



**THE NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH, Court-I, CHANDIGARH**  
(Exercising powers of Adjudicating Authority under  
the Insolvency and Bankruptcy Code, 2016)  
(*through web-based video conferencing platform*)

**CP (IB) No. 293/Chd/HP/2024**

Under Section 7 of the  
Insolvency and Bankruptcy  
Code, 2016

**In the matter of:**

**1. Ashirwad Agarwal**

S/o Late Shri O.P. Agarwal  
R/o Apartment No. 603, 6th Floor  
Prestige Exotica, Cunningham Crescent Road  
Bangalore- 560001

**2. Sreedhar Ramankrishnan**

S/o H. Ramankrishnan  
R/o House No. 626, 8th Main Road  
Basaveshwara Nagar  
Bangalore- 560079

**3. Gurpartap Singh Mann**

S/o S. Bhupinder Singh Mann  
R/o House No. 1091, Phase V  
Mohali- 160059

**4. Triimech Power Private Limited**

Through its Authorised Representative:  
Mr. Sreedhar Ramankrishnan  
Having its registered office at:  
22, Sampoorana 9, First Cross  
CSI Compound, LalBagh Road  
Bangalore- 560027

**5. Rising Sun Power Private Limited**

Through its Authorised Representative:  
Ashirwad Agarwal  
Having its registered office at:



22, Sampoorana 9, First Cross  
CSI Compound, LalBagh Road  
Bangalore- 560027

**...Petitioners/Financial Creditors**

**Vs.**

**Palchan Bhang Power Private Limited**

Having its registered office at:  
Room 18, Hotel Rohtang View Vishishat  
Manali, Himachal Pradesh- 175131

**...Respondent/Corporate Debtor**

**Judgment delivered on: 05.08.2025**

**Coram: HON'BLE MR. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)  
HON'BLE SH. SHISHIR AGARWAL, MEMBER (TECHNICAL)**

**Present:**

For the Petitioner:	Mr. Ramanjit Singh, Advocate
For the Respondent:	Mr. Amit Jhanji, Senior Advocate with Ms. Kudrit Kaur Sara, Advocate

**PER: SH. HARNAM SINGH THAKUR, MEMBER (JUDICIAL)  
SH. SHISHIR AGARWAL, MEMBER (TECHNICAL)**

**JUDGMENT**

The present petition has been filed by Ashirwad Agarwal, Sreedhar Ramakrishnan and Gurpartap Singh Mann (hereinafter referred to as the **“Petitioner No.1”, “Petitioner No.2” and “Petitioner No.3”**, respectively and collectively referred to as the **“Petitioners”**), under Section 7 of the Insolvency and Bankruptcy Code, 2016, (hereinafter referred to as the **“Code”** or **“IBC”**) to initiate Corporate Insolvency Resolution Process (hereinafter referred to as the **“CIRP”**) against Palchan Bhang



Power Private Limited, (hereinafter referred to as the “**Respondent**” or “**Corporate Debtor**”).

2. The registered office of the Respondent is situated in the State of Himachal Pradesh, falling under the jurisdiction of this Adjudicating Authority.
3. The present application was filed on 19.11.2024 before this Adjudicating Authority on the ground that the Respondent has defaulted to make a payment of a sum of Rs.10,62,76,628/- as on 03.05.2021 and subsequently on 22.07.2024, 08.08.2024 and 28.09.2024(date of default as stated in Part IV of the instant petition).
4. The details of transactions leading to the filing of this petition as averred by the Petitioner are as follows:
  - i. The Government of Himachal Pradesh (**Govt. of H.P.**) allotted the Palchan Bhang Hydro Electric Project to M/s SSJV Projects Pvt. Ltd. (**SSJV Projects**) for its implementation on a Build Own Transfer (**BOOT**) basis. The official allotment was made via an office order dated 31.08.2010, and an Implementation Agreement was subsequently signed between the Govt. of H.P. and SSJV Projects on 21.02.2011 for an installed capacity of 9MW in District Kullu.
  - ii. Clause 5.29 of the agreement allowed SSJV Projects to create a Special Purpose Vehicle (**SPV**) to handle the project's execution. A Tripartite Agreement between the Govt. of H.P., SSJV Projects, and the SPV would transfer all rights and obligations to the new entity, with the stipulation that SSJV Projects must retain majority control until two years after the project's commercial operation date.



