NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH, COURT-I, CHANDIGARH

I.A. No.417 of 2025 In
CP(IB) No. 319/Chd/Chd/2019
(Admitted)

[Application under section 60(5) of Insolvency & Bankruptcy Code, 2016]

I.A. No.417 of 2025:

Priyanka Bansal (alias Kajal Bansal),
w/o Sh. Sunil Bansal,
R/o D-15, Uppal Marble Arch,
Sector 13, NAC Manimajra, Chandigarh
Email: sunil@turquoisechandigarh.com
Mobile No.: 9816800021

....Applicant

Versus

1. Sh. Hemashu Jetley,
Resolution Professional, Garib Nawaz Hotels Private Limited.
Registration No.: IBBI/IPA-001/IP-P00219/2017-2018/10457,
Address: SCO 818, 1st Floor, NAC Manimajra,
Chandigarh- 160101
Email ID: hejetley@gmail.com; garibnawaz.cirp@gmail.com

.....Respondent No.1

2. Punjab National Bank,
Sole member of the Committee of Creditors, M/s Garib Nawaz Hotels Private Limited,
Address: Zonal Sastra, SCO 60-61,
Sector 17B, Chandigarh- 160017.

.....Respondent No.2

3. Mr. Karan Grover and Mr. Akshay Grover (In Consortium),
Successful Resolution Applicant,
R/o House No. 77, Sector 18A,
Chandigarh- 160018.

.....Respondent No.3

IN THE MATTER OF CP (IB) No. 319/Chd/Chd/2019 (Admitted):

Punjab National Bank

...Petitioner

Vs.

Garib Nawaz Hotels Pvt. Ltd.

...Respondent

Order delivered on: 23.07.2026

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

Present:

For the Applicant	:	Ms. Munisha Gandhi, Senior Advocate Ms. Salina Chalana, Advocate
For the RP	:	Mr. Anand Chhibbar, Senior Advocate Mr. G.S. Sarin, PCS Mr. Narsingh Chouhan, Advocate Mr. Hemanshu Jetley RP-in-person
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 the SRA : Mr. Shikhar Sarin, Advocate

ORDER

The present Application has been filed by Ms. Priyanka Bansal (alias Kajal Bansal), a Suspended Director of M/s Garib Nawaz Hotels Private Limited ("Corporate Debtor") and an unsuccessful Resolution Applicant in the ongoing Corporate Insolvency Resolution Process ("CIRP"), under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("Code/IBC"), for seeking the following reliefs:

> *"(i) Issuance of appropriate directions setting aside the resolution passed by the Respondent No. 2 in its 14th meeting held on 08.01.2025 granting permission to raise finance upto Rs. Ten Crores from the Respondent No. 3/SRA;*
>
> *(ii) Issue appropriate directions setting aside the resolution passed by the Respondent No. 2 in its 14th COC meeting held on 08.01.2025 granting permission to hand over the operations to the SRA at monthly fixed charges;*
>
> *(iii) Issue directions restraining the Resolution Professional/Committee of Creditors to enter into any agreement with the Successful Resolution Applicant qua interim finance and/or handing over the operations of the Corporate Debtor, during the pendency of the present application;*
>
> *(iv) Direct the Resolution Professional to place on record the entire COC proceedings in relation to discussions pertaining to the interim finance."*

FACTS

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

(i) The Industrial Plot No. 29/7, Industrial Area, Phase-II, Chandigarh (1950 sq. yards), which is the sole asset of the

Corporate Debtor and the property in question. The said plot was originally allotted on leasehold basis in 1984, and conversion from industrial to commercial use was permitted vide Conversion Letter dated 23.12.2008 on payment of conversion charges. The Applicant contends that the Conversion Scheme of 2005 expressly fixed the applicable interest rate at 8.25% per annum, and the subsequent imposition of 18% per annum by the Estate Office is illegal, without the requisite notification from the Chief Administrator, UT Chandigarh and therefore without legal basis.

(ii) The Applicant alleges that at the 12th CoC meeting dated 29.10.2024, the CoC itself specifically recommended challenging the 18% interest rate and the compound interest calculation. Notwithstanding this direction, the RP allegedly made unilateral concessions before the Ld. Adviser to the Administrator, UT Chandigarh, accepting the 18% interest, which led to the conditional order dated 26.12.2024 setting aside the lease cancellation subject to payment of all outstanding dues including at the enhanced rate. The Applicant avers that this was contrary to explicit CoC directives.

