

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

CP (IB) 128/Chd/Hry/2022

(An Application under Section 7 of the Insolvency and Bankruptcy Code, 2016)

IN THE MATTER OF:

1. Mr. Sandeep Turan,

S/o Sh. Satya Pal, Village & P.O. Popda,
Tehsil- Assandh, Distt. Karnal, Haryana – 132001

2. Mrs. Jaiwanti,

W/o Sh. Roshan Lal, H. No. 1089-78/2,
Basant Vihar, Distt. Karnal, Haryana – 132001

3. Mr. Satya Narain Shastri,

S/o Sh. Nanak Chand, H. No. 375, Ward No. 5,
Assandh, Distt. Karnal, Haryana – 132001

4. Mr. Surinder Kumar,

S/o Sh. Sewa Ram, Mahabir Electronics, Ward No. 13,
Dairy Mohalla, Tarori, Distt. Karnal, Haryana – 132001

5. Mr. Suresh Kumar,

S/o Sh. Sewa Ram, Mahabir Electronics, Ward No. 13,
Dairy Mohalla, Tarori, Distt. Karnal, Haryana – 132001

6. Mr. Rakesh Kumar,

S/o Sh. Chanderbhan Virmani, H. No. 2088, Sector-7, U.E.,
Distt. Karnal – 132001, Haryana
Through General Power of Attorney Mr. Munish Kumar Ahuja,
S/o Sh. Jaidhishlal Ahuja, 72A, Near F.C.I.,
Ram Nagar, Karnal – 132001

7. Mr. Roshanlal,

S/o Sh. Nanak Chand, H. No. 1069-78/2(10), Basant Vihar,
Karnal – 132001, Haryana

8. Mrs. Meenakshi,

W/o Dr. Rajesh Kumar,

C/o Om Hospital, Ram Nagar, Assandh, Distt. Karnal, Haryana – 132001

9. Mr. Munish Kumar,

S/o Sh. Inder Singh, H. No. 154, M.C. Colony, Near Rohtak Road,

Bhiwani, Haryana – 127021

10. Ms. Ranjana Bhalla,

W/o Sh. Somnath Bhalla, H. No. 65, Ward No. 7,

Tehsil Assandh, Distt. Karnal, Haryana – 132001

11. Mr. Jatinder Singh,

S/o Sh. Randhir Singh, H. No. 228, Thambu,

Village & P.O. Jaishinghpura, Tehsil Assandh, Distt. Karnal,

Haryana – 132001

12. Mr. Vijay Kumar Gaur,

S/o Sh. Krishandev, C/o Vivekananda Vidyaniketan,

Kaithal Road, Assandh, Distt. Karnal, Haryana – 132001

13. Mr. Mahabir Sharma,

S/o Sh. Nanak Chand, H. No. 7, Ward No. 5, Assandh,

Distt. Karnal, Haryana – 132001

14. Mr. Harpreet Singh,

S/o Sh. Nirmal Singh, Flat No. G-6, Plot No. 22,

New Aadarsh Apartment, Sector-10, Dwarka, New Delhi – 110075

15. Mrs. Maya Devi,

W/o Sh. Subhash Chander, H. No. 29, Village Goli, Block-4,

Tehsil- Assandh, Distt. Karnal, Haryana- 132001

16. Mr. Mastan Singh,

S/o Sh. Trilok Singh, H. No. 48, Village Malakpur, Block No. 3,

Tehsil- Assandh, Distt. Karnal, Haryana – 132001

17. Mr. Raghbir Singh,

S/o Sh. Amar Singh, Village & P.O. Jalmana,

Tehsil- Assandh, Distt. Karnal, Haryana – 132001

18. Mr. Aakash Chauhan,

S/o Sh. Ram Swroup Chauhan, H. No. 844, Sheesh Mahal,
Kotmohalla, Karnal, Haryana – 132001

19. Dr. Dharamveer Singh,

S/o Devata Ram, H. No. 55, Block No. 41, Village & P.O. Thehbahari,
Distt. Kaithal, Haryana

20. Mr. Surinder Kumar,

S/o Sh. Nanak Chand, Ward No. 5, Near Ganesh Mandir, Assandh,
District Karnal, Haryana – 132001

21. Mr. Sarwan Kumar,

S/o Sh. Madan Lal, Ward No. 12, Assandh,
District- Karnal, Haryana – 132001

22. Mr. Naresh Chaudhary,

S/o Sh. Bir Singh, Village Bazidroran, Bazidroran (16),
District Karnal, Haryana – 132001