- iii. Following the Implementation Agreement, the Corporate Debtor was incorporated on 22.02.2011, under the Companies Act of 1956. The company's equity structure included significant contributions from its promoters: Mr. Sreedhar Ramakrishnan, Mr. Ashirwad Agarwal, Mr. Paramjit Singh, and Mr. Gurpartap Singh Mann, each holding 2,500 equity shares. In line with the provisions of the Implementation Agreement, these shareholders transferred 5,100 shares to SSJV Projects Pvt. Ltd. to maintain its controlling interest in the newly formed company.
- iv. On 18.03.2011, the Board of Directors passed a resolution regarding the company's long-term borrowing and inter-corporate loans. These funds were to be used to facilitate business operations and were repayable within 10 years from the initial disbursement date.
- v. The resolution also stipulated that loans provided by promoter shareholders, directors, and corporate entities shall bear no interest for a period of 10 years from the date on which the first loan was disbursed. However, if the loans were not repaid within this 10-year timeframe, the outstanding amount would accrue interest at 24% per annum.
- vi. On 21.03.2011, a Tripartite Agreement was entered between the Govt. of H.P., SSJV Projects and the Corporate Debtor.
- vii. From 2011 to 2014, the company's promoters, shareholders, and corporate entities like Triimech Power Pvt. Ltd., Rising Sun Power Private Limited, and Sahil Alloys and Machine Tools Private Limited injected substantial capital into the company through unsecured and inter-corporate loans to meet the company's funding needs.



- viii. In May 2017, Shri Harleen Nannar and Shri Chamandeep Singh began discussions to acquire the project for Rs.3 crores. This offer encompassed the transfer of the project's shareholding, assets, and liabilities. Despite these negotiations, no payment was ever made.
- ix. By February 2020, Mr. Chamandeep Singh Natt and Dalbir Singh Nannar were appointed as Additional Directors of the Corporate Debtor and Applicants No. 1 to 3 resigned from the Directorship of the company.
- x. That in response to the failure of the Corporate Debtor to discharge its debt obligations, the Petitioners requested the return of these funds. Demand letters issued on 22.07.2024, 08.08.2024, and 28.09.2024, went unanswered, indicating the unwillingness of those managing the Corporate Debtor Company.
5. The Corporate Debtor while refuting the contentions of the Petitioners, made the following submissions in its reply:
- i. The Petitioners have not mentioned the specific date on which loans were advanced and the corresponding date of default, neither have appended any document indicating the nature of the transactions, as claimed. Therefore, the Petitioners have not been able to prove that there was a "debt" and as such there was a consequential "default" of the same, as required under the Code. The Petitioners do not fall within the meaning of "Financial Creditor" in the absence of a "Financial Debt", and as such the Petitioners have no locus to initiate proceedings under the Code.
- ii. It is a well settled principle of law that a CRIP proceeding cannot be or shall not be initiated against Solvent Companies.



- iii. On 21.03.2011, a Tripartite Agreement was signed by SSJV Projects, SPV, and the Govt of HP, which stipulated that SSJV Projects would maintain a controlling interest in the equity of the newly formed company until the project's Commercial Operation Date and for an additional two years thereafter.
- iv. Under Clause 5.1.3.1 of the Implementation Agreement, the company was obligated to submit monthly progress reports and updates on project employment. Furthermore, Clause 5.1.2 mandated the company to reach its "zero date" (commence construction) within 24 months of signing the Implementation Agreement, specifically by 21.02.2013. However, the company failed to meet this deadline.
- v. As a result of these unfulfilled obligations, the company, under the direction of the Petitioners, received a Show Cause Notice on 02.03.2013. Following this, the company sought multiple extensions, for obtaining clearances and achieving the zero date i.e. w.e.f. 21.05.2015 to 30.09.2017. Therefore, it is clear that the Petitioners were unable to bring the project to a working state.
- vi. The Petitioners approached the current directors to take over the project, leading to a Memorandum of Understanding (MoU) on 17.05.2017. The MoU outlined the Petitioners' divestment of the project for Rs.3 crore. An amount of Rs.5 lakh was paid when the MoU was signed, with another Rs.5 lakh paid via cheque on the same date. The new directors also made a subsequent payment of Rs.45 lakh, as per the MoU. This fact was consciously concealed by the Petitioners, indicating that this petition is



initiated with a malafide intent. A copy of the MoU dated 17.05.2017 and proof of payment of Rs. 45 Lakh is being annexed herewith as **Annexure R-2** and **Annexure R-3**

