



**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT – I)**

**IA(IBC)/238(CH)2025
In
CP(IB) No.319/Chd/Chd/2019
(Admitted)**

*[Application Under Section 60(5) of the
Insolvency and Bankruptcy Code, 2016]*

IN THE MATTER OF:

HEMANSHU JETLEY,
Resolution Professional,
Regn. No. IBBI/IPA-001/IP-P00219/2017-2018/10457
ADDRESS FOR CORRESPONDENCE:
S.C.O. No 818, 1st Floor,
N.A.C, Manimajra, Chandigarh-160101
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...APPLICANT

Versus

1. PUNJAB NATIONAL BANK,
SOLE MEMBER OF COMMITTEE OF CREDITORS OF M/S GARIB
NAWAZ HOTELS PRIVATE LIMITED,
ZONAL SASTRA CENTRE, BANK SQUARE, SECTOR 17 B,
CHANDIGARH THROUGH ITS CHIEF MANAGER
Email: zs8340@pnb.co.in

...RESPONDENT NO. 1

2. MR. KARAN GROVER AND MR. AKSHAY GROVER
(IN CONSORTIUM), SUCCESSFUL RESOLUTION APPLICANT OF
M/s GARIB NAWAZ HOTELS PRIVATE LIMITED

...RESPONDENT NO. 2

3. THE ESTATE OFFICE, SECTOR 17,
ESTATE OFFICE BUILDING UT, CHANDIGARH THROUGH THE
ESTATE OFFICER
EMAIL: aeo-chd@nic.in



4. ADVISOR TO THE ADMINISTRATOR, UT,
SECTOR 9, CHANDIGARH, 160019

.... RESPONDENT NO. 4

5. MR. SUNIL BANSAL,
MEMBER OF THE SUSPENDED BOARD OF DIRECTORS
OF THE CORPORATE DEBTOR

.....RESPONDENT NO. 5

AND IN THE MATTER OF C.P. (IB)/319/CH/2019 (ADMITTED):

PUNJAB NATIONAL BANK

... FINANCIAL CREDITOR

VERSUS

GARIB NAWAZ HOTELS PRIVATE LIMITED

... CORPORATE DEBTOR

Order delivered on: 10.09.2026

**CORAM: MR. KHETRABASI BISWAL, HON'BLE MEMBER (JUDICIAL)
MR. SHISHIR AGARWAL, HON'BLE MEMBER (TECHNICAL)**

Present:

For the RP/Applicant : Mr. Anand Chhibbar, Sr. Advocate
Mr. G.S. Sarin, Advocate
Mr. Hemanshu Jetely, RP (in-person)
Mr. Narsingh Chauhan, Advocate

For the SRA : Mr. Shikhar Sarin, Advocate

For the COC : Mr. Manish Jain, Sr. Advocate
Ms. Divya Sharma, Advocate
Mr. Siddhant Jain, Advocate
Mr. Manan Jain, Advocate
Mr. D.K. Gupta, Advocate



For Respondent No. 3 and Respondent No.4 : Mr. Sumer Singh Brar, Advocate

For the Respondent No. 5 in IA(IBC)238(CH)2025 : Mr. Aalok Jagga, Advocate
Mr. Sahil Lohan, Advocate
Mr. APS Madaan, Advocate
MS. Vibhu Aggarwal, Advocate

ORDER

The present I.A. No. 238 of 2025 has been filed by the Applicant Mr. Hemanshu Jetley, Resolution Professional of M/s Garib Nawaz Hotels Private Limited, under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code"), in CP (IB) No. 319/Chd/Chd/2019 inter-alia seeking the following prayers:

"(b) to permit the Resolution Professional to raise interim finance from Respondent No. 2, i.e., the Successful Resolution Applicant, in terms of the decision and approval of the Committee of Creditors ("CoC");

(c) to direct Respondent No. 4, i.e., the Adviser to the Administrator, U.T., Chandigarh, to extend the time for payment of the outstanding dues payable to the Estate Office, which were stated to be due on 08.02.2025;"

BRIEF FACTS

2. The brief facts, as stated by the Applicant, are summarised as under:

- (i) The Corporate Debtor, M/s Garib Nawaz Hotels Private Limited, was admitted into Corporate Insolvency Resolution Process ("CIRP") vide order dated 09.02.2024 passed by this Adjudicating Authority. Mr. Jalesh Kumar Grover was initially appointed as the Interim Resolution Professional. Subsequently,



Mr. Hemanshu Jetley was ratified as the Resolution Professional in the first meeting of the CoC held on 07.03.2024 and was thereafter confirmed by this Adjudicating Authority vide order dated 11.09.2024. Form-G was published on 06.04.2024.