23. Mr. Netrapal,

S/o Sh. Mam Chand, H. No. 106, Ward No. 4, Choprewali Gali, Assandh,
District- Karnal, Haryana – 132001

24. Mr. Mahinder Singh (Deceased)

Through L.R. Karampal, S/o Late Sh. Mohinder Singh,
H. No. 88, Ward No. 12, Malikpur Road, Assandh,
District- Karnal-132039, Haryana

25. Mr. Munesh Kumar,

S/o Sh. Brijbhushan, C/o Civil Hospital, Assandh,
District- Karnal- 132039, Haryana

26. Mr. Ghanshyam Dass Garg,

S/o Sh. Ram Kumar, H. No. 195, Ward No. 13, Geeta Colony, Assandh,
District- Karnal- 132039, Haryana

27. Ms. Amarjeet Kaur,

W/o Sh. Virender Singh, H. No. 56, Ward No. 9, Dr. Bansal Wali Gali,
Assandh, District- Karnal, Haryana – 132001

28. Ms. Meena Rani,

D/o Sh. Gian Chand, H. No. 217, Ward No. 5, Assandh,
District- Karnal, Haryana – 132001

29. Mrs. Devender Kaur,

W/o Santok Singh, H. No. 55, Village & P.O. Khadakheri,
Tehsil- Assandh, District- Karnal, Haryana – 132001

30. Mr. Raj Kumar Chhabra,

S/o Sh. Saidass Chhabra, H. No. 145-L, Model Town,
Karnal, Haryana – 132001

31. Sh. Jagdish Singh,

S/o Sh. Mohar Singh, V.P.O. New Jinda, Tehsil Assandh,
District- Karnal, Haryana

32. Ms. Mamta Chahal,

D/o Sh. Balwan Singh, C/o Hafed Sugar Mill, Village Phaphrana,
Assandh, Karnal, Haryana

33. Mr. Syed Ali,

S/o Sh. Syed Zahid Ali, Village Phaphrana, Assandh, Karnal, Haryana

...Applicants/Financial Creditors

Versus

M/s Primezone Developers Private Limited

Having its Registered Office at:
109-110, Main Market Sector-8,
Urban Estate Karnal Haryana- 132001, India

...Corporate Debtor

Order delivered on: 05.06.2026

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

Present:

For the Applicant

: Mr. Viren Sharma, Advocate
Mr. Yash Srivastava, Advocate

For the Respondent

: Ex- parte

ORDER

1. The present Petition has been filed by Mr. Sandeep Turan who has been duly authorized by all the other Financial Creditors to submit this Application jointly on their behalf. This petition has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “Code”) for initiation of Corporate Insolvency Resolution Process (CIRP) against **M/s Prime Zone Developers Private Limited** (hereinafter referred to as “**Corporate Debtor**”) for the default amount of Rs. 6,76,19,846/- along with applicable interest. The date of default, as mentioned in Part IV of the Application is 30.06.2019.

2. **Brief facts of the case as stated in the Application and as argued by the Learned Counsel for the Petitioner are summarised as follows:**

(i) The present application is a joint application being filed under the provisions of Section 7(1) of the Code on behalf of unit allottees who have booked plots with the Corporate Debtor. The Petitioners have paid the booking amount and were assured by the Corporate Debtor that the units will be delivered to them within a stipulated time period.

(ii) The Corporate Debtor is a corporate entity incorporated on February 17, 2011, under the erstwhile Companies Act, 1956, with its registered office located in Karnal, Haryana. The company primarily operates in the real estate sector, focusing on the purchase, sale, rental, and management of residential and

non-residential buildings. Its business scope includes land development, the subdivision of real estate into lots, and the operation of apartment hotels and residential mobile home sites.

(iii) The Corporate Debtor in the year 2013 commenced advertising for its "Prime City-Assandh" project located in Sector 10, Assandh, Karnal. The Petitioners applied for various plot sizes based on their requirements and made payments accordingly. The Corporate Debtor issued signed allotment letters to each Financial Creditor, specifying the plot details, investment amounts, and payment acknowledgments. According to these terms, possession was to be handed over within a reasonable period following the receipt of all installments and applicable charges. The Corporate Debtor committed to executing the sale deed within a reasonable timeframe, preferably within three months of receiving the full sale consideration.

(iv) The Petitioners observed total lack of development at the project site despite making periodic payments, and never received possession of their plots. Consequently, they filed consumer complaints (Nos. 158 to 176 of 2018) against the Corporate Debtor for delayed development before the Haryana State Consumer Disputes Redressal Commission in Panchkula, where the matters remain pending. The Petitioners also filed a writ petition (WP (C) No. 11008 of 2018) before the Punjab & Haryana High Court seeking the cancellation of License No. 120 of 2012 due to the project's non-development. On May 3, 2018, the High Court directed the

relevant authorities to decide on the creditors' representation. Following these directions, the concerned office subsequently cancelled the Corporate Debtor's license.