- vii. According to Clause 4 of the agreement, the Petitioners were responsible for all administrative expenses outstanding as of 17.05.2017. However, these expenses were never paid by the Petitioners and were instead covered by the current directors. The new directors also bore the cost of obtaining all necessary permissions, licenses, and renewals, and have already paid more than the amount agreed upon in the MoU.
- viii. Under Clause 5 of the agreement, the Petitioners were obligated to transfer their existing shareholding in the respondent company to the new directors. However, they failed to do so, and instead, only new shares were issued. The original shares, a condition of the MoU, were not transferred.
- ix. Furthermore, despite the MoU, the petitioners retained working control of both the project and the company. While still under their directorship, the respondent company received another Show Cause Notice on 11.02.2019 as a final warning regarding the company's failure to comply with the directions from the Government of Himachal Pradesh.
- x. A reply to the Show Cause Notice dated 11.02.2019 was submitted and a Supplementary Implementation Agreement was entered into on 28.01.2021 (**Annexure R-7**).
- xi. In February 2020, the new members i.e. Mr. Chamandeep Singh Natt and Dalbir Singh were appointed as Additional Directors of the Corporate



Debtor and the Petitioner Nos. 1- 3 resigned from the Directorship of the Corporate Debtor, however, still held shareholding in it.

- xii. The Petitioners in toto are claiming an erroneous amount of Rs.5,77,07,482/- along with Rs. 4,85,69,146/- as interest relying upon a Board Resolution dated 18.03.2011, veracity of which was disputed. The phone number 8894509188, reflecting in the Board Resolution, is a privately owned phone number of an employee who joined the respondent company subsequent to the date of the Board Resolution i.e. 18.03.2011. Furthermore, letters dated 12.09.2011 and 31.03.2011 show that the said employee was in fact employed in another independent project i.e. Parbati Hydro Electric Project Stage-II, Kullu from July 2002 till August 2011.
- xiii. A review of the Respondent's 2016 Balance Sheet (**Annexure R-9**) suggests that the alleged advances to the Respondent are inflated and fabricated.
- xiv. The Petitioners have not provided bank statements for each financial creditor, relying solely on **Annexure P-13**, a quarterly bank statement from Applicant No. 4 from 2011. The Petitioners must first prove the existence of a "debt" with proper documentation. The Petitioners have failed to provide any supporting documents such as loan agreements, board meeting minutes accepting the loans, or other evidence of the loans being advanced to the Respondent.
- xv. The claims made by Gurpratap Mann and Trimech Power Pvt. Ltd. are being disputed, as bank statements (**Annexure R-12**) allegedly show they owe money to the Respondent, rather than the other way around. To





clarify the financial transactions, a summary ledger of bank transactions for each applicant from 2011 to 2021 is provided.

- xvi. Even if interest were to be calculated, the Petitioners haven't provided dates of default, making it impossible to compute, and the total wouldn't meet the Rs.1 Crore minimum requirement under Section 7.
- xvii. Lastly, the loans purportedly advanced in 2011 are now time-barred. Even if the resolution is considered valid, these loans would have become due in 2021. Since the Section 7 petition was filed on 19.11.2024, this amounts to an attempt to revive time-barred debts, which is against established legal principles for IBC applications.