- (ii) Pursuant to the resolution process, various Expressions of Interest and Resolution Plans were received. In the 11th CoC meeting held on 27.09.2024, the Resolution Plan submitted by Mr. Karan Grover and Mr. Akshay Grover, in consortium, was approved by the CoC with 100% voting share, and the consortium came to be declared the Successful Resolution Applicant (“SRA”).
- (iii) As stated by the Applicant, the approved Resolution Plan contemplated a total project cost of ₹66.20 crore, including payments under the Resolution Plan, capital expenditure, working capital and brand-making expenditure. The Plan specifically contemplated settlement of 100% of the outstanding dues of the Estate Office, with such payment being sourced from the amount proposed for the secured financial creditor.
- (iv) The dispute with the Estate Office emanated from the conversion of the industrial plot in question to commercial use. According to the Applicant, a conversion fee of ₹57,94,035/- was payable with the application and the balance amount of ₹5,21,46,315/- was payable in nine annual instalments with interest at 8.25% per annum. Upon default in payment, the lease was cancelled vide order dated 05.09.2018, and interest at



18% was imposed on delayed payment of the conversion charges.

- (v) An appeal against the order dated 05.09.2018 was preferred by the Corporate Debtor through its then Managing Director, Mr. Sunil Kumar Bansal, before the Chief Administrator, U.T., Chandigarh on 01.11.2018, which came to be dismissed vide order dated 26.05.2023. During the pendency of the said proceedings, Punjab National Bank had instituted the present petition under Section 7 of the Code on 07.06.2019, which was subsequently admitted on 09.02.2024.
- (vi) The Corporate Debtor thereafter preferred Revision Petition No. 18 of 2023 before the Adviser to the Administrator, U.T., Chandigarh, challenging the orders concerning resumption/cancellation of the site. As the said Revision Petition remained pending, the Resolution Professional approached the Hon'ble Punjab and Haryana High Court by way of CWP No. 32078 of 2024. Vide order dated 28.11.2024, the Hon'ble High Court directed the competent authority to decide the Revision Petition within the time indicated therein.
- (vii) Vide order dated 26.12.2024, the Adviser to the Administrator allowed the Revision Petition and set aside the earlier orders, subject to the Corporate Debtor filing an affidavit within one week undertaking to deposit all outstanding Government dues, including interest at 18% and other dues, within 45 days from dispatch of the order.



- (viii) Thereafter, the Resolution Professional entered into discussions with the CoC for arranging funds to discharge the Estate Office dues and preserve the property of the Corporate Debtor. According to the Applicant, the settlement of such dues was necessary for retention/restoration of the leasehold rights and preservation of the Corporate Debtor as a going concern.
- (ix) In the 14th CoC meeting held on 08.01.2025, the Resolution Professional apprised the CoC that the Estate Office dues required to be settled expeditiously, since interest at 18% per annum would continue to accrue. The SRA expressed willingness to provide an amount up to ₹10 crore, or the actual payment obligation towards the Estate Office, by way of interim finance.
- (x) The Applicant further pleaded that the Resolution Plan itself had already contemplated payment of the Estate Office dues in full from the amount earmarked for the secured financial creditor and that the total plan value of ₹66.20 crore was inclusive of such dues. However, since the payment under the order of the Adviser to the Administrator was required before approval and implementation of the Resolution Plan, the Applicant proposed to raise the amount as interim finance, which would consequently form part of CIRP cost.
- (xi) The Applicant asserted that raising such interim finance was necessary to prevent cancellation/resumption of the lease, preserve the principal asset of the Corporate Debtor and enable



successful implementation of the Resolution Plan. It was accordingly prayed that an amount of approximately ₹10.23 crore be permitted to be raised from the SRA as interim finance and the corresponding time for payment to the Estate Office be extended.