(v) The Petitioners on September 24, 2020, learned that M/s Rudraveerya Developers Limited had approached the Tehsildar in Assandh to register a sale deed for the "Prime City" property. The company claimed ownership of the project by virtue of an auction purchase totaling Rs 10,09,00,000.

(vi) The Petitioners submitted that despite numerous reminders and visits, the Corporate Debtor has remained unresponsive. Given these circumstances, the Petitioners contend that the Corporate Debtor is commercially insolvent and unable to settle its outstanding financial debts, making it just and equitable to initiate the Corporate Insolvency Resolution Process (CIRP) against the Respondent.

3. The Respondent/Corporate Debtor was proceeded *ex-parte* vide Order dated 01.12.2025 due to its failure to appear before this Tribunal on the scheduled date of hearing, despite having been afforded multiple opportunities to do so. However, the Reply submitted by the Respondent is being considered while deciding the Present Petition.

4. Reply of the Respondent/Corporate Debtor:

(i) The Corporate Debtor submitted that the Petitioners have not made the payments according to the payment plan in the respective allotment letter. The Petition has been filed on behalf of a total 33 Petitioners however, the Authorization has been given only by 28

Petitioners and no authority by the remaining 5 Petitioners have been filed. In view of the incomplete Authority Letters, the present petition is defective and is liable to be dismissed. The Respondent argues for the dismissal of the petition, asserting that the Petitioners have failed to satisfy the mandatory threshold requirements under Section 7 of the Code. The Respondent contends that the current group of Petitioners does not constitute the requisite number or percentage of total allottees in the project, thereby necessitating strict proof to justify the maintainability of the petition.

(ii) The Corporate Debtor submitted that it was incorporated in 2010 by Sh. Anil Kumar and his associate for development of a real estate project over 35 acres of land at Assandh, Karnal. It is stated that due to downturn in the real estate market and withdrawal of financiers, the project could not obtain the requisite licence. It is further stated that Sh. Anil Kumar approached Mr. Ranjeev Agarwal who was the former Chief Financial Officer of M/s PD Agro Processors Pvt. Ltd. for arranging finances, who agreed on the condition of allotment of shareholding in the Corporate Debtor. According to the Respondent, funds received through M/s PD Agro Processors Pvt. Ltd. were utilized towards payment for the project land without knowledge of any alleged illegality.

(iii) The Respondent submitted that approximately Rs.31.10 crores were received between May 2012 and December 2012 and Mr. Ranjeev Agarwal was inducted as Director on 01.08.2012 with a proposal to eventually acquire ownership of the Corporate Debtor. It

is further averred that Mr. Ranjeev Agarwal thereafter managed the affairs of the Corporate Debtor and entered into agreements with allottees. The Respondent claims that only in January 2014 it came to know about the alleged NSEL scam involving Mr. Ranjeev Agarwal, whereafter he was asked to repay the amount to NSEL. The Respondent further contends that the Directorate of Enforcement initiated proceedings under the PMLA and passed attachment orders dated 28.02.2014 and 04.08.2014 attaching the project land without impleading or serving notice upon the Corporate Debtor or Sh. Anil Kumar. It is alleged that the Respondent became aware of the attachment only in February 2017 when officials of the Enforcement Directorate erected a board at the site. During this period, several allottees initiated consumer complaints seeking possession/refunds. The Respondent submits that it thereafter filed an appeal before the Appellate Tribunal, PMLA on 10.01.2019 challenging the attachment orders and alleges that the appeal has remained pending due to Covid-19 pandemic and lack of quorum.

(iv) The Respondent further submitted that due to attachment and auction of the property, it could not complete the project or hand over possession to the allottees and, therefore, initiation of CIRP would serve no useful purpose.

Analysis and Findings

5. We have heard the submissions made by the Learned Counsel for the Applicant/Financial Creditor and have considered the reply filed by the Respondent/Corporate Debtor and have gone through the material

available on record carefully, along with the extant provisions of the Code and the settled position of law on the subject issue. The following issues arises for consideration:

- (i) Whether the Petition filed by the petitioners is maintainable?
- (ii) Whether the present petition is filed within the period of limitation?
- (iii) Whether the funds deposited by the Petitioners for the purchase of plots constitute a 'financial debt,' and whether the Respondent has defaulted on its repayment ?