(iii) Based on this concession, the Estate Office issued a demand dated 09.01.2025 totaling Rs. 10,23,95,694/-, which the Applicant contends is grossly inflated as it comprises of Rs. 6,42,84,170/- towards conversion charges with interest at 18%, Rs. 34,62,669/- as GST, Rs. 1,29,291/- as ground rent with

GST of Rs. 31,094/-, and Rs. 3,44,88,470/- as anticipated unearned increase on an assumed future transfer.

(iv) The Applicant further contends that applying the correct rate of 8.25%, the legitimate dues would amount to only Rs. 4,54,79,929/-, representing a reduction of approximately 55.58% from the Estate Office's demand.

(v) The Applicant further also alleges that the RP thereafter manipulated the CoC in the 14th CoC meeting dated 08.01.2025 into approving interim finance of up to Rs. 10 crores from the Successful Resolution Applicant ("SRA"), Mr. Karan Grover and Mr. Akshay Grover (in Consortium) through deliberate concealment of material facts, particularly the inconclusive state of the 15th CoC meeting discussions.

(vi) The Applicant also alleges that the RP is attempting to prematurely transfer operational control of the Corporate Debtor to the SRA prior to this Tribunal's approval of the Resolution Plan.

(vii) Separately, the Applicant states that she was the highest bidder (H1) in the resolution plan process but was not declared the SRA due to alleged manipulations and procedural irregularities in the approval process, which she has challenged separately vide IA No. 2737 of 2024, pending before this Tribunal.

SUBMISSIONS OF THE RESPONDENTS

(a) Reply of Respondent No.1

3. The submissions made in the Reply of Respondent No. 1, Resolution Professional are briefly stated as under:

(i) The RP submits that the Applicant has not approached this Tribunal with clean hands, having suppressed the material fact that she never participated in a single CoC meeting throughout the CIRP. It is further submitted that the Applicant is acting as a proxy for co-director Mr. Sunil Bansal, Respondent No. 5.

(ii) The RP asserts that a virtually identical writ petition filed by the Applicant, vide CWP No. 3804 of 2025, before the Hon'ble Punjab & Haryana High Court was found to lack locus standi and was required to be withdrawn vide order dated 27.02.2025.

(iii) On the merits, the RP submits that the Corporate Debtor finds itself in the present precarious position solely due to the negligence of the Suspended Directors, who failed to pay the Estate Office dues during their tenure. The RP has diligently pursued the matter before multiple forums, including filing CWP No. 32078 of 2024 before the Punjab & Haryana High Court, which resulted in the Ld. Adviser being directed to decide Revision Petition No. 18 of 2023 within a fixed time frame.

(iv) The Ld. Adviser vide order dated 26.12.2024 set aside the cancellation orders conditionally, requiring the RP to file an affidavit undertaking to deposit all outstanding dues within 45 days. The RP complied within the stipulated period, filing the affidavit on 03.01.2025.

(v) The RP submits that the 18% interest rate has not been accepted. The payment is being made strictly under protest, and the RP has simultaneously filed CWP No. 7719 of 2025 before the Hon'ble Punjab & Haryana High Court in consultation with the CoC specifically challenging the 18% interest and the unearned increase demand of Rs. 2,92,27,517/- plus GST of Rs. 52,60,953/-.

(vi) The RP contends that since the 18% interest continues to accrue daily, immediate settlement under protest was the only commercially prudent course to prevent permanent loss of the Corporate Debtor's sole asset, consistent with the RP's statutory duty under Section 25(1) of the Code.

(vii) On interim finance, the RP submits that the CoC approved the raising of interim finance from the SRA with 100% votes in the 14th CoC meeting, in accordance with the authority vested by Sections 25(2)(c) and 28(1)(a) of the Code.

(viii) The RP further clarifies that in the 13th CoC meeting, the proposal for the SRA to oversee operations was merely discussed and formally deferred by the CoC; no approval was ever granted. The RP has additionally filed IA No. 228 of 2025 before this Tribunal seeking prior judicial sanction for raising the interim finance, ruling out any allegation of unilateral or non-transparent conduct.

<u>(b) Reply of Respondent No.2</u>

4. The submissions made in Reply of Respondent No. 2, Committee of Creditors (Punjab National Bank) are briefly stated as under:

(i) The Punjab National Bank, the R2 is the sole member of the CoC with 100% voting share. The CoC supports the RP's reply entirely and submits that the present Application is strategically contrived to obstruct and prolong the CIRP, causing escalating financial harm to the Corporate Debtor with each passing day, as the 18% compound interest continues to accrue on the Estate Office dues.

