THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH-I

IA 3088 of 2026

Section 66 of the Insolvency and Bankruptcy Code, 2016 r/w Regulation 35A of the IBBI (Insolvency Resolution Process for Corporate Persons), 2016

EFFICAX RESOLUTION PROFESSIONALS PRIVATE LIMITED
(Resolution Professional of Vibrant Content Private Limited)

...**Applicant**

V/s

MS. CHITRA MORESHWAR DESHMUKH AND ANR

…**Respondent**

In the matter of
COMPANY PETITION NO. 907/MB/2024

M/S. CENTRAL BANK OF INDIA LIMITED

…Petitioner / Financial Creditor

V/s

M/S VIBRANT CONTENT PRIVATE LIMITED

…Respondent / Corporate Debtor

Order delivered on: 27.10.2026

THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH-I

IA 3088 OF 2026
IN
COMPANY PETITION NO. 907/MB/2024

Coram:

Shri Prabhat Kumar
Hon'ble Member (Technical)

Shri Sushil Mahadeorao Kochey
Hon'ble Member (Judicial)

Appearances:

For the Applicant : Ms. Prashansa Agrawal,

For the Respondent : Adv. Kanishka Patel

ORDER

1. The present Application IA 3088 of 2026 is filed by M/s Efficax Resolution Professionals Private Limited (*"Applicant"*) Resolution Professional of Vibrant Content Private Limited ("Corporate Debtor"), under Section 66 of the Insolvency and Bankruptcy Code, 2016 ("IBC") read with Regulation 35A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 in the Corporate Insolvency Resolution Process of Corporate Debtor. The Applicant has made following prayers:-

   a) *Direct the Respondents, jointly and severally, or in such proportion as this Hon'ble Tribunal may deem fit, to make contribution to the assets of the Corporate Debtor for an amount of Rs. 63,84,635/- (Rupees Sixty-Three Lakh Eighty-Four Thousand Six Hundred and Thirty-Five Only), together with interest at the rate of 12% per annum from the date of such advance until the date of actual recovery, jointly and severally from the Respondents;*

   b) *Pass necessary directions under Section 67 of the Insolvency and Bankruptcy Code, 2016 as this Hon'ble Tribunal may deem appropriate; and/or;*

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c) *Pass any such further order(s) as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the present matter.*

2. A company petition CP (IB) No. 907/MB/2024 filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, by the Financial Creditor for initiation of CIRP against Corporate Debtor was admitted by the Adjudicating Authority on 30.10.2025, initiating CIRP and appointing Mr. Rakesh Kumar Jindal as the Interim Resolution Professional (IRP) and made a public announcement in 02.11.2025 in two newspapers, inviting claims from the creditors of the Corporate Debtor. Thereafter, the Applicant herein was appointed as Resolution Professional in the 1st CoC meeting on 29.11.2025, replacing the IRP, was confirmed by this Tribunal vide order dated 07.01.2026.
3. The present Interlocutory Application has been filed by the Resolution Professional (Applicant) seeking directions from this Hon'ble Tribunal under Section 66 of the Insolvency and Bankruptcy Code, 2016 ('IBC') against the Respondents, including M/s Bollywood Music Company (Respondent No. 1) and the Suspended Directors of the Corporate Debtor, on account of fraudulent transactions carried out with intent to defraud the creditors of the Corporate Debtor.
4. The Corporate Insolvency Resolution Process ('CIRP) against M/s Vibrant Content Private Limited ('Corporate Debtor') was initiated by the NCLT, Mumbai Bench vide order dated 30.10.2025 under Section 7 of the IBC on an application filed by Central Bank of India, the Financial Creditor. Mr. Rakesh Kumar Jindal was appointed as the Interim Resolution Professional.

5. In the 1st CoC Meeting held on 29.11.2025, the Committee of Creditors resolved to appoint M/s Efficax Resolution Professionals Private Limited as the Resolution Professional. The appointment was approved by the NCLT vide order dated 07.01.2026.
6. The Applicant made a Public Announcement on 02.11.2025 in 'Business Line' (English) and 'Navakal' (Marathi) newspapers in terms of Section 15 of the IBC.
7. In compliance with Section 25(2)(d) of the IBC, the Applicant appointed CA Gaurav Mittal (M/s. RAAM and Associates) as Transaction Auditor on 06.01.2026 to examine the following categories of transactions:
    a. Preferential Transactions under Section 43;
    b. Undervalued Transactions under Section 45;
    c. Extortionate Credit Transactions under Section 50; and
    d. Fraudulent Transactions under Section 66 of the IBC.
8. The Transaction Auditor conducted a comprehensive review and submitted a detailed Forensic/Transaction Audit Report dated 08.04.2026. The report prima facie establishes that the Respondents were involved in transactions falling within the ambit of Fraudulent Transactions' under Section 66 of the IBC, including transactions with related parties lacking commercial rationale or adequate documentation.
9. On the basis of the Forensic/Transaction Audit Report and findings during the CIRP, the Applicant is satisfied that the business of the Corporate Debtor was carried on with intent to defraud its creditors and/or for fraudulent purposes, warranting appropriate relief from this Tribunal.
10. The Applicant alleges that, according to the Corporate Debtor's financial statements as at 31 March 2014, the Corporate