REPLY OF THE RESPONDENTS

3. Replies to the Application have been filed by Respondent No. 2, Respondent Nos. 3 and 4 jointly, and Respondent No. 5. Reply of Respondent No. 2, the Successful Resolution Applicant is summarised as under :

- (i) Respondent No. 2, namely the consortium of Mr. Karan Grover and Mr. Akshay Grover, has supported the Application. It has stated that its Resolution Plan was approved by the CoC in the 11th CoC meeting dated 27.09.2024 with 100% voting share and that it was aware of the outstanding dues payable to the Estate Office. Accordingly, provision for repayment of such dues, up to approximately ₹10 crore, had already been incorporated in the Resolution Plan.
- (ii) The SRA has stated that it is willing to provide up to ₹10 crore, or the amount equivalent to the actual payment obligation towards the Estate Office, as interim finance to be raised by the Resolution Professional and treated as part of CIRP cost. It has further stated that the proposal was approved by the CoC in its 14th meeting.



- (iii) According to the SRA, its proposal was subject, inter alia, to the understanding that the interim finance would constitute CIRP cost and would be repayable in priority in the event of liquidation or rejection of the Resolution Plan; in such eventuality the provider of interim finance would have priority over other creditors and interest at 12% per annum would apply to the utilised interim finance.
- (iv) The SRA has further stated that treatment of the Estate Office payment as interim finance would increase the CIRP cost but would remain within the overall amount proposed under the Resolution Plan. It has, accordingly, supported the prayer for raising interim finance and sought allowance of the Application.

4. Reply of Respondent Nos. 3 and 4, the Estate Office and Adviser to the Administrator, U.T., Chandigarh respectively is summarised as follows:

- (i) Respondent Nos. 3 and 4 have opposed the relief insofar as a direction is sought against the Chandigarh Administration for extension of time. They have traced the history of allotment of Industrial Plot No. 29/7, Industrial Area, Phase-II, Chandigarh; its conversion from industrial to commercial use; the stipulated conversion charges; the transfer of lease rights to the Corporate Debtor; and the subsequent defaults in payment of conversion charges.
- (ii) It is their case that repeated opportunities were granted to clear the outstanding Government dues but the defaults continued,



whereupon the lease was cancelled on 05.09.2018. The appeal preferred by the Corporate Debtor was subsequently dismissed, and the Estate Office maintains that, consequent upon cancellation/resumption, the property stood vested in the Chandigarh Administration.

- (iii) Respondent Nos. 3 and 4 have relied upon the permission to mortgage dated 13.09.2011, under which the Estate Office/Chandigarh Administration was stated to possess a first and paramount charge over the site in respect of unpaid purchase price, ground rent, interest and other dues. They have also referred to restrictions concerning transfer of the leasehold property and the liability towards unearned increase at the time of transfer.
- (iv) It has further been pleaded that the order dated 26.12.2024 passed by the Adviser to the Administrator was a conditional order: the earlier orders were set aside only subject to the Corporate Debtor depositing all outstanding Government dues, including 18% interest and other dues, within the stipulated period, failing which the earlier order of the Estate Officer would become operative.
- (v) Respondent Nos. 3 and 4 have accordingly contended that no direction for extension of the period fixed under the order dated 26.12.2024 ought to be issued against them and have sought dismissal of the prayer to that extent. Their case is further that the property and leasehold rights remain governed by the terms



of allotment, conversion, transfer and mortgage permissions and the applicable Chandigarh Estate Rules.

5. Reply of Respondent No. 5, Mr. Sunil Kumar Bansal, is summarised as follows:

- (i) Respondent No. 5, a suspended director of the Corporate Debtor, has opposed the Application and raised a preliminary objection that the application for interim finance, particularly for an amount of approximately ₹10.23 crore, was not supported by the requisite prior approval of the CoC under Section 28(1)(a) of the Code. According to him, the 14th CoC had approved interim finance only up to ₹10 crore.
- (ii) Respondent No. 5 has further alleged that portions of the agenda of the 13th and 14th CoC meetings relating to interim finance were not disclosed to him and that he was excluded from discussions concerning the proposed interim finance. Reliance has been placed upon the right of suspended directors to participate in CoC meetings.
- (iii) It is further pleaded that in the 15th CoC meeting dated 30.01.2025, Agenda Item No. 15.05 proposed approval of the revised interim finance amount of ₹10,23,95,694/-, but no resolution approving the revised amount was passed and the issue was deferred pending legal opinion.
- (iv) Respondent No. 5 has also objected to the proposed terms under which the SRA was to provide interim finance, including the proposed first charge over the assets of the Corporate



Debtor and the contemplated arrangement regarding operational management of the Corporate Debtor prior to adjudication of the Resolution Plan. According to him, such arrangements confer an undue benefit upon the SRA while its Resolution Plan is still pending consideration.