Issue No.1

6. In order to file Petition under Section 7 of the Code, the relevant provision of section 7(1) which is applicable to the present case reads as under:

***Provided further that** for financial creditors who are allottees under a real estate project, an application for initiating corporate insolvency resolution process against the corporate debtor shall be filed jointly by not less than one hundred of such allottees under the same real estate project or not less than ten per cent. of the total number of such allottees under the same real estate project, whichever is less.*

The above second Proviso to section 7(1) of the Code provides that an application to initiate the Corporate Insolvency Resolution process against the Corporate Debtor can be filed under this section jointly by at least 100 allottees or by not less than 10% of the total number of such allottees under the same real estate project.

In the present case, a joint Application under Section 7 of the Code has been preferred by 33 allottees seeking initiation of the Corporate

Insolvency Resolution Process against the Corporate Debtor. The particulars of the said Financial Creditors in a class, along with the details of the units allotted to them, have been furnished in a tabular form annexed as Annexure A-6 to the Petition. This Tribunal, vide Order dated 30.05.2022, directed the Petitioners to substantiate compliance with the threshold requirement prescribed under the second proviso to Section 7(1) of the Code. In compliance thereof, the Petitioners filed an Affidavit dated 21.11.2022 stating that the project of the Corporate Debtor was not registered under the provisions of RERA and, therefore, the complete list of allottees was not ascertainable. Subsequently, on 05.06.2024, learned counsel for the Petitioners submitted that the project namely “Prime Residential” at “Prime City”, situated at Sector-10, Assandh, District Karnal, Haryana, comprised only 37 units and, therefore, the present application satisfied the statutory threshold requirement. The Respondent/Corporate Debtor, despite opportunity being granted, failed to disclose the exact number of units/allottees in the present project and admitted lack of knowledge regarding the total number of units. Accordingly, the Respondent was directed to file a counter-affidavit specifically indicating the total number of units/allottees in the project; however, no such affidavit was filed and the Respondent was ultimately proceeded against ex parte. In the absence of any rebuttal to the Petitioners assertion and considering the material placed on record, this Tribunal is satisfied that the present application fulfills the threshold requirement of not less than ten per cent of the total allottees, as mandated under the second proviso to Section 7(1) of the Code

Issue No.2

7. With regard to issue No. (ii), it is seen that the date of default mentioned in Part IV of the Petition is 30.06.2019. The Petitioners stated that the Corporate debtor orally assured them that the outstanding obligations would be met and either possession would be delivered of the units or refunds would be processed by the end of June 2019. However, from the facts of the case, it is seen that the licence of the Respondent was cancelled for the present project by the Town & Country Planning Department on 09.10.2018. Therefore, even if 09.10.2018, is taken as the date of default, the Petition remains well within the limitation period extending up to 10.06.2023, by virtue of the covid-19 exclusion period granted by the Hon'ble Supreme Court in the case of **In Re: Cognizance for Extension of Limitation (Sou Motu Writ Petition (Civil) No. 3 of 2020)** and is thus filed within limitation on 30.03.2022. The respondent in its reply has also not disputed the stated date of default 30.06.2019, mentioned in the Petition. Therefore, the petition is well within the period of limitation.

Issue No.3

8. With regard to issue No.(iii), it is relevant to mention section 5(8) of the Code which reads as under:

“Financial Debt means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes-

- a.
- b.
- c. ...

- d.
- e. ...
- f. *Any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;*
Explanation:- For the purposes of this sub-clause,—
 - (i) any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing; and**
 - (ii) *the expressions, “allottee” and “real estate project” shall have the meanings respectively assigned to them in clauses (d) and (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);*
- g. ...

In the present case, the Petitioners had applied for purchase of various plot sizes based on their requirements and have made the payments accordingly. The Corporate Debtor issued signed allotment letters to each Financial Creditor, specifying the plot details, investment amounts, and payment acknowledgments. According to these terms, possession was to be handed over within a reasonable period following the receipt of all installments and applicable charges. The price paid by the Petitioners to the Respondent as per the payment schedule falls under the definition of financial debt as “any amount raised from the allottees” as provided under Section 5(8)(f) of the Code.

The Supreme Court of India in the case of ***Pioneer Urban Land and Infrastructure Limited & Anr vs Union of India & Ors Writ Petition (Civil) No. 43 of 2019***, decided on 09.08.2019, also known as the flat buyers case, held that the IBC amendment makes and clarifies that allottees of real estate projects are covered under the definition of financial creditors under the IBC.

