



**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (Court-I), CHANDIGARH**

IA(I.B.C.)/1013(CH)2026

In

CP(IB) No. 132/Chd/Chd/2023

(Admitted)

(Application under sub-section (1) of Section 65 read with Rule 11 of the National Company Law Tribunal Rules, 2016)

IA(I.B.C.)/1013(CH)2026

MR. HARISH KUMAR AGARWAL

Successful Auction Purchaser
Sole proprietor, Cox & Kings Inc
House No. 62, Sector 7,
Panchkula, Haryana-134109
Email: harishaga@gmail.com

...Applicant

VERSUS

1. PUNJAB STATE POWER CORPORATION LIMITED (PSPCL)

Through its Sub-Divisional Officer,
DS Sub-Division, Lalru, Punjab
Email: cmd-ppcl@ppcl.in, director-commercial@ppcl.in
legal-advisor@ppcl.in, ae-ds-lalru@ppcl.in

... Respondent No.1

2. MR. ARUN GUPTA, LIQUIDATOR

Cheema Spintex Limited
IBBI Regn. NO. IBB1/IP A-001/IP-P01323/2018-2019/12055
Office at: Lane 4, Bhagat Colony, Uttam Nagar,
Khalsa School Road, Khanna, Punjab- 141401
EMAIL: liq.cheemaspintex@gmail.com

... Respondent No.2

IN THE MATTER OF CP(IB) No. 132/Chd/Chd/2023:

IDBI Bank Ltd.

...Petitioner

Vs.

Cheema Spintex Limited

...Respondent

Order Delivered on: 10.09.2026

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



Present:

For the Applicant : Mr. Viren Sharma, Advocate
Mr. Yash Srivastava, Advocate
Mr. Naman Tripathi, Advocate
For Respondent No.1 : None
For Respondent No.2 : Mr. Arun Gupta, Liquidator (online)
Mr. Shubham Gupta, Advocate

ORDER

The present Interlocutory Application has been filed by **Mr. Harish Kumar Agarwal**, the Successful Auction Purchaser (*hereinafter referred to as the "Applicant"*), against **Punjab State Power Corporation Limited** (*hereinafter referred to as "PSPCL/Respondent No. 1"*) and **Mr. Arun Gupta**, Liquidator of Cheema Spintex Limited (*hereinafter referred to as "Liquidator/Respondent No.2"*), under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 (*hereinafter referred to as "Code"*) read with Rule 11 of the National Company Law Tribunal Rules, 2016 (*"Rules"*), for seeking directions against Respondent No. 1, to sanction and provide a fresh electricity connection at the premises purchased by the Applicant in the liquidation proceedings of M/s Cheema Spintex Limited (*"Corporate Debtor"*), without insisting upon payment of the pre-CIRP electricity dues of the Corporate Debtor.

BRIEF FACTS

2. The brief facts leading to the filing of the instant application are as under:

(i) The Corporate Debtor was admitted into the Corporate Insolvency Resolution Process ("CIRP") under Section 7 of the Code *vide* order dated 17.05.2024. Thereafter, the Corporate Debtor was ordered to be liquidated



vide order dated 08.05.2025, and Respondent No. 2 was appointed as the Liquidator.

(ii) During the CIRP, Respondent No. 1 submitted a claim of ₹59,73,008/- vide email dated 28.06.2024. Upon verification, an amount of ₹43,95,270/- was admitted, while the balance amount of ₹15,77,738/- was not admitted. The admission of the claim to the extent of ₹43,95,270/- was communicated to Respondent No. 1 by the Resolution Professional vide communication dated 15.07.2024. The relevant claim submission and communication are placed on record as Annexure R-2.1 (colly.) to the Reply of Respondent No. 2.

(iii) Upon commencement of liquidation, Respondent No. 1 did not submit any fresh or revised claim. Accordingly, the admitted claim of ₹43,95,270/- was treated as a claim in the liquidation proceedings. The Liquidator communicated the position to Respondent No. 1 vide email dated 10.07.2025. The said communication is annexed as Annexure R-2.2 to the Reply of Respondent No. 2.

(iv) The Liquidator has categorically stated that the aforesaid claim of Respondent No. 1 was admitted in the liquidation process and was required to be dealt with in accordance with the mechanism governing distribution of the liquidation estate under Section 53 of the Code.

(v) In the liquidation proceedings, the Liquidator issued an auction notice dated 09.12.2025 for sale of the assets of the Corporate Debtor. The Applicant participated in the e-auction held on 26.12.2025 and emerged as the Successful Auction Purchaser. A Letter of Intent dated 29.12.2025 was



thereafter issued in favour of the Applicant. The aforesaid documents are annexed as Annexures A-3 and A-4 to the Application, respectively.

(vi) Upon receipt of the sale consideration, the Sale Certificate dated 31.03.2026 was issued by Respondent No. 2 in favour of the Applicant. The relevant Sale Certificate is placed on record as Annexure A-5. Possession of the property was also handed over to the Applicant vide Possession Letter dated 25.03.2026, placed on record as Annexure A-6.