- (v) A specific objection has been taken to the inclusion of the amount described by the Estate Office as “anticipated unearned increase on upcoming transfer”. Respondent No. 5 contends that such amount, being relatable to a future transfer/change in management, is not presently payable by the Corporate Debtor and, in any event, ought to be borne by the SRA rather than being funded through interest-bearing interim finance forming part of CIRP cost.
- (vi) Respondent No. 5 has further contended that the Resolution Plan itself already contemplated settlement of the Estate Office dues and that conversion of the same obligation into interim finance would increase CIRP cost and correspondingly affect the realisation of the financial creditor and, according to him, his exposure as a personal guarantor.
- (vii) He has additionally disputed the presentation of the applicable rate of interest before the CoC and contended that the Estate Office was charging 18% simple interest rather than compounded interest. On these and other grounds, Respondent No. 5 has prayed for dismissal of the Application.

REJOINDER OF THE APPLICANT



6. Rejoinder Filed by the Applicant is summarised as follows:

- (i) The Applicant/Resolution Professional has filed a rejoinder to the common reply of Respondent Nos. 3 and 4, reiterating the history of the allotment, conversion of land use, transfer of leasehold rights to the Corporate Debtor, mortgage of the property in favour of Punjab National Bank, cancellation/resumption proceedings and the subsequent appellate and revisional proceedings before the Chandigarh Administration.
- (ii) The Applicant has relied upon the proceedings instituted by Punjab National Bank before the Hon'ble Punjab and Haryana High Court in CWP No. 14247 of 2023, as well as the subsequent proceedings arising out of the Estate Office action, to contend that coercive action in respect of the property could not be undertaken in view of the subsisting judicial proceedings/orders relied upon by the Applicant.
- (iii) It has been reiterated that, following the order dated 26.12.2024 of the Adviser to the Administrator, the Resolution Professional wrote to the Estate Office on 30.12.2024 seeking confirmation of the outstanding amount and thereafter filed the requisite affidavit on 03.01.2025, undertaking payment in terms of the said order.
- (iv) According to the Applicant, the Estate Office subsequently communicated a demand of approximately ₹10.23 crore, whereupon the Resolution Professional sought clarification



regarding the components of the demand. The Applicant has maintained that settlement of the dues was required for obtaining a clear and unencumbered title to the asset and for facilitating consideration and implementation of the Resolution Plan.

- (v) The Applicant has reiterated that the CoC was apprised of the Estate Office dues and that it was considered prudent to discharge such dues under protest and thereafter challenge the components relating to the rate of interest and unearned increase, rather than permit resumption of the principal asset of the Corporate Debtor.
- (vi) The Applicant has denied the contention of Respondent Nos. 3 and 4 that the reliefs sought are untenable and has maintained that, upon commencement of CIRP, questions affecting the assets and resolution of the Corporate Debtor fall for consideration before the Adjudicating Authority under the Code. The Applicant has accordingly reiterated the prayers made in the Application and opposed dismissal thereof.

ANALYSIS AND FINDINGS

- 7. We have heard the Ld. counsel for all the parties and carefully perused the material available on record.
- 8. At the outset, it is recorded that during the course of hearing, Learned Counsel for the Applicant/Resolution Professional, without prejudice to the rights and contentions of the Applicant and without conceding



the merits of the objections raised by Respondent Nos. 3, 4 and 5, submitted that prayer (c) of the present Application i.e., **to direct Respondent No. 4, i.e., the Adviser to the Administrator, U.T., Chandigarh, to extend the time for payment of the outstanding dues payable to the Estate Office, which were stated to be due on 08.02.2025** is not being pressed at this stage. The Application accordingly falls for consideration only in respect of the reliefs concerning approval for raising of interim finance and its treatment as CIRP cost. We express no opinion on the merits or maintainability of prayer (c), as it is not pressed.

