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* IN THE HIGH COURT OF DELHI AT NEW DELHI
+ OMP (ENF.) (COMM.) 205/2021, EX.APPL.(OS) 3024/2022,
EX.APPL.(OS) 3312/2022, EX.APPL.(OS) 442/2023, EX.APPL.(OS)
815/2023, EX.APPL.(OS) 218/2024, EX.APPL.(OS) 675/2024
ENTERTAINMENT CITY LIMITEDDecree Holder
Through: Mr. Siddharth Batra, Ms. Shivani
Chawla, Mr. Rohit Gupta, Mr.
Chinmay Dubey, Ms. Preetika
Shukla, Advs.
versus
ASPEK MEDIA PVT. LTD.Judgement Debtor
Through: Mr. Sanchit Garg & Mr Shashwat
Jaiswal, Advs.

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

ORDER

27.11.2025

EX.APPL.(OS) 674/2024

1. This is an application filed on behalf of the decree-holder under Section 151 of CPC, 1908 seeking the following prayers:-

- “a. Allow the present Application on behalf of the Decree Holder for lifting the corporate veil of the Judgment Debtor so that the Arbitral Award can be executed;*
- b. Allow Impleadment of Related Parties of the Judgment Debtor for satisfaction of the Arbitral Award;*
- c. Grant unto the Decree Holder the rightful allowance of the present Application against the Judgment Debtor for the deliberate submission of false details in its Affidavit of Assets dated*



27.05.2022 and 11.10.2022, done with the sole purpose of diverting funds to evade payment of the decretal amount, thus contravening Section 193 of the Indian Penal Code;

d. Authorize the initiation of perjury proceedings against the Judgment Debtor and their respective authorized representatives in accordance with Section 340 of the Criminal Procedure Code. Let a complaint be duly made before the Magistrate of competent jurisdiction to address the aforementioned offense committed by the Judgment Debtor in providing false information in the aforementioned Affidavits of Assets; and”

2. At the outset, an application for investigation on behalf of the decree-holder was allowed by this Court to investigate the veracity of the statements made by the judgment-debtor in the Affidavit of Assets dated 27.05.2022 and 11.10.2022. Pipara and Co. LLP- Chartered Accountants was appointed for the same.

3. Mr. Batra, learned counsel for the decree-holder states that the forensic audit report, has revealed egregious discrepancies and deliberate misrepresentations made by the judgment-debtor and diversion of funds to related parties. He further states that the Directors of the judgment-debtor company i.e., Mr. Harish Choudhary and Mr. Dharamvir Choudhary must be directed to file their affidavit of assets from the year 2014-15 onwards.

4. Mr. Garg, learned counsel for the judgment-debtor states that the same amounts to lifting of corporate veil and cannot be permitted. He further states that even assuming, at best, the report of Pipara and Co. LLP to be correct, the alleged siphoning off of funds pertain to the year 2014-15 onwards, which are prior to the date of the Award and hence, there is no



diversion of assets by the Directors.

5. I have heard learned counsel for the parties.

6. This Court *vide* order dated 04.01.2024, directed appointment of Pipara and Co. LLP as Forensic Auditor for verification/investigation of assets disclosures made by the judgment-debtor in its Affidavit of Assets dated 27.05.2022 and 11.10.2022. The same was predicated on the fact that the judgment-debtor did not have the assets to meet the awarded amount.

7. The first report of Pipara and Co. LLP dated 22.04.2024 made the following observations, among other, (i) diversion of funds by providing unsecured loans and advances to group companies (ii) wrong-disclosure of trade receivables in the Affidavit of Assets dated 27.05.2022 and 11.10.2022 and (iii) diversion of funds received from tax authorities as refund by transferring to Choudhary Ventures Private Limited as advances.

8. The judgment-debtor filed its objections to the said report stating, among other explanations, that the funds were transferred to related parties much prior to the disputes having arisen between the parties.

9. The same were rejected by Pipara and Co. LLP *vide* another report dated 05.08.2024, wherein after going through the objections of the judgment-debtor, the forensic auditor observed as under:-

"We observed that, despite AMPL and CVPL being controlled by Mr. Dharamvir Singh and Mr. Harish Choudhary, AMPL appears to be diverting funds to entities related to these individuals through questionable agreements that do not appear genuine. This suspicious arrangement seems to serve as a means to siphon off funds.

Further, we noted that the last date for payment of balance amount



by AMPL to CVPL, as per agreement is 15.10.2022, which may be extended by another 6 months, despite which AMPL while filing its affidavit dated 27.05.2022 on the directions of Hon'ble High Court of Delhi shown Nil receivable from CVPL. This showcases wrong reporting of the assets position of Judgment Debtor with Hon'ble High Court of Delhi.