Debtor advanced an interest-free loan of Rs. 1,00,00,000/- (Rupees One Crore Only) to M/s Bollywood Music Company. No interest was stipulated on the loan; accordingly, the Corporate Debtor did not charge, accrue or recover any interest income on the advance. During the relevant period, the Corporate Debtor had outstanding borrowings of more than Rs. 26 Crore (Rupees Twenty Six Crore) from the Financial Creditor, Central Bank of India, on which it was paying interest. Despite this borrowing cost and financial exposure, the Corporate Debtor advanced Rs. 1,00,00,000 (One Crore) to M/s. Bollywood Music Company without charging interest and without any apparent commercial rationale or demonstrable benefit to the Corporate Debtor. The Transaction Auditor called upon the Suspended Directors to provide KYC documents, loan documents, board approvals, commercial justification, repayment terms and other supporting particulars concerning M/s. Bollywood Music Company. However, the Suspended Directors failed to provide these details and documents, or to explain why the Corporate Debtor extended an interest-free advance while itself servicing substantial interest-bearing debt. Had the Corporate Debtor charged reasonable commercial interest at 12% per annum on the advance, it would have earned interest income of Rs. 63,84,635/-. This amount represents the notional/opportunity loss suffered by the Corporate Debtor as a result of the interest-free advance to M/s Bollywood Music Company.

11. Respondent No. 1 filed a reply stating that the Application is based on a transaction from the financial year 2014-15, the principal amount of which has admittedly been repaid in full. It seeks recovery of a purely notional, compounded sum that was

never an asset of the Corporate Debtor and omits even the basic particulars required under Section 66 of the Insolvency and Bankruptcy Code, 2016. It is further submitted that interest is not payable without a contract, statutory provision, or established usage, and compound interest is payable only when expressly stipulated. The Applicant pleads no contract, statute, or usage. Prayer clause (a) compounds the error by seeking interest at 12% per annum "from the date of such advance until the date of actual recovery" on an amount itself made up entirely of compounded interest, thereby claiming interest upon interest upon interest.

12. The Corporate Debtor's account was classified as a Non-Performing Asset only on 29.08.2018, more than four years later. Crucially, as recorded in the admission order dated 30.10.2025, annexed as Annexure-1 to the Application, the Financial Creditor itself conducted a credit appraisal and sanctioned Term Loan-II for Rs. 12.00 Crores on 02.02.2015 and Term Loan-III for a further Rs. 15.00 Crores on 23.05.2017—approximately one year and three years, respectively, after the impugned advance.

13. The Applicant repeatedly insinuates that the impugned advance was a transaction "with related parties" (paragraph 6 of the Brief Synopsis). However, the Application contains neither an averment nor a document establishing that M/s Bollywood Music Company is a "related party" of the Corporate Debtor within the meaning of Section 5(24) of the Code. This insinuation is bald, unparticularised, and denied.

14. Respondent No. 2 also filed the reply.

15. Heard the Learned Counsel and perused the material on record.

16. The aforesaid advance was outstanding as on 1.4.2014. Accordingly, the said advance was made prior to that date. The said advance was repaid to the Corporate Debtor on 20.11.2015, and the applicant has determined the notional interest amount for the period from 1.4.2014, assuming interest @ 12% p.a. compounded annually till the insolvency commencement date, thus charging interest on interest component after repayment of principal on 20.11.2015.

17. Respondent No. 1 and Respondent No. 2 were appointed as directors on 2.7.2012 and 21.4.2015, respectively, and continued in office till the insolvency commencement date. Parthsarathi Setu Raman Iyer was a director of the corporate debtor from 02.07.2012 to 22.04.2015, and Deepti Maurya Mehta was a director from 02.07.2012 to 03.07.2012. It follows that, as on the date of the advance of the loan to Bollywood Music Co., Respondent No. 1 and Parthsarathi Setu Raman Iyer were directors; however, the latter is not arrayed as a respondent in the application. Since Respondent No. 2 was not a director at the time of the advance of the said interest-free loan, it cannot be said that Respondent No. 2 had knowledge of the transaction; hence, no order can be passed against him.

18. Section **66** of the Code provides that

> "(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.

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

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

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

19. It is noted that the corporate debtor was sanctioned credit facilities by the Central Bank of India on 2.2.2015, a fact which is not rebutted by the Applicant. Further, the account of the corporate debtor was classified as NPA on 29.08.2018; however, the advance in question was given prior to 1.4.2014 and repaid on 20.11.2015. An application for initiation of the Corporate Insolvency Resolution Process was filed in the year 2024; hence, the provisions of section 66(2) do not apply in the present case, as the advance, as well as the refund thereof, had taken place much prior to the classification of the account as an NPA.

20. Further, section 66(1) requires that the business of the corporate debtor be carried on with the intent to defraud its creditors or for any fraudulent purpose. The applicant has neither stated the amount of interest costs incurred by the corporate debtor during FY 2013-14 and 2014-15 (till refund of advance) nor whether any interest was paid by the corporate debtor during the period such advance remained outstanding. In case of ***Renuka Devi Rangaswamy vs Mr. Madhusudan Khemka (NCLAT Chennai), (2023) ibclaw.in 384 NCLAT, it is held that*** *The intent to `defraud', is to be judged, by its `effect' on a `Person', who is the `object of conduct', in question.* Nonetheless, the directors may extend interest-free advances out of commercial expediency, taking into account extraneous considerations, and the applicant cannot impugn such commercial decisions as fraudulent by impugning them on the ground of notional or opportunity loss.

21. In our considered view, the applicant has failed to make out a case on the basis of cogent material, and instead has founded his case on surmises. An allegation of fraud can not be substantiated on basis of surmises. Hence, we do not find any merit in the present application.

22. In view of the above discussion, IA 3088 of 2026 is dismissed and disposed of.

-Sd/-
Prabhat Kumar
Member (Technical)

-Sd/-
Sushil Mahadeorao Kochey
Member (Judicial)