9. Respondent No. 5 has raised the following substantial objections, which we propose to examine:

- (i) *absence of a concluded CoC approval for the enhanced figure of ₹10,23,95,694/-;*
- (ii) *that the Application has become infructuous by efflux of the 45-day period stipulated in the order dated 26.12.2024;*
- (iii) *that the RP has adopted mutually inconsistent stands before this Tribunal and before the Hon'ble High Court in CWP No. 7719 of 2025;*
- (iv) *a jurisdictional objection that this Tribunal, exercising powers under Section 60(5) of the Code, cannot indirectly extend or give effect to a conditional order passed by a statutory authority under the Capital of Punjab (Development and Regulation) Act, 1952;*
- (v) *that the component described as "anticipated unearned increase on upcoming transfer" is not a subsisting liability of the Corporate Debtor.*

10. Before addressing these objections, it is necessary to note that a substantially overlapping set of objections concerning the same 14th CoC meeting resolution namely, the raising of interim finance up to



₹10 crore from the SRA and the related discussion on operational arrangements was raised by Ms. Priyanka Bansal, Suspended Director and spouse of Respondent No. 5, in I.A. No. 417 of 2025, and was answered by this Tribunal vide order dated 23.07.2026. While Respondent No. 5 was not himself the applicant in that proceeding, and the objections now raised are not in every respect identical, the present Application concerns the enhanced, crystallised figure of ₹10.23 crore rather than the ₹10 crore considered in I.A. No. 417 of 2025, and certain grounds now urged, particularly the jurisdictional objection founded on the judgments of ***Kalabharati Advertising, (2010) 9 SCC 437 and Embassy Property Developments, (2020) 13 SCC 308*** and the objection concerning the character of the "unearned increase" liability, were not raised or considered therein, the reasoning of this Tribunal in I.A. No. 417 of 2025 on the questions that are common, namely the commercial rationale of the CoC's decision to settle the Estate Office dues under protest while contesting the same in appropriate proceedings, and the diligence of the RP in protecting the Corporate Debtor's sole asset, remains applicable with equal force and is adopted to that extent. **Paragraphs 20, 23 and 27 of the decision of this Tribunal in I.A. No. 417 of 2025 are reproduced for ready reference:**

“20. The arrangement to treat the interim finance as CIRP cost under Section 5(13) of the Code does not increase the total financial outflow under the Resolution Plan; it merely allocates the payment within the overall approved quantum. The SRA's interim finance carries 12% simple interest, chargeable only in the event of rejection of their Resolution



Plan by this Tribunal; in the event of approval, no interest burden arises at all. This, in our considered view, is more favourable than the 18% compound interest being levied by the Estate Office. The financial prudence of the CoC's decision is self-evident.”.....

“23. Moreover, there is no statutory embargo under the Code preventing the Successful Resolution Applicant from extending interim finance, especially when the sole member of the CoC has explicitly authorised it to prevent the dissipation of the Corporate Debtor's primary asset. The bona fides of the SRA are further established by the fact that they have already submitted a Performance Bank Guarantee (PBG) amounting to Rs. 5.62 Crores, demonstrating a vested interest in maximizing the asset's value. As recorded in the 14th CoC minutes, the interim finance arrangement merely allocates funds within the overall approved quantum of the Resolution Plan and carries a highly favorable 12% simple interest rate applicable only if the plan is ultimately rejected by this Adjudicating Authority. This causes no prejudice or additional financial burden to any stakeholder.”....

“27. In our view, Corporate Debtor finds itself in a precarious position with its sole asset's lease at risk entirely due to the prolonged failure of its Suspended Directors, including the Applicant herself, to discharge the conversion charges owed to the Estate Office. The RP, on the other hand, has demonstrated diligence in pursuing multiple legal remedies across several forums to protect and preserve the Corporate Debtor's sole asset. The decision to raise interim finance from the SRA, approved with 100% votes by the CoC and simultaneously subjected to this Tribunal's scrutiny through IA No. 228 of 2025, is a bona fide, legally compliant, and commercially prudent measure that deserves to be upheld.”

