

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

**I.A.(I.B.C) No.2596 of 2024
in
CP (IB) No. 98/Chd/Hry/2022
(Admitted)**

**Application under Section 60(5) of the
Insolvency and Bankruptcy Code,
2016**

IN THE MATTER OF I.A(IBC) No. 2596 of 2024:

Ashok Gupta

S/o Sh. BK Gupta
R/o H.No 86 Swami Enclave, Dhakoli, Zirakpur, Mohali
Email: gupta.ak86@gmail.com

Smt Shashi Gupta

W/o Ashok Gupta R/o, H.No 86 Swami Enclave, Dhakoli, Zirakpur, Mohali
Email: gupta.ak86@gmail.com

Parag Gupta

S/o Ashok Gupta R/o, H.No 86 Swami Enclave, Dhakoli, Zirakpur, Mohali
email: gupta.ak86@gmail.com

...Applicants

Vs.

Rahul Jindal,

Resolution Professional, Samar Estate Pvt Ltd,
109, Surya Kiran Building, KG Marg, New Delhi 110001
Email: jindalrahul60@gmail.com

...Respondent

IN THE MAIN MATTER OF:

Punjab and Sind Bank

...Financial Creditor

Vs.

Samar Estates Private Limited

...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. A.S. Likhari, Advocate
Mr. Ashok Gupta, (Applicant-in-person)

For the RP: Mr. Aalok Jagga, Advocate
Mr. Sahil Lohan, Advocate
Mr. Aryaman Jagga, Advocate
Mr. Madhav Singhal, Advocate

ORDER

The present Application has been filed by the Applicants under section 60(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as **the Code**) praying that the manner of acceptance of claim by the Respondent may be set aside and the Respondent may be directed to calculate the refund towards the interest. It is further prayed that the delay possession charges claimed by the Applicants be duly granted.

2. The facts of the case, as stated in the Application, are summarized as under:

- (a) The Applicants submitted that they are victims of illegal actions and an incorrect interpretation of law by the Respondent which, if not corrected, would result in grave injustice.
- (b) The Applicants submitted that the Corporate Debtor was admitted into the Corporate Insolvency Resolution Process on 12.01.2024 by this Tribunal, and the Respondent was appointed as the Resolution Professional. Pursuant thereto, the Applicants filed their claim vide Form CA dated 04.03.2024 (Annexure A-1) in respect of Unit P-603, purchased on the basis of payment receipts issued from 30.05.2006, for a total amount of ₹42,89,820/- along with applicable interest.
- (c) The Applicants further submitted that they received a partial refund of ₹40,00,000/- between 03.08.2019 and 20.01.2020, pursuant to the Order dated 16.08.2017 passed by the Permanent Lok Adalat, Panchkula, which was duly disclosed in the claim form as Annexure A-2 with the Application.
- (d) The Applicants submitted that the Respondent, while accepting the claim on 29.05.2024, illegally adjusted the entire refunded amount towards the principal component, which is contrary to settled law and violative of their rights. The Applicants rely upon judicial precedents, including *Vijay Industries v. NATL Technologies Pvt. Ltd.*, Civil Appeal No 7352 of 2008, wherein it has been held that in the absence of specific appropriation, payments must first be adjusted towards interest and thereafter towards principal; such principle

having also been affirmed in *Meghraj v. Mst. Bayabai* and *Gurpreet Singh v. Union of India*.

(e) The Applicants further submitted that they submitted a representation dated 16.09.2024 to the Respondent, highlighting the error and seeking rectification; however, no corrective action was taken. It is contended that by adjusting the refund towards principal, the Respondent has effectively negated the Applicants' claim and deprived them of interest accrued on their deposits since 2006, under the Builder Buyer Agreement executed in 2012.

(f) It is further submitted that the Respondent failed to consider and admit the Applicants' claim of charges towards delay in possession, despite the same being specifically claimed in Form CA. The Applicants assert that the refund received during 2019–2020 cannot extinguish or reduce their entitlement to interest, which had accrued due to non-performance of the Builder Buyer Agreement by the Corporate Debtor.

3. Reply of the Respondent is summarized as under:

(a) The Respondent submitted that the Application has been filed by the Applicants, who claim to be allottees of Unit No. P-603 in the project "Ess Vee Apartments" being developed by the Corporate Debtor, Samar Estates Pvt. Ltd. The Respondent further submitted that the Applicants had submitted their claim in Form CA on 04.03.2024, claiming a total amount of Rs. 1,35,62,303/- in respect of the aforementioned unit. The Applicants in the present application have challenged the manner in which their claim has been admitted by the Respondent. Specifically, the grievance of the Applicants is that while calculating the claim amount, the refund of Rs. 40,00,000/- received by them

prior to the commencement of the CIRP has been adjusted against the principal amount, whereas the Applicants seek that such amount should be adjusted against the interest component.