(ii) The CoC submits that all decisions including approval of the Resolution Plan with 100% votes in the 11th CoC meeting dated 27.09.2024, authorization of interim finance up to Rs. 10 crores in the 14th CoC meeting dated 08.01.2025, and the strategic decision to settle dues under protest while simultaneously challenging them in the Hon'ble Punjab and Haryana High Court were taken after thorough deliberation and in strict conformity with the Code.

(iii) The CoC specifically denies any manipulation in the resolution plan approval process and rejects the allegation of favouritism towards the SRA, noting that the Applicant's own resolution plan was rejected on commercial merits after due evaluation.

(iv) The CoC relies on the settled legal position that the commercial wisdom of the CoC is paramount and is protected from judicial review except on extremely limited statutory grounds. The CoC notes that the Applicant, being a suspended director, had no legal obligation to be kept as a participant in CoC meetings.

(c) Reply of Respondent No.3

5. The submissions made in the Reply of Respondent No. 3, Successful Resolution Applicant (SRA), are briefly stated as under:

(i) The SRA submits that it was made fully aware of the Estate Office dues at the time of submitting its Resolution Plan, and accordingly included a provision for payment of Estate Office recovery dues of up to approximately Rs. 10 crores within the Resolution Plan itself.

(ii) The SRA supports the interim finance arrangement as the need of the hour to prevent the Estate Office from cancelling the Corporate Debtor's lease, which would render the entire CIRP futile.

(iii) The SRA categorically denies the allegation of being in control of the Corporate Debtor's management, clarifying that it has no control in the workings of the Corporate Debtor in any form whatsoever at the present stage.

(iv) The SRA further clarifies that the decision to provide interim finance before plan approval was necessitated by the urgent Estate Office demand letter dated 09.01.2025, and that conditions were attached solely to protect the SRA's interest in the event of non-approval of the plan by this Tribunal.

(v) The SRA notes that its 12% simple interest (chargeable only on rejection of the plan) is significantly lower than the 18% compound interest being charged by the Estate Office. The SRA further highlights that it has already furnished a Performance Bank Guarantee of Rs. 5.62 crores, demonstrating its genuine commercial commitment.

Analysis and Findings

6. Having considered the material placed on record and the arguments advanced by Ld. Counsel for the parties, the following issues arise for determination:

Issues

Issue No. 1: *Whether the Applicant has the locus standi to file the present Application under Section 60(5) of the Code, and whether the application constitutes an abuse of the process?*

Issue No. 2: *Whether the decisions of the CoC and the RP regarding the raising of interim finance up to Rs. 10 crores from the SRA and the proposed Operations and Management arrangement, as recorded in the 13th and 14th CoC meetings, are legally sustainable?*

Issue 1:

7. The Applicant wears two hats simultaneously; as she is both a Suspended Director of the Corporate Debtor and an unsuccessful Resolution Applicant whose resolution plan was evaluated and rejected by the CoC exercising its commercial wisdom.

8. As a Suspended Director, her powers stand suspended by operation of Section 17 of the Code from the date of commencement of CIRP, i.e

09.02.2024. As an unsuccessful Resolution Applicant, her commercial proposal was weighed against that of the SRA by the CoC and was found less viable. The commercial rejection of her resolution plan by the CoC cannot be circumvented by re-entering the process through the back door by using of Section 60(5) to challenge interim operational decisions.

9. It is noted that the Applicant has not participated in any of the CoC meetings held during the course of the CIRP. The commercial decisions which are now being challenged before this Tribunal were taken in those very meetings. This Tribunal is of the considered view that a party who chooses not to participate in the deliberative process cannot, at a later stage, approach this Tribunal under Section 60(5) of the Code to assail the decisions arrived at in that process.

10. We also note that the Applicant had earlier filed CWP No. 3804 of 2025 before the Hon'ble Punjab & Haryana High Court raising substantially the same grievances. A perusal of the order dated 27.02.2025 in CWP No. 3804 of 2025 passed by the Hon’ble Punjab and Haryana High Court reveals that the said CWP was withdrawn by the Applicant specifically in view of the statement made by the Resolution Professional that he would himself institute a writ petition challenging the exorbitant rate of interest.