11. On the quantum of CoC approval, it is not in dispute that the 14th CoC meeting held on 08.01.2025 resolved, with the sole financial creditor casting 100% of its votes, to authorise interim finance from



the SRA. The resolution recorded under Agenda Item No. 14.06 authorised the raising of interim finance "upto Rs. 10,00,00,000/- (Rupees Ten Crore) ... or for an amount equivalent to the actual payment obligation towards the Estate Office." The official minutes of the 14th CoC meeting expressly record the rationale and scope of this approval as under:

"The Applicant/Resolution Professional apprised the CoC that the Successful Resolution Applicant i.e. Respondent No. 2 ('SRA') has expressed willingness to settle the dues owed to the Estate Office amounting up to Rs. 10,00,00,000/- (Rupees ten Crores) or an amount equivalent to the actual payment obligation towards the Estate Office which shall form a part of the CIRP Cost. The SRA is prepared to treat this payment as interim finance, which shall be treated as part of the CIRP costs.

The Committee of Creditors having 100% voting share, as recorded in its 14th meeting held on 08.01.2025, approved the agenda by raise of hands, for raising of Interim Finance ... from the SRA. It was also noted that it shall not have any bearing on the total payouts under Resolution Plan as an amount of rs. 10 cr has already been proposed against payment to Estate Office. However, since the SRA intends to treat this payment as Interim Finance raised by the Resolution Professional which forms part of the CIRP costs, it shall inevitably result in an increase in the overall CIRP cost. However, the same shall remain within the total amount proposed under the resolution plan."

12. That demand was quantified only thereafter, at ₹10,23,95,694/-, vide the Estate Office's letter dated 09.01.2025 (Endst No. 263/INDL-1162/CIA-II/2025, received on 14.01.2025). The 15th CoC meeting held on 30.01.2025 specifically tabled this crystallised demand under Agenda Item No. 15.05 and reaffirmed the conscious decision to settle the full amount under protest while directing the RP to contest the interest rate and the unearned-increase component



before the Hon'ble Punjab and Haryana High Court. The deliberations and the commercial consensus arrived at in the 15th CoC meeting are explicitly reflected in the minutes as follows:

“The legal counsel of PNB reiterated the discussion from the previous meeting, regarding payment to unearned income on change of management under IBC to the Estate Office. In response, the Resolution Professional apprised that such amount is not payable as per his opinion. However, in compliance with the administrator’s order, the demand draft for the said amount shall be paid under protest, and necessary steps will be taken to seek a refund...”

Given this ambiguity, legal counsel of the RP has advised that the amount should be paid under protest to ensure compliance with the order, while simultaneously pursuing a refund. Furthermore, he has expressed strong confidence in obtaining a favorable decision. Mr. Bansal then suggested that the RP should challenge the Estate Office’s order for charging extraneous amounts in the High Court. The RP respectfully disagreed, noting that such a move would delay the resolution plan’s approval. It would be more prudent to settle the dues under protest, acquire a clear title, and later challenge the interest rate and unearned income claims...

The RP clarified that there are no provisions in the Code preventing interim finance from the SRA. Additionally, if interim finance is raised from the open market, the interest rate would be close to 20%, while the objective of raising interim finance is to avoid the daily compounded interest of 18% charged by the Estate Office. The SRA’s terms are significantly more favorable, offering interest-free funding, and if the resolution plan is not approved, the interest rate will only be 12%, which is still much better than third-party financing... The representative of PNB clarified that the first charge of SRA shall be to the extent of interim finance only not only on the whole asset. Further, it is still profitable as interest up to 6% shall be saved.”

The enhanced figure of ₹10,23,95,694/- is therefore simply the ascertained value of the very obligation the 14th meeting had already authorised the RP to meet, and does not require a fresh resolution.