(b) The Respondent further submitted that as per the claim form as well as the present Application, the Applicants had paid a total principal amount of Rs. 42,89,820/-, out of which they received a refund of Rs. 40,00,000/- between 03.08.2019 and 20.01.2020, i.e., much prior to the initiation of CIRP. The claim of the Applicants was duly adjudicated by the Respondent and an amount of Rs. 2,89,820/- was admitted towards principal, and Rs. 30,37,267/- was admitted towards interest, totaling Rs. 33,27,087/-. The Applicants were informed of the admitted claim via email dated 29.05.2024. The Respondent further submitted that before adjudicating the claim, the Respondent, in order to ensure proper legal compliance, sought a legal opinion on the issue of appropriation of the refunded amount received by the Applicants prior to commencement of CIRP. The legal opinion advised that such an amount should be appropriated towards the principal and not towards interest. The Respondent has accordingly acted in consonance with the legal opinion and in accordance with the Code and the CIRP Regulations.

(c) The Respondent further submitted that as per Regulation 16A(7) of the CIRP Regulations which provides that the voting share of a creditor in a class shall be in proportion to the financial debt including interest. Regulation 16A (7) of the CIRP Regulations, 2016 reads as under:

“16A(7). The voting share of a creditor in a class shall be in proportion to the financial debt which includes an interest at the rate of eight per cent per annum unless a different rate has been agreed to between the parties.”

Accordingly, the admitted claim of the Applicants reflects the amount that was due and outstanding as on the insolvency commencement date (i.e., 12.01.2024) and properly includes the applicable interest calculated up to the date of refund, thereby fully complying with the said Regulation and the statutory framework of the Code.

(d) The Respondent submitted that the principal amount of Rs. 2,89,820/- has been admitted by him along with the interest component of Rs. 30,37,267/- which has been calculated by the Respondent based on the disbursement dates of the amounts paid by the Applicants into the account of the Corporate Debtor. The interest has been computed from the respective dates of disbursement till the date of refund of such amounts to the Applicants, which occurred during the period between 2019 and 2020. The calculation has been done by applying interest at the rate of 8%, in accordance with Regulation 16A (7) of the CIRP Regulations, 2016.

(e) The Respondent further submitted that the insolvency commencement date in the present matter is 12.01.2024, and it is an undisputed fact that the Applicants had already received a refund of Rs. 40,00,000/- prior to this date. Therefore, only the amount due and outstanding as on 12.01.2024 could be considered for claim admission. It is further submitted that the allottees are Unsecured Financial Creditors. Appropriation of amount owed towards interest to Unsecured Creditors in a class in presence of Secured Financial Creditor i.e.

Punjab and Sind Bank which was in default, can be treated to be a preferential transaction. Undisputedly, Secured Financial Creditor is entitled to appropriation of interest on the amount of debt defaulted by Corporate Debtor. Therefore, it is submitted that any amount refunded to Unsecured Financial Creditors in a class cannot be adjusted towards interest.

(f) The Respondent submitted that he has followed the CIRP Regulations in letter and spirit. The refund of Rs. 40,00,000/- could not have been adjusted towards interest because no interest can accrue on an amount which is no longer due, and such an adjustment would artificially inflate the claim amount, leading to an inequitable outcome for other similarly situated homebuyers. The Applicants do not have any locus to challenge the manner of claim admission since the claim has been dealt with in accordance with law, and no prejudice has been caused to them. The Respondent has treated all homebuyers equitably and in accordance with the applicable legal provisions. The present Application is thus misconceived, devoid of merits, and deserves to be dismissed.

4. Short written submissions filed by the Applicant are as follows:

(a) The Applicants submitted that the core dispute in the present matter pertains to whether the amounts refunded to the Applicant prior to the commencement of the CIRP could lawfully be appropriated entirely towards the principal amount, while excluding or substantially diminishing the interest and delay compensation otherwise payable to the Applicant as a homebuyer and financial creditor under the Code. The Applicant further submitted that the

approach adopted by the Resolution Professional is contrary to the settled rule of appropriation.