The Corporate Debtor has admitted that the project could not be completed in a time bound manner due to the auction of the project land and appeals pending therein. This does not exonerate the Respondent/ Corporate Debtor from the default of having accepted the price of the flats/units and failing to deliver the possession of the units or refunding the payment being made by the Petitioners.

9. In view of the above discussion and reasons recorded hereinbefore, we find that the present petition is maintainable and the Petitioners have been able to establish the debt and default of the Corporate Debtor.

10. In the given facts and circumstances of the case, the present Petition is admitted in terms of Section 7(5) of the Code as under:

(i) The Corporate Debtor **M/s Primezone Developers Private Limited** is hereby admitted into the Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016.

(ii) The moratorium under Section 14 of the Code is declared for prohibiting all of the following, in terms of Section 14(1) of the Code:

(a) the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

(b) transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.

(iii) The Order of moratorium shall have effect from the date of this Order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for the liquidation of the Corporate Debtor Company under Section 33 of the Insolvency & Bankruptcy Code, 2016, as the case may be.

(iv) We hereby appoint **Mr. Hemanshu Jetley**, as proposed, having Registration Number: **IBBI/IPA-001/IP-P00219/2017-2018/10457**, Email- hejetley@gmail.com and Mobile No: 9041700000, to act as Interim Resolution Professional (IRP) under Section 13(1)(c) of the Insolvency and Bankruptcy Code, 2016. He shall conduct the CIRP as per the provisions of the Code read with the Regulations made thereunder.

(v) The IRP shall perform all its functions as contemplated, inter alia, by sections 17, 18, 20 & 21 of the Insolvency and Bankruptcy Code, 2016. It is further made clear that all personnel connected

with Corporate Debtor, its Promoter, or any other person associated with the management of the Corporate Debtor are under legal obligation under Section 19 of the Insolvency and Bankruptcy Code, 2016, to extend every assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter, or any other person, is required to assist or co-operate with the IRP, do not assist or co-operate, the IRP is at liberty to make an appropriate Application to this Adjudicating Authority with a prayer for passing an appropriate Order.

(vi) This Adjudicating Authority directs the IRP to make a public announcement of the initiation of the CIRP and call for submission of claims under Section 15 of the Code, as required by Section 13(1)(b) of the Code.

(vii) It is further directed that the supply of goods or services to the Corporate Debtor, if continuing, shall not be terminated, suspended, or interrupted during the moratorium period. The IRP shall be under a duty to protect and preserve the value of the property of the Corporate Debtor and manage the operations of the Corporate Debtor as a going concern as part of the obligation imposed by Section 20 of the Insolvency and Bankruptcy Code, 2016. The Financial Creditor is directed to pay an advance of Rs. 2,00,000/- (Rupees two lakhs only) to the IRP within 2 (two) weeks from the date of receipt of this order for the purpose of smooth conduct of the Corporate Insolvency Resolution Process, and the IRP is directed to file proof of receipt of such amount before this Adjudicating

Authority along with the First Progress Report. Subsequently, the IRP may raise further demands for interim funds, which shall be provided as per the Rules.

(viii) The Interim Resolution Professional shall send a communication, along with a copy of the public announcement made under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations (CIRP Regulations), 2016, to all statutory authorities likely to have claims against the Corporate Debtor. Such authorities shall include the Income Tax Department, GST Authorities, State Trade Tax Department, Provident Fund Organisation, and any other concerned departments, as well as the trade unions and employees' associations of the Corporate Debtor. The purpose of such communication shall be to duly inform them of the admission of the Corporate Debtor into the CIRP and to ensure that they are apprised of its commencement in a timely manner.

(ix) The Interim Resolution Professional shall cause a hoarding of conspicuous size to be erected prominently at the entrance of the project site. Such hoarding shall display the public announcement issued under Regulation 6 of the CIRP Regulations, 2016, pertaining to the commencement of the CIRP, with the object of affording reasonable notice thereof to all concerned stakeholders.

(x) The Registry is directed to communicate a copy of this Order to the Financial Creditor, Corporate Debtor, and the Interim Resolution Professional and the concerned Registrar of Companies, after

completion of the necessary formalities, within seven working days, and upload the same on the website immediately after pronouncement of the Order.

11. Accordingly, **CP (IB) No. 128/Chd/Hry/2025** is ***allowed*** and the Corporate Debtor, M/s Primezone Developers Private Limited, is hereby ***admitted*** into the Corporate Insolvency Resolution Process (CIRP).

Sd/-

SHISHIR AGARWAL
MEMBER (TECHNICAL)
Sudesh

Sd/-

KHETRABASI BISWAL
MEMBER (JUDICIAL)