11. Thereafter, the present Application has been filed before this Tribunal raising the very same allegations, deliberately ignoring the fact that the Resolution Professional has already acted on that undertaking by instituting CWP No. 7719 of 2025. Furthermore, this

Tribunal notes that Mr. Sunil Bansal, the other Suspended Director, has already been impleaded as Respondent No. 5 in IA No. 228 of 2025, the primary application filed by the RP seeking approval for the interim finance pursuant to the order of this Tribunal dated 18.03.2025. The filing of the instant parallel Application by the Applicant, over the exact same subject matter already being contested by her co-director in IA No. 228 of 2025 is an abuse of the process of the Court.

12. The Applicant has suppressed the material fact of her non-participation in CoC meetings and has misrepresented the state of the 15th CoC meeting's deliberations. In this regard, the Hon'ble Supreme Court, in ***Rekha Sharad Ushir vs. Saptashrungi Mahila Nagari Sahkari Patsansta Limited (Crl. Appeal No. 724 of 2025)***, has held that a litigant who suppresses material facts or makes false statements cannot seek justice from the court.

13. Further, the Applicant has stated that the discussions on interim finance in the 15th CoC meeting dated 30.01.2025 remained inconclusive and that the CoC had not granted any final approval. A perusal of the minutes of the said meeting, however, reveals that the CoC, after detailed deliberation, consciously decided to settle the Estate Office dues, explicitly recording that: ***"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 characterisation of the 15th CoC meeting as

inconclusive is therefore a misrepresentation of what is otherwise a matter of record.

14. Section 60(5) of the Code is a residuary powers vested in the Adjudicating Authority to address genuine infirmities in the CIRP process. It cannot be permitted to operate as an Appellate remedy for an unsuccessful resolution applicant to challenge commercial decisions taken by the CoC with 100% voting share. Permitting such an application to proceed would set a dangerous precedent, opening the door to CIRP-related litigation for every disgruntled party whose commercial proposal failed to find favour with the CoC. Therefore, Issue No.1 is answered in the negative.

Issue 2

15. Before proceeding to examine the merits, it is necessary to note the decisions which the Applicant seeks to set aside through the present Application:

(i) the 14th CoC meeting resolution dated 08.01.2025 authorising the RP to raise interim finance up to Rs. 10 crores from the SRA to settle the Estate Office dues, such amount to form part of CIRP cost; and

(ii) the authorisation to enter into an Operations and Management Agreement with the SRA, subject to legal opinion.

16. On the above matter, the factual position is undisputed. The Corporate Debtor's sole asset, Plot No. 29/7, had its lease cancelled by the Estate Officer vide order dated 05.09.2018. All subsequent appeals filed by the Corporate Debtor as well as by PNB were

dismissed. It was only through the efforts of the RP, including filing CWP No. 32078 of 2024 before the Hon'ble Punjab & Haryana High Court that the Ld. Adviser was directed to hear and decide Revision Petition No. 18 of 2023, which was ultimately accepted vide order dated 26.12.2024. However, this acceptance was conditional that is the RP was required to undertake payment of all outstanding dues including at 18% interest within 45 days. The RP complied by filing the affidavit on 03.01.2025.

17. Furthermore, it is a matter of record that while granting permission to mortgage the property to Punjab National Bank vide letter dated 13.09.2011, the Estate Office explicitly stipulated that it retains a first and paramount charge over the site. The letter strictly mandated that in case the financial institution proceeds to auction or sell the property, it must deposit the outstanding dues of the department, including conversion charges. Therefore, obtaining a clear title by settling these dues is an inescapable legal prerequisite for the successful resolution of the Corporate Debtor, a fact well known to all Prospective Resolution Applicants

18. The Estate Office thereafter communicated the outstanding amount vide letter dated 09.01.2025 addressed directly to the Corporate Debtor, with an endorsed copy forwarded to the Resolution Professional. With 18% compound interest continuing to accrue daily, the CoC evaluated the situation and took the commercial decision to authorise interim finance from the SRA to settle the dues under protest, while simultaneously directing the RP to challenge the

interest rate and unearned income demand before the Hon'ble High Court. This two-pronged strategy, paying under protest to secure title and challenging the inflated demand through litigation, reflects the exercise of commercial wisdom by the CoC that the IBC and judicial fora uphold.