6. Contrary to the submissions of the Respondent, the Petitioners made the following submissions in the Rejoinder:

- i. The date of default in respect of the principal amount, firstly occurred on 03.05.2021 i.e. when the period of 10 years came to an end and subsequently on 22.07.2024; 08.08.2024 and 28.09.2024 i.e. when the demand letters were issued on the Corporate Debtor. The Corporate Debtor owes the Petitioners an amount of Rs.5,77,07,482/-, which is being reflected under 'Long Term Borrowings' in the Corporate Debtors own Balance Sheet for the year 2021-22, which goes a long way in establishing the fact that a financial debt exists.
- ii. The Bank Statements of the Petitioners for the years 2011 to 2014 attached as **Annexure A-19** with the Rejoinder affirms the position that the Petitioners had disbursed various loans to the Company.



- iii. It's established that a term loan provided to a Corporate Debtor for operational financial needs, which has the commercial effect of borrowing and doesn't carry interest, still qualifies as a financial debt. Therefore, the Petitioners qualify as Financial Creditors under the IBC.
- iv. Despite this, the Petitioners, acting as shareholders, have repeatedly asked Shri Chamandeep Singh, Director of the Corporate Debtor, for subsequent audited balance sheets, but these have not been provided. All related email correspondence is included as **Annexure A-20**.
- v. The Corporate Debtor has failed to provide any supporting documents, financial records, or credible methodology that would substantiate its claim of solvency.
- vi. The Petitioners had obtained majority of the clearances prior to signing of the MOU and once the new directors satisfied themselves with the status of the Company, including status of the clearances, they proceeded to buy the project, the shareholding of the Petitioners, the assets and liabilities of the Company, so as to take the project forward.
- vii. A MoU was signed on 17.05.2017, between the parties. Under this agreement, Shri Harleen Nannar and Shri Chamandeep Singh (the First Party) were to acquire the company's shareholding, assets, and liabilities. They paid an initial ₹5 lakh as an advance to Petitioner No. 1. A further ₹45 lakh payment was made, but this amount was deposited into the company's account instead of being given to the shareholders, who were the designated recipients as per the MoU. The Corporate



Debtor is therefore accused of introducing these facts to divert attention from the core issues of the case.

- viii. In fact, the Corporate Debtor has repeatedly acknowledged the significant investments made by the Petitioners in the Company. The Corporate Debtor recently applied for a term loan of Rs. 77 Crores from the Indian Renewable Energy Development Agency Limited (**IREDA**), where it once again admitted and recognized the contributions made by the Petitioners under the heading 'Any Other Source - Promoter Contribution', totaling as Rs. 5,77,07,482/-. A copy of the Online Loan Application dated 11.05.2022 and the Sanction Letter dated 30.08.2022 are attached herewith as **Annexure A-21** and **Annexure A-22** respectively.
- ix. The argument that the Board Resolution dated 18.03.2011 is a forged, fabricated or manufactured document is merely because the phone number reflecting in the Board Resolution is a privately owned phone number of an employee who joined the Respondent Company subsequent to the date of the Board Resolution i.e. 18.03.2011. The phone number belonged to an individual named Mr. Uttam Ram Chauhan, who was an employee of SSJV Projects since before 2006 and was providing managerial services as well as services of a Liaison Officer to SSJV Projects and its associate companies including Himachal Joint Venture (**HJV**) and M/s Palchan Bhang Power Private Limited.
- x. HJV is nothing but a subsidiary of SSJV Projects which was incorporated for identifying Hydroelectric projects in the State of Himachal Pradesh.



- xi. The assertion that these claims are time-barred is incorrect. The petition clearly states that the initial default on the principal amount occurred on 03.05.2021 marking the end of the 10-year period. Subsequent defaults were triggered by the demand letters issued to the Corporate Debtor on 22.07.2024; 08.08.2024 and 28.09.2024.
- xii. The Hon'ble Supreme Court of India, in its ***Suo Motu Writ Petition No. 3/2020***, acknowledged this by ruling that the period from 15.03.2020 till 28.02.2022, should be excluded when calculating limitation periods for any proceedings. Therefore, the Corporate Debtor's argument regarding time-barring is unjustified and without merit.