(b) The Applicants further submitted that the primary questions that arise for determination are whether, in the absence of an express contractual stipulation, amounts refunded by the Corporate Debtor ought to be appropriated first towards interest and allied charges and only thereafter towards principal; whether the general law relating to appropriation of payments applies in proceedings under the IBC, where the Code does not prescribe a contrary rule; and whether a Resolution Professional can rely on CIRP Regulations relating to voting share or class representation to alter the substantive content of a creditor's financial debt.

(c) The Applicants submitted that the settled rule of appropriation under Indian law provides that where both principal and interest are due and there is no specific direction or agreement to the contrary, payments are to be adjusted first towards interest and thereafter towards the principal. This principle ensures protection of the creditor's time value of money and prevents a defaulting debtor from avoiding the consequences of delay by insisting that payments be appropriated solely towards principal. This principle has been consistently recognised in judicial pronouncements, including in *Gurpreet Singh v. Union of India*, wherein it has been affirmed that in the absence of a contrary arrangement, payments must first be adjusted towards interest and costs before being set off against the principal amount. The underlying rationale is that a debtor who has retained another's money over time must first discharge the accretions arising from such retention before reducing the

capital sum. In the absence of any specific provision in the IBC prescribing a different rule, there exists no legal impediment to the application of this settled principle in insolvency proceedings.

(d) The Applicant further submitted that the IBC, though a comprehensive insolvency framework, does not exhaustively govern all aspects of debt accounting. The Resolution Professional's role is limited to collating and verifying claims and does not extend to altering the substantive character of the debt. Accordingly, where under general law the debt includes accrued interest or delay compensation and refunds are to be first appropriated towards such dues, the same position cannot be changed merely due to commencement of CIRP in the absence of an express statutory provision. Further, interest constitutes an integral component of "financial debt" within the meaning of Section 5(8) of the Code, reflecting the time value of money. Consequently, the Applicant's claim cannot be reduced by allocating all refunds exclusively towards principal, as such an approach treats interest as secondary or dispensable, which is contrary to both statutory intent and settled jurisprudence.

(e) The Applicants submitted that in terms of correct computation, if the refunded amounts are first adjusted towards the interest and delay compensation accrued due to default, only the remaining balance, if any, can be appropriated towards the principal amount. Any contrary approach, whereby refunds are loaded entirely against principal, results in an artificial depression of the creditor's claim and confers an unintended benefit upon the

debtor. The reliance placed by the Resolution Professional on CIRP Regulations relating to authorised representatives, class creditors, or computation of voting share is misplaced, as such provisions are procedural and administrative in nature. They do not lay down any substantive rule governing appropriation of payments or permit alteration of the legal content of a financial debt.

(f) The Applicants further submitted that it is essential to distinguish between voting share determination and claim quantification, as the former relates only to representation in the Committee of Creditors, whereas the latter must be carried out in accordance with the substantive law governing the debt. Regulations on voting cannot override or dilute the legal components of a financial debt. The present dispute, therefore, goes beyond a mere accounting issue and concerns the correct legal character of a homebuyer's financial debt under the IBC. The Applicant's claim cannot be reduced by adopting an appropriation method that disregards settled law and statutory principles. And the only legally sustainable course is to direct re-computation of the claim by applying the settled rule that, in the absence of a contrary stipulation, payments must first be appropriated towards interest and thereafter towards principal, as also affirmed by the Hon'ble Supreme Court, which has held that appropriation ordinarily follows the sequence of interest, costs, and then principal unless otherwise specified.

Analysis and Findings

5. We have heard the Ld. Counsels of both parties and have considered the submissions and also their respective pleadings and have also gone through the relevant provisions of laws.

6. The present Application has been filed under Section 60(5) of the Code seeking re-computation of the Applicants' admitted claim on the ground that the refund amount of ₹40,00,000/- received by the Applicants prior to commencement of CIRP ought to have been appropriated first towards interest and delay compensation and thereafter towards principal. The Applicants have further sought admission of delay possession charges as part of their claim.

7. It is an admitted position that the Applicants had paid a total sum of ₹42,89,820/- towards Unit No. P-603 in the project "Ess Vee Apartments" on various dates commencing from 30.05.2006. It is further undisputed that pursuant to the Order dated 16.08.2017 passed by the Permanent Lok Adalat, Panchkula, the Applicants have received a substantial refund of ₹40,00,000/- during the period from 03.08.2019 to 20.01.2020, i.e., much prior to the insolvency commencement date of 12.01.2024. The CIRP of the Corporate Debtor was initiated on 12.01.2024, and the Applicants submitted their claim in Form CA on 04.03.2024 claiming a total amount of ₹1,35,62,303/-. The Respondent, after due verification and upon seeking legal opinion, admitted the claim to the extent of ₹33,27,087/-, comprising ₹2,89,820/- towards principal and ₹30,37,267/- towards interest calculated at 8% per annum up to the dates of refund.