(vii) The Applicant thereafter applied to Respondent No. 1 on 05.06.2026 for grant of a fresh electricity connection at the premises purchased by him. The application for fresh electricity connection is placed on record as Annexure A-7.

(viii) Respondent No. 1, vide Memo No. 555 dated 16.06.2026, rejected the Applicant's request for a fresh electricity connection on the ground of outstanding electricity dues of the Corporate Debtor amounting to ₹43,95,270/-. Respondent No. 1 further treated the liability as having increased to approximately ₹1.61 crore upon addition of interest, surcharge and penal charges. The said Memo is annexed as Annexure A-8 to the Application.

(ix) Aggrieved by the refusal, the Applicant approached the Liquidator vide email dated 27.06.2026, seeking clarification in respect of the electricity dues and the refusal of the fresh connection. The said communication is placed on record as Annexure A-9.

(x) The Liquidator, vide email dated 03.07.2026, clarified that the amount of ₹43,95,270/- had already been admitted in the liquidation proceedings and



that insisting upon payment of the same from the Applicant would amount to recovery of a liability already dealt with in the liquidation process. The said communication is placed on record as Annexure A-10.

3. The Applicant submits that Respondent No. 1 cannot insist upon clearance of the pre-CIRP electricity dues from the Applicant, who is a third-party auction purchaser and acquired the assets through the liquidation process after payment of the entire sale consideration.

4. It was submitted that Respondent No. 1's claim of ₹43,95,270/- already stands admitted in the insolvency/liquidation proceedings and is required to be dealt with under Section 53 of the Code. By insisting upon payment of the said dues from the Applicant as a condition for grant of a fresh electricity connection, Respondent No. 1 is seeking recovery outside the statutory mechanism and is thereby seeking a preference over other stakeholders.

5. Learned Counsel placed reliance upon the judgments of the Hon'ble Supreme Court and Hon'ble NCLAT, including *Tata Power Western Odisha Distribution Ltd. & Anr. v. Jagannath Sponge Pvt. Ltd., Uttarakhand Power Corporation Ltd. v. Shyam Baba Developers & Builders Pvt. Ltd., and Yarn Sales Corporation through Sh. Rajesh Kumar, Partner v. Punjab State Power Corporation Ltd. & Anr.*, in support of the contention that the electricity distribution company cannot insist upon payment of the pre-CIRP dues of the erstwhile Corporate Debtor by the successful auction purchaser as a condition for grant of a fresh electricity connection.

6. Reliance has also been placed upon the order dated 25.11.2025 passed by this Tribunal in IA(I.B.C)/1740(CH)2025, wherein, according to the



Applicant, an auction purchaser was not held liable to discharge the electricity arrears of the erstwhile Corporate Debtor and the electricity connection was directed to be provided subject to completion of the requisite formalities.

7. Vide order dated 03.08.2026, three days were granted to Respondent No. 1 to file its reply. However, despite the opportunity so granted, no reply has been filed or furnished by Respondent No. 1.

Reply by the Respondent No.2

8. The submissions made by Respondent No.2, Mr. Arun Gupta, Liquidator of the Corporate Debtor, are summarised as under:

(i) The claim of Respondent No. 1 has already been dealt with in the liquidation proceedings in accordance with the Code.

(ii) Respondent No. 2 has substantially confirmed the factual position pleaded by the Applicant. It has been stated that Respondent No. 1 submitted a claim of ₹59,73,008/- during CIRP, out of which ₹43,95,270/- was admitted, and that the admitted claim was thereafter treated as a claim in the liquidation proceedings. Annexures R-2.1 and R-2.2 to the Reply support the said position.

(iii) The Liquidator has further stated in his Reply that approximately ₹64.40 crore was realised from the auction/sale of the assets of the Corporate Debtor. After accounting for approximately ₹4.08 crore towards insolvency resolution process costs/liquidation costs/expenses, approximately ₹58.19 crore remained available for distribution. Against this, the admitted claims of the Financial Creditors, namely IDBI Bank and Punjab National Bank, amounted to approximately ₹346.11 crore. The available liquidation proceeds were,



therefore, insufficient even to satisfy the claims of the secured creditors in full. Consequently, no amount remained available for distribution towards the claim of Respondent No. 1. The non-payment of the said claim was thus a consequence of the statutory waterfall under Section 53 of the Code and exhaustion of the available liquidation proceeds.

(iv) Upon being informed of Respondent No. 1's refusal to grant a fresh electricity connection, he clarified to the Applicant vide email dated 03.07.2026 that the claim of ₹43,95,270/- had already been admitted in liquidation and that insisting upon payment from the Applicant would amount to recovery of a liability already dealt with in the liquidation proceedings.

(v) At the same time, the Liquidator has clarified that he has no authority to compel Respondent No. 1 to release a fresh electricity connection outside the liquidation framework and that the Applicant, being directly aggrieved by Respondent No. 1's refusal, was required to seek appropriate directions from this Tribunal.

ANALYSIS AND FINDINGS

9. We have heard the Learned Counsel appearing for the Applicant and the Respondent and perused the pleadings and material placed on record.