On perusal of audited financial statements for FY 2022-23 of CVPL, we have not found any income recorded for writing back the payable amount towards AMPL on account of cancelation of Agreement to Purchase & Sell with AMPL. This clearly showcase the wrong intention of Management of AMPL while submitting response on the forensic audit report with the Hon'ble High Court of Delhi,

AMPL may need to recover this amount, along with interest. ”

10. No objections have been filed to the said report dated 05.08.2024.
11. A perusal of the aforesaid narration shows that there are clear findings of diversion of funds by Mr. Harish Choudhary and Mr. Dharamvir Choudhary, Directors of the judgment-debtor company.
12. The fact that the diversion of funds pertain to the financial year 2014-15 to financial year 2019-20 clearly includes the period when the decree-holder had filed its petition under Section 9 of the Arbitration and Conciliation Act, 1996 being O.M.P.(I)(COMM.) 479/2018.
13. Additionally, the learned counsel for the judgement-debtor has relied upon the order dated 17.03.2017 passed in **Balmer Lawrie & Company Ltd. v. Saraswathi Chemicals, 2017 SCC OnLine Del 7519** and more particularly paragraphs No. 14 and 15, which reads as under:-



“14. Though a court can lift the corporate veil, the same can be done only in extraordinary circumstances and by due adjudicatory process. It is trite law that an executing court cannot go behind the decree; it must be enforced as it is. Thus, it is not open for a petitioner to claim that although the decree is against one entity it must be enforced against another. However, there may be cases where it is found that the assets of the judgement debtor have been secreted, siphoned off, or by a fraudulent device ostensibly placed outside the control of the judgement debtor, in an endeavour to frustrate the enforcement of the decree. In such cases, the court is not powerless to extend its reach to third parties to enforce the decree; however this is limited for recovering the assets of the judgement debtor. In the event a corporate facade is used to perpetuate such fraud, the corporate veil may be lifted.

15. In the present case, none of the grounds for lifting the corporate veil are established. The DH has not made out a case of egregious fraud; the same has been neither pleaded nor established. Thus, there is no occasion for this Court to examine the question of lifting the corporate veil. The statement that the Mundhra family members have been conducting the affairs of the JD company is no ground for piercing the corporate veil. The decision of the Bench of this Court in V.K. Uppal v. Akshay International Pvt. Ltd. (supra) is also of no assistance to the petitioner. On the contrary, in that case, this Court had observed that "This court as the executing court cannot execute the decree against anyone other than the judgement debtor assets/properties of anyone other than the judgement debtor.



The identity of a Director or a shareholder is distinct from that of the company.”

14. The said order is not applicable to the present case for two reasons. Firstly, a perusal of the fact shows that in *Saraswathi Chemicals (supra)* the decree-holder was asking impleadment of Directors of the judgement-debtor company i.e., Sh. Shanker Mundhra, Sh. Vijay Mundhra, Sh. Krishan Mundhra, and Sh. Arun Mundhra, all sons of Late Sh. G.D. Mundhra. The decree-holder alleged that it acted on the representations of Late Sh. G.D. Mundhra and Sh. Krishan Mundhra and, consequently, Sh. Krishan Mundhra and legal heirs of Late G.D. Mundhra are responsible for satisfying the arbitral award. In view of the said facts, the Court found that the test for lifting of corporate veil was with regard to third party and hence, the same was not allowed.

15. Secondly, in *Saraswathi Chemicals (supra)*, the decree-holder failed to establish sufficient cause for lifting of corporate veil and therefore, the Court refused to lift the corporate veil. The same was observed by the Court in paragraphs No. 16 and 17, which are extracted below:-

“16. Mr. Singh had contended that although no case of fraud was pleaded or established, the DH was seeking that the corporate veil be lifted on the ground of improper conduct. The ground of improper conduct for lifting the corporate veil is synonymous to fraud and is available only where the incorporated vehicle is used to commit a fraud or to perpetrate a dishonest act. This court is at a loss to ascertain as to how the allegations made in the application established improper conduct sufficient for the court to further examine the question of lifting the corporate veil.



*17. Plainly, a mere allegation that the Directors have siphoned off the assets without any particulars cannot be accepted as the ground for improper conduct. As noted above, the error in describing the JD as the firm in Stockist Agreement was *ex facie* an inadvertent error, which was corrected subsequently. There is no material (or even a cogent allegation) that the DH had been defrauded by the description of the JD as a firm and subsequently as a company. The DH had never dealt with the JD as a firm; this is established by the bills, invoices, correspondence as well as the statutory forms (sales tax). Thus it can hardly be asserted-and in all fairness it is not-that the DH has been defrauded on now discovering the JD to be a company.”*

16. In the present case, the Directors were directly in charge of managing the judgment-debtor company and there are serious allegations of diversion of funds against them, backed by report prepared by Pipara and Co. LLP, appointed as Forensic Auditor by this Court. Once the forensic auditor has opined the same, it cannot be said that the Directors have not siphoned off or diluted the assets of the judgment-debtor company.

17. For the said reasons, the application is allowed and let the amended memo of party be filed within 2 weeks from today and on filing of the amended memo of party, notice be issued to Mr. Harish Choudhary and Mr. Dharamvir Choudhary.

18. Mr. Harish Choudhary is present in the Court today and accepts notice.

19. Let notice be issued to Mr. Dharamvir Choudhary through all modes including electronic on the decree-holder taking steps within 1 week from



filling of the amended memo of party.

20. Mr. Harish Choudhary and Mr. Dharamvir Choudhary shall also file affidavit indicating their assets as per Form 16A of Appendix E under Order XXI Rule 41(2) of the Code of Civil Procedure, 1908, from the financial year 2014-15 till today within 4 weeks from today.

21. The present application is disposed of in aforesaid terms.

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22. List on 24.02.2026.

JASMEET SINGH, J

NOVEMBER 27, 2025/DM

(Corrected and released on 05.12.2025)