8. The grievance of the Applicants is that the Respondent has wrongly appropriated the refunded amount of ₹40,00,000/- towards the principal instead of first adjusting it towards interest, which according to them is contrary to settled principles of appropriation under general law. It is noted that the Applicants case rests upon the applicability of the general rule of

appropriation of payments in civil law. However, the present proceedings arise within the framework of the Insolvency and Bankruptcy Code, 2016, which is a complete code in itself governing insolvency resolution, including collation and verification of claims as on the insolvency commencement date. Regulation 13 of the Insolvency and Bankruptcy Board of India (Insolvency Regulation Process for Corporate persons), Regulations 2016 (hereinafter referred to as the CIRP Regulations) lays down that “The interim resolution professional or the resolution professional, as the case may be, shall verify every claim, as on the insolvency commencement date”. The said Regulation provides that only such claims which are “due and outstanding” as on the insolvency commencement date can be admitted. In the present case, a substantial portion of the amount, i.e., ₹40,00,000/-, had already been refunded to the Applicants between 03.08.2019 and 20.01.2020. As submitted by the Ld Counsel for the RP during hearings on 15/04/2026 that the books of the account of the Corporate debtor showed a balance amount of Rs. ₹2,89,820 which has been admitted by the RP towards the claim of the applicant. It was also claimed by the Ld Counsel for the RP, the Applicant has also not offered the refund amount of Rs. 40 Lakhs as interest in its Income Tax returns nor has submitted any evidence to show that the CD has appropriated the refund amount towards interest and not towards the principal. Therefore, as on 12.01.2024, the balance amount due and outstanding from the CD to the Applicants was only Rs. ₹2,89,820. Moreover, no direction has been given in the Order passed by the Lok Adalat as to whether the refund is to be applied towards interest first or the Principal. The Applicant's contention, if accepted, would lead to a situation where interest

continues to be claimed on amounts no longer retained by the Corporate Debtor, thereby inflating the claim. Further, the Respondent has acted upon a legal opinion and has followed a consistent and uniform methodology in dealing with similarly situated homebuyers, thereby ensuring equitable treatment. Hence, this Tribunal finds no arbitrariness or illegality on this issue.

9. The reliance placed by the Applicants on judicial precedents like *Vijay Industries v. NATL Technologies Pvt. Ltd.*, *Civil Appeal No 7352 of 2008* and *Meghraj v. Mst. Bayabai* and *Gurpreet Singh v. Union of India*, etc relating to appropriation of payments is misplaced in the facts of the present case. Those principles operate in the realm of contractual or civil disputes and cannot be mechanically imported into insolvency proceedings where the objective is determination of the real outstanding liability as on a fixed date. The Code does not mandate adoption of any particular rule of appropriation in such circumstances, and the Resolution Professional is required to act on commercial prudence and legal compliance.

10. Moreover, the argument of the Applicants that interest should be treated as a primary component of financial debt cannot be stretched to the extent of re-characterizing already refunded amounts as still carrying interest liability. The definition of term “financial debt” under Section 5(8) indeed includes interest; however, such interest must relate to an amount which is actually disbursed and remains outstanding.

11. With regard to the contention relating to Regulation 16A(7) of the CIRP Regulations, this Tribunal finds that the Respondent has correctly applied the said provision for computation of interest at 8% per annum in absence of any agreed rate. The Applicants' attempt to distinguish between voting share and claim quantification does not advance their case, as the Respondent has not relied upon the Regulation to dilute the claim but only to compute interest in a standardized manner.

12. As regards the claim of delay in possession charges, the Applicants have failed to demonstrate any contractual or legally enforceable basis for the same in the context of CIRP, particularly when a substantial refund has already been received prior to commencement of insolvency. In the absence of cogent material, the non-admission of such a claim cannot be faulted. Moreover, the Order of the Lok Adalat also does not mention anything about the charges for delayed possession.

13. In view of the foregoing, this Tribunal is of the considered opinion that the Respondent has acted within the scope of his statutory duties under the Code and CIRP Regulations. The methodology adopted for claim admission is reasonable, legally sustainable, and does not warrant interference

14. Accordingly, **I.A. (I.B.C) No. 2596 of 2024** is **dismissed** and **disposed of**.

Sd/-
SHISHIR AGARWAL
MEMBER (TECHNICAL)
Sudesh

Sd/-
KHETRABASI BISWAL
MEMBER (JUDICIAL)