Sourcing pre-condition deposit unlawfully from corporate funds in direct violation of Sec 185 of Companies Act, 2013, or executing settlement agreements without effectuating actual refunds or delivering legally valid & habitable possession, is illegal

The **Supreme Court** in the case of **Satinder Singh Bhasin vs Government of NCT of Delhi [Miscellaneous Application No. 239 of 2024] dated April 02, 2026**, has held that the liberty of bail granted subject to specific conditions, including the personal deposit of a quantified amount and the genuine settlement of claims with allottees, is liable to be cancelled when the accused intentionally fails to comply with such conditions in letter and spirit. Compliance with bail conditions is not achieved through superficial or cosmetic steps, such as sourcing the pre-condition deposit unlawfully from corporate funds in direct violation of Section 185 of the Companies Act, 2013, or executing settlement agreements without effectuating actual refunds or delivering legally valid and habitable possession.

The Apex Court observed that upon the establishment of an intentional violation of the bail conditions, including the unauthorized diversion of corporate funds during an insolvency moratorium and the fabrication of documents, the bail stands cancelled, and the amount deposited as a pre-condition for the grant of bail is liable to be forfeited in its entirety in accordance with the stipulated conditions.

The Court observed that the condition requiring the deposit of Rs. 50 Crores as a prerequisite for the grant of bail was imposed upon the petitioner in his individual capacity. The amount of Rs. 50 Crores originated entirely from the funds of BIIPL and other related entities, and not a single rupee was invested from the personal funds of the petitioner. No board resolution was passed by BIIPL prior to the disbursal of the amount to secure the petitioner's bail, which was in direct contravention of Section 185 of the Companies Act, 2013, as a company cannot directly or indirectly advance a loan to its director without passing a special resolution in a general meeting. The transaction lacked any bonafide or lawful financial structure, and the deposit made through the purported loan taken by the petitioner from BIIPL, in the absence of statutory compliance, cannot be sustained.

The Court also observed that the requirement under Condition (viii) was not merely to enter into settlement agreements or to make an attempt to settle, but to actually resolve the claims of the allottees, either by handing over possession with a clear title or by refunding the principal amounts along with agreed interests. The project is not in a condition where possession can be handed over to the allottees, as established by the findings of the coordinate Bench and the reports of three separate Committees, which highlighted incomplete infrastructure and the absence of essential services.

The Court noted that the petitioner failed to provide an authentic record of the allottees, failed to clear the statutory dues including additional FAR charges required by UPSIDA as a precondition for executing sub-lease deeds, and failed to take genuine steps to obtain a Final Completion Certificate. The mere execution of settlement agreements, without their implementation, where possession remained notional or refunds were not paid within the agreed timelines, cannot be treated as compliance with the condition imposed by the Court.

Further, the Court explained that the conduct of the petitioner demonstrated a lack of bonafide intention to settle, evidenced by instances of double allotments and the fabrication of documents, specifically an Assignment Deed dated 15.04.2015 that contained clauses referring to GST, a tax regime that was introduced only in the year 2017. An amount of Rs. 74 Crores was transferred from the accounts of GVCTPL to entities controlled by persons closely related to the petitioner (namely Niche, Vinamr, and Bewealthy) during the period when the moratorium under Section 14 of the IBC was in force.

Thus, the explanation offered by the petitioner that the said transfers were 'commercial advances' or towards 'repayment of dues' remained unsatisfactory due to the complete absence of supporting documentary material. While the legality and exact nature of these transactions are subject to examination in appropriate proceedings, the transfer of funds despite the moratorium and the operating status quo prima facie does not reflect bonafide conduct and is not fully consistent with the obligations attached to the grant of bail.