10. In view of the pleadings and submissions, the issue that arises for consideration is whether Respondent No. 1 can insist upon payment by the Applicant, being the Successful Auction Purchaser of the assets of the Corporate Debtor, of the pre-CIRP electricity dues of the Corporate Debtor as a condition precedent for sanctioning and providing a fresh electricity connection to the premises purchased by the Applicant in liquidation?



11. The facts material to the determination of the present Application are largely undisputed. Respondent No. 1 submitted a claim of ₹59,73,008/- during the CIRP, out of which ₹43,95,270/- was admitted. Upon commencement of liquidation, the admitted claim was carried into the liquidation proceedings and was treated as a claim in accordance with the provisions of the Code.

12. It is also borne out from the Reply of the Liquidator that the claim of Respondent No. 1 was not ignored or rejected in the liquidation proceedings. Rather, it was admitted and was required to be dealt with in accordance with the statutory mechanism under Section 53 of the Code. The Liquidator's communication dated 10.07.2025, forming part of Annexure R-2.2, confirms the same.

13. The material placed on record further shows that the liquidation proceeds were insufficient even to satisfy the admitted claims of the secured creditors in full. Consequently, Respondent No. 1's admitted claim remained unpaid by reason of the operation of the statutory waterfall and exhaustion of the liquidation estate.

14. The question before us, therefore, is not whether Respondent No. 1 has a claim against the Corporate Debtor. It does. The question is whether that claim, having already been admitted and subjected to the liquidation process, can subsequently be enforced against the Applicant, who acquired the assets of the Corporate Debtor through the liquidation sale, by making payment of such pre-CIRP dues a condition for grant of a fresh electricity connection.



15. The Applicant acquired the assets pursuant to the liquidation auction and after payment of the sale consideration was issued the Sale Certificate dated 31.03.2026. The electricity dues in question admittedly relate to the period preceding such acquisition.

16. The fact that the assets were sold on an “as is where is, as is what is, whatever there is, and without recourse” basis does not, in the facts of the present case, by itself convert the admitted liability of the Corporate Debtor into a personal liability of the Applicant. The terms of the auction sale have to be read in the context of the statutory scheme under which the sale was conducted. They cannot be construed so as to defeat the statutory mechanism applicable to claims against the Corporate Debtor in liquidation.

17. The Hon'ble Supreme Court in ***Tata Power Western Odisha Distribution Ltd. & Anr. v. Jagannath Sponge Pvt. Ltd., Civil Appeal No. 5556 of 2023***, vide judgment dated 11.09.2023, considered the issue of insistence upon payment of dues of the erstwhile Corporate Debtor for grant of a fresh electricity connection and recognised the principle that past dues of the Corporate Debtor cannot, in the circumstances contemplated under the insolvency framework, be enforced against the successful resolution applicant/auction purchaser as a condition for such connection.

18. Further, in ***Uttarakhand Power Corporation Ltd. v. Shyam Baba Developers & Builders Pvt. Ltd., Company Appeal (AT) (Ins.) No. 346 of 2023***, vide judgment dated 06.01.2025, as affirmed by the Hon'ble Supreme Court vide judgment dated 21.03.2025 in Civil Appeal No. 3604 of 2025, the treatment of electricity dues which had already formed part of the liquidation



process was considered in the context of the statutory mechanism under Section 53 of the Code.

19. The admitted claim of Respondent No. 1 is a claim against the Corporate Debtor and has already entered the liquidation process. The fact that the claim remained unpaid owing to insufficiency of funds under the Section 53 waterfall cannot, by itself, create a corresponding liability in the Applicant, who purchased the assets through the liquidation process.

20. If Respondent No. 1 were permitted to recover the said pre-CIRP dues from the Applicant by withholding a fresh electricity connection, it would, in effect, permit recovery of the Corporate Debtor's liability outside the liquidation mechanism. Such a course would also result in Respondent No. 1 obtaining recovery otherwise than in accordance with the statutory distribution contemplated under the Code.

21. In view of the foregoing discussion and findings, Respondent No. 1, Punjab State Power Corporation Limited, is directed to process and sanction a fresh electricity connection in favour of the Applicant at the premises purchased by him in the liquidation proceedings, without insisting upon payment or clearance of the pre-CIRP electricity dues of the Corporate Debtor.

22. The aforesaid direction shall, however, be subject to the Applicant fulfilling the applicable statutory, technical and procedural requirements prescribed for obtaining a fresh electricity connection, including payment of charges ordinarily applicable to such fresh connection. Respondent No. 1 shall not insist upon payment of the pre-CIRP dues of the Corporate Debtor as a condition for such connection.



23. In view of the stand taken by Respondent No. 2, the Liquidator shall stand discharged from the present proceedings, subject to his obligation to comply with any direction of this Tribunal, if required.

24. The present Interlocutory Application bearing *IA No. 1013 (Ch) 2026* is accordingly **allowed** and **disposed** of in the above terms.

Sd/-

(SHISHIR AGARWAL)
MEMBER (TECHNICAL)

Sd/-

(KHETRABASI BISWAL)
MEMBER (JUDICIAL)
Ruhani