13. On the efflux of time and the Application having become infructuous it is true that the order dated 26.12.2024 required deposit of the outstanding dues within 45 days, and that this period has since expired without payment being made or accepted. This objection is not without force but at the same time, the delay in question is not one of inaction on the RP's part; it stems from the pendency of the present Application itself, filed to obtain this Tribunal's prior sanction under Section 28(1)(a) of the Code before the Corporate Debtor's estate could be committed to interim finance. To treat the expiry of the 45-day period as rendering the Application infructuous would mean that the process of seeking lawful sanction has defeated the very purpose that sanction was meant to serve. We also note that the Hon'ble NCLAT, in *Sunil Kumar Bansal v. Jalesh Kumar Grover & Ors.*, Comp. App. (AT) (Ins.) No. 1882/2025, on 20.02.2026 held, in relation to the same asset, that pending litigation over the resumed land cannot keep the CIRP in abeyance, and that the RP **"has to take steps for protection of the assets of the corporate debtor."** Consistent with that reasoning, we do not consider it appropriate to decline the relief sought as infructuous merely on account of delay attributable to the pendency of proceedings seeking this Tribunal's own approval. We clarify that whether the Estate Office will accept payment at this stage, and what follows if it does not, remain matters to be worked out between the RP and Respondent Nos. 3 and 4, and nothing in this order forecloses their respective rights or contentions in that regard.



14. On the allegation of approbate and reprobate the Respondent No. 5

submits that the RP cannot simultaneously seek to comply with the order dated 26.12.2024 by raising finance to pay the demanded dues, while also challenging the correctness of that very demand as to the rate of interest and the unearned-increase component before the Hon'ble High Court in CWP No. 7719 of 2025. This objection, in substance, was considered and answered by this Tribunal in I.A. No. 417 of 2025 on 23.07.2026. It was held therein, at paragraphs 13, 18 and 22, that the CoC's decision to settle the dues under protest while simultaneously directing the RP to contest the inflated components in appropriate proceedings reflects a "two-pronged strategy" that is a legitimate exercise of commercial wisdom, and that payment under protest does not amount to acceptance of liability. The minutes of the 15th CoC meeting record the CoC's own articulation of this approach: **"It would be more prudent to settle the dues under protest, acquire a clear title, and later challenge the interest rate and unearned income claims."** We see no reason to depart from this reasoning. Payment under protest, coupled with a simultaneous challenge to the correctness of specific heads of the demand, is a well-recognised protective measure and does not amount to the adoption of legally inconsistent positions.

15. The jurisdictional objection founded on ***Kalabharati Advertising, (2010) 9 SCC 437 and Embassy Property Developments, (2020) 13 SCC 308*** goes to the jurisdiction of this Tribunal rather than merely to the commercial merits of the CoC's decision, and does not appear to



have been raised or considered in I.A. No. 417 of 2025. Respondent No. 5 submits that the Advisor to the Administrator, having passed a conditional order in exercise of revisional jurisdiction under Section 10(4) of the Capital of Punjab (Development and Regulation) Act, 1952, became functus officio upon expiry of the 45-day period, and possesses no power of substantive review; and that this Tribunal, exercising jurisdiction under Section 60(5) of the Code, cannot indirectly extend, modify or revive a time-bound order passed by a statutory authority in the realm of public law. We are unable to accept that this principle is attracted to the relief that is now, in fact, being sought. The present Application, prayer (c) not being pressed, does not seek any direction to Respondent Nos. 3 or 4 to extend the time fixed in the order dated 26.12.2024, nor does it seek to have this Tribunal sit in review of, or otherwise interfere with, the exercise of statutory power by the Advisor or the Estate Officer. What is sought is confined to an internal CIRP measure permission for the RP to raise interim finance from the SRA and to treat the same as CIRP cost, a matter squarely within the domain committed to the Adjudicating Authority by Sections 25(2)(c), 28(1)(a) and 60(5) of the Code.

16. The RP remains at liberty to tender payment under protest to the Estate Office in terms of the funds so raised; whether the Estate Office accepts such payment, and what consequences follow if it does not, are matters governed entirely by the statutory framework of the **1952 Act** and by the outcome of CWP No. 7719 of 2025, over which this Tribunal exercises no control and expresses no view. The distinction



drawn in ***Embassy Property Developments (supra)*** is between the NCLT adjudicating or directing the exercise of a statutory authority's public-law functions, and the NCLT regulating matters internal to the CIRP; the present relief, being confined to the latter, does not attract that bar. The objection, though sound as a general proposition, does not, in our view, oust the jurisdiction invoked here.

