Rs. 3,30,00,000/- to Respondent No.3. The Respondent No.3 has accounted the transaction as an unsecured long-term borrowing from Girdhari International Pvt. Ltd and not as an advance towards sub-lease of flats. The sub-lesae agreement is not on a stamp paper. There is no contemporaneous document from the suspended management or the Respondent No.3 to prove that the amount was paid for sub-lease of property.

Therefore, based on the documents on record, we hold that the amount of Rs 3.30 crores paid to Respondent No.3 is a deposit with Respondent No.3 in the nature of long-term unsecured loan and not as a part payment of sub-lease charges as has been claimed. The deposit with Respondent No.3 is an asset of the Corporate Debtor.

xix. Accordingly, on a **cumulative assessment of the facts and circumstances**, this Adjudicating Authority is satisfied that the payment of **Rs. 3.30 Crore to Respondent No. 3 was an unsecured loan by the Corporate Debtor and is an asset of the corporate debtor. Further, the suspended management and the Respondent No.3 have unsuccessfully tried to give a colour of payment as a consideration for sub-lease of the flats. If the transaction is considered as an advance for purchase of sub-lease rights, then it was a fraudulent transaction, as the payment was made as a loan and by giving the colour of advance, the same was done with an intent to defraud the creditors and the Respondent No.3 was knowingly a party to the transaction considered as fraudulent.**

xx. The facts establish that Respondent No. 3 was not merely an innocent recipient of money but was **knowingly a party to the transaction carried out**

for a fraudulent purpose by the Corporate Debtor. Accordingly, the transaction falls within the ambit of **Section 66(1) of the Code**, and Respondent No. 3 is liable to contribute the amount received and interest thereon to the assets of the Corporate Debtor.

xxi. The money advanced to the Respondent No.3 belonged to the Corporate Debtor and the **Respondent No.3 is liable** to make contributions to the assets of the corporate debtor to the extent of amount of **Rs. 3,30,00,000/- and additional interest computed at the rate of 12% per annum** or SBI Term Deposit rate whichever is higher. The interest be computed from the date of receipt of money by the Respondent No.3 to the date of payment to the Corporate Debtor.

15. In view of the findings recorded hereinabove, this Adjudicating Authority holds that the transactions/adjustments involving all Respondents except Mr. Subodh Kumar Sharma for **Rs 4,50,000 do not satisfy the requirements of Section 43** of the Insolvency and Bankruptcy Code, 2016. Accordingly, the transactions alleged by the Applicant as preferential transactions are not held to constitute preferential transactions within the meaning of Section 43 of the Code except for payments of **Rs 4,50,000** to Mr. Subodh Kumar Sharma and, therefore, no relief except in the case of payments to Mr. Subodh Kumar Sharma as prayed for in the Application under Section 43 is granted.

16. Insofar as the transaction involving the payment of **Rs. 3,30,00,000/- to M/s. Icchapore Textile Park Pvt. Ltd.** (Respondent No. 3) is concerned, this Adjudicating Authority holds that the material on record establishes that the amount paid by the Corporate Debtor was an unsecured loan and not a genuine payment towards acquisition of sub-lease rights. The Respondent No. 3 was knowingly a party to the transaction carried out for a fraudulent purpose and the transaction accordingly falls within the ambit of Section 66(1) of the Code.

17. Therefore, the present Interlocutory Application is **partly allowed** in the following terms: -

i. **M/s. Icchapore Textile Park Pvt. Ltd**. (Respondent No. 3) is **held liable to contribute** to the assets of the Corporate Debtor, under Section 66(1) of the Insolvency and Bankruptcy Code, 2016, a sum of **Rs. 3,30,00,000/-, together with interest thereon calculated at the rate of 12% per annum** or the SBI Term Deposit rate, whichever is higher, from the date of receipt of the said amount by the Respondent No.3 until the date of payment to the Corporate Debtor.

ii. The aforesaid amount, together with the applicable interest, shall be paid/contributed by Respondent No. 3 to the assets of the Corporate Debtor within **30 days** of this order through the Applicant. This money shall form part of the assets of the corporate debtor and to be dealt in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016.

iii. Considering the provisions of section 44 (1) of the Code, this Adjudicating Authority directs that Mr. Subodh Kumar Sharma pay within **30 days** of this order an amount of Rs 4,50,000 along with the interest computed at the rate of 12% or SBI Term Deposit interest rate, whichever, is higher to the Applicant. This money shall form part of the assets of the corporate debtor and shall be dealt as per the provisions of the Code and Regulations, as applicable.

iv. In the event of default in compliance with this order, the Applicant shall be at liberty to seek enforcement of this order by initiating appropriate execution proceedings in accordance with law before the competent forum.

v. The remaining reliefs sought in the Application, insofar as they relate to transactions not held to be preferential under Section 43 or fraudulent under Section 66, are rejected.

18. Accordingly, **IA No. 709 (AHM) of 2025** in CP (IB) No. 238 of 2023 is **partly allowed** in terms of above directions. No order as to costs.

19. The Registry is directed to forward a certified copy of this order to the office of the Principal Chief Commissioner of Income Tax, Ahmedabad, which may take such action as may be permissible in law, independently and without being influenced by any observation beyond the scope of its statutory jurisdiction, in the case of **Ichhapore Textile Park Private Limited** (**PAN:AACCN5749G**).

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)
SS

-Sd-

SHAMMI KHAN
MEMBER (JUDICIAL)