19. The legal authority of the RP to raise interim finance is expressly embedded in Section 25(2)(c) of the Code, subject to the approval of the CoC under Section 28(1)(a). Since, the CoC approved the interim finance with 100% votes in the 14th CoC meeting, and the RP has additionally filed IA No. 228 of 2025 before this Tribunal seeking formal judicial sanction, both the conditions as per Section 25(2)(c) and Section 28(1)(a) of the Code are satisfied. The Hon'ble NCLAT, in ***Sajeve Bhushan Deora vs. Axis Bank Ltd. & Ors. (Company Appeal (AT)(Ins.) No. 741 of 2019)***, has held:

> *"As per Section 25 of Insolvency and Bankruptcy Code, 2016, Resolution Professional has duty to preserve and protect the assets of Corporate Debtor including the continued business operations and for the purpose, interim finance can be raised subject to approval of COC. Adjudicating Authority directed that CIR costs should be met by COC. There is nothing wrong in this."*

The approved Resolution Plan of the SRA had already factored in the Estate Office dues, explicitly providing:

> *"Hence, estate office claim amount as verified and admitted by the IRP/RP shall be paid in full, and the same shall be paid out of the amount proposed to the financial creditor. The settlement shall lead to clear title of property in favour of Corporate Debtor and withdrawal of all the litigations."*

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.

21. It is noted that the Resolution Professional pursued Revision Petition No. 18 of 2023 before the Ld. Adviser and, upon the matter remaining pending for an extended period, filed CWP No. 32078 of 2024 before the Hon'ble Punjab & Haryana High Court. The Hon'ble High Court vide order dated 28.11.2024 directed the Ld. Adviser to decide the revision petition within a fixed timeframe. The Ld. Adviser accordingly passed order dated 26.12.2024, accepting the revision petition and setting aside the earlier cancellation orders subject to payment of outstanding dues. The RP filed the compliance affidavit on 03.01.2025. The RP has also filed CWP No. 7719 of 2025 before the Hon'ble Punjab & Haryana High Court challenging the 18% interest rate and the unearned increase demand. In light of the above, the allegation that the RP accepted the Estate Office's demands without contest is not supported by the record.

22. The payment under protest to secure title does not amount to acceptance of the liability; it is a commercially rational protective

measure consistent with the 15th CoC meeting's recorded conclusion: ***"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."***

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.

24. The commercial decisions of the CoC taken unanimously with 100% votes attract the highest degree of deference under the Code. The Hon'ble Supreme Court in ***K. Sashidhar vs. Indian Overseas Bank (2019(12) SCC 150)*** has held that financial creditors forming the CoC "act on the basis of thorough examination of the proposed resolution plan and assessment made by their team of experts" and that their collective business decision is arrived at after due deliberations. In ***Ram Krishna Forgings Limited vs. Ravindra***

Loonkar (2024(2) SCC 122), the Supreme Court reiterated that the Adjudicating Authority's jurisdiction cannot extend to examining the correctness of the commercial wisdom exercised by the CoC.

25. Regarding the Applicant's contention that operational control was illegally handed over to the SRA, a perusal of the minutes of the 13th CoC meeting dated 06.12.2024 reveals that the CoC explicitly deferred this agenda. The exact minutes unequivocally record: ***"After deliberations & thorough discussions, the CoC members were of the opinion to defer the agenda as detailed discussion is required with their higher authorities. The RP took note of the same"***. Therefore, no binding approval was ever granted for any handover of operations. Furthermore, the 14th CoC meeting, while discussing the operations and management arrangement under Agenda 14.07, made it expressly 'subject to obtaining a legal view on the same' before any implementation could occur.

26. Accordingly, there is no factual foundation for the Applicant's allegation that operational control has been or is being illegally transferred to the SRA prior to this Tribunal's approval of the Resolution Plan. The relief sought on this ground is, therefore, entirely premature, speculative, and infructuous.

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.

28. Section 60(5) of the Code was not designed to be a tool in the hands of an unsuccessful resolution applicant to stall the implementation of a resolution plan that legitimately displaced her own. Permitting such an application to succeed would strike at the very foundation of the commercial wisdom framework that the Code has carefully constructed. Therefore, under Issue No.2 the decisions of the CoC and the RP regarding the raising of interim finance are legally sustainable.

29. In view of the foregoing analysis, this Tribunal directs the following:

(i) I.A. No. (IBC)/417/(CH)/2025, filed by the Applicant, Ms. Priyanka Bansal alias Kajal Bansal, is **dismissed with costs** of **₹50,000/-**, to be deposited with the Prime Minister's National Relief Fund.

(ii) The Resolution Professional is directed to continue with the CIRP proceedings in accordance with the provisions of the Code, without any further impediment on account of the present Application.

30. Accordingly, **I.A. No. (IBC)/417/(CH) 2025** is ***disposed of.***

Sd/-	**Sd/-**
(SHISHIR AGARWAL)	**(KHETRABASI BISWAL)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Yuvraj