17. On the character of the "anticipated unearned increase" component the Respondent No. 5 contends that the sum of ₹2,92,27,517/- towards anticipated unearned increase on a future transfer, together with GST thereon, is not a presently subsisting liability of the Corporate Debtor, being contingent upon a future transfer and, on the language of the order dated 26.12.2024 itself, payable "while transferring lease rights." This is a substantial point going to the correctness of one component of the Estate Office's demand, and it is precisely this component, along with the rate of interest, that the CoC has directed the RP to contest in CWP No. 7719 of 2025, which remains pending. We do not consider it necessary or appropriate, in the present proceedings, to determine the correctness of this component of the demand; that question is sub judice before the Hon'ble Punjab and Haryana High Court and is best left for determination there. The pendency of this dispute before the Hon'ble High Court is not, in our view, a reason to withhold permission to fund the demand in full; the CoC has knowingly chosen to pay it under protest so as to secure clear title without further delay, while keeping open its right to recover any amount later found to have been



wrongly charged. We accordingly make it clear that this permission carries with it the right of the Corporate Debtor, the CoC, or the SRA, as the case may be, to a refund or adjustment of whatever sum is ultimately held not payable, once CWP No. 7719 of 2025 is decided.

18. On the purpose of the interim finance under Sections 20(2)(c) and 25(2)(c) of the Code the Respondent No. 5 submits that interim finance exists to preserve the Corporate Debtor as a going concern, not to discharge an antecedent government liability or ease a transfer to the SRA. We are unable to accept this argument. The leasehold plot is the Corporate Debtor's sole valuable asset, and the approved Resolution Plan itself provides for full settlement of the Estate Office dues, out of the amount earmarked for the secured financial creditor, precisely to secure clear title and close out pending litigation. Without clear title to this one asset, the Plan cannot be implemented at all, and a permanent resumption of the lease would leave the CIRP with nothing to resolve. Preserving the Corporate Debtor's sole asset is, in these circumstances, not incidental to Section 25(2)(c) but it is what that provision is for.

19. On the proposed handover of operations of the hotel business and hotel premises owned by the Corporate Debtor to the SRA, this objection was considered in I.A. No. 417 of 2025, where it was found, on a perusal of the minutes of the 13th CoC meeting, that the proposal for an Operations and Management arrangement had been deferred for further deliberation and was, in any event, made subject to obtaining a legal opinion before implementation. Nothing placed



before us in the present proceedings indicates that this position has since changed or that any such agreement has been concluded or acted upon. The objection, being founded on a proposal that remains undecided, is accordingly premature at this stage and does not furnish a ground to decline the relief sought.

20. The decision to discharge the Estate Office dues under protest through interim finance provided by the SRA, while simultaneously contesting the disputed components before the Hon'ble High Court, was taken by the sole financial creditor holding 100% voting share after deliberation in the 12th to 15th CoC meetings. Such a decision falls within the commercial wisdom of the CoC, which is ordinarily not open to judicial substitution except on the limited grounds recognised under the Code, as held in **K. Sashidhar v. Indian Overseas Bank** and **Ram Krishna Forgings Limited v. Ravindra Loonkar**. Although the concerns raised by Respondent No. 5 regarding the possible impact on its liability as personal guarantor merit consideration, they do not, by themselves, disclose any statutory infirmity warranting interference with the CoC's decision.

21. Having regard to the foregoing, we find that the interim finance sought to be raised from the SRA, in the amount of ₹10,23,95,694/-, falls within the scope of the CoC's approval as reflected in the 14th and 15th meetings; that the objections concerning efflux of time, alleged inconsistency of stands, the jurisdictional bar founded on **Embassy Property Developments (supra)**, the proposed handover of operations, and the manner of Respondent No. 5's participation in



CoC deliberations do not survive scrutiny for the reasons recorded above; and that the dispute concerning the unearned-increase component and the applicable rate of interest is appropriately left for determination in CWP No. 7719 of 2025.

22. In view of the foregoing, since prayer (c) is not pressed, prayer (b), i.e., *“to permit the Resolution Professional to raise interim finance from Respondent No. 2, i.e., the Successful Resolution Applicant, in terms of the decision and approval of the Committee of Creditors (“CoC”)”* is ***allowed*** and accordingly, **I.A. No. 238 of 2025** is ***disposed of***.

SD/-

(SHISHIR AGARWAL)
MEMBER (TECHNICAL)

SD/-

(KHETRABASI BISWAL)
MEMBER (JUDICIAL)