#### **ANALYSIS AND FINDINGS:**

7. Heard the Ld. Counsels for both parties.
8. The following issues arise for adjudication, which are discussed in detail in the later part of the order:
- i. Whether the petition is filed within the period of limitation?*
  - ii. Whether the debt disbursed by the Petitioners qualify as a financial debt as described under Section 5(8) of IBC?*
  - iii. Whether there is a default in payment of the debt?*
  - iv. Whether the amount of debt meets the threshold limit?*
9. The foremost issue for determination is ***Whether the petition is filed within the period of limitation?***
- i. As argued by the Ld. Counsel for the Petitioners, the default occurred on 03.05.2021, when the period of 10 years came to an end and further on



22.07.2024, 08.08.2024 and 28.09.2024, when the demand letters were issued to the Corporate Debtor.

- ii. In the Board Resolution dated 18.03.2011 attached as **Annexure A-12** with the petition, it is mentioned that if the Company fails to repay the borrowings within the period of 10 years commencing from the date on which the first loan is disbursed to the Company, then the outstanding amount of such borrowings from Directors/Promoter Shareholders as well as Inter Corporate Loans, shall be repaid immediately with interest at the rate of 24% per annum to be reckoned from the date on which the aforesaid period of 10 years expires. The said Board Resolution is reproduced hereunder for a ready reference:



**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF M/S. PALCHAN BHANG POWER PVT. LTD., HELD ON 18TH MARCH, 2011, AT ROOM NO.18, HOTEL ROHTANG VIEW, VISHISHAT, MANALI, H.P. 175131**

The Director Mr. Sreedhar Ramakrishnan, informed the Board and placed the proposal that the Company is required to borrow money including Inter corporate loans for the smooth functioning and for its day to day business operations, which are necessary for the execution and commissioning of the Company's Power Project, from its Directors/Promoter Shareholders, till such time the Company is able to raise funds on the basis of its own credentials, from the financial institutions.

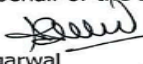
**RESOLVED THAT** "In accordance with the Companies Act 1956, the consent of the Board of Directors be and is hereby accorded to borrow money from the Directors and avail Inter Corporate Loans from companies where the existing Directors are Shareholders, for facilitating the business of the Company."

**FURTHER RESOLVED THAT** "for the purpose of returning the loan amounts to the Directors/ Promoter Shareholders, the Unsecured Loans including the Inter Corporate Loans will bear no interest for a period of 10 years commencing from the date on which the first loan is disbursed to the Company"

**FURTHER RESOLVED THAT** "if the Company fails to repay the aforesaid borrowings within the period of 10 years commencing from the date on which the first loan is disbursed to the Company, then the outstanding amount of such borrowings from Directors/ Promoter Shareholders as well as Inter Corporate Loans, shall be repaid immediately with interest at the rate of 24 % per annum to be reckoned from the date on which the aforesaid period of 10 years expires; "

**FURTHER RESOLVED THAT** "Mr. Sreedhar Ramakrishnan, Director be and is hereby authorized to complete all the formalities, sign and file all the necessary papers and forms and do all such deeds, acts and things, as may be necessary, expedient and incidental thereto for giving effect to this resolution".

For and on behalf of the Board of Directors

  
Ashirwad Agarwal  
Director



  
Sreedhar Ramakrishnan  
Director

Date: 18.03.2011



- iii. The first disbursement was made on 03.05.2011 for an amount of Rs.3,00,000/- as reflected in the Statement of Accounts attached as **Annexure A-13** with the petition.
- iv. Thus, the date of default would be 03.05.2021, i.e. after a period of 10 years from the date of the first disbursement.
- v. The debt is reflected under the head “Long Term Borrowings” in the Balance Sheet for the FY 2021-2022 as shown below:

<b>PALCHAN BHANG POWER PRIVATE LIMITED</b> CIN:U40104HP2011PTC031579, Regd. Off: Room No. 18, Hotel Rohtang View, Vishishat, Manali HP 175 131 IN e-mail: palchanbhang@gmail.com Ph: +91 95691-00006 <b>BALANCE SHEET AS ON 31ST MARCH 2022</b>			
Particulars	Notes No.	Figures as at the end of 31st March 2022	Figures as at the end of 31st March 2021
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	600,000	100,000
(b) Reserves and Surplus	3	-	-
(c) Money received against share warrants		-	-
<b>(2) Share Application money pending allotment</b>		-	-
Sub Total		600,000	100,000
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	93,595,482	84,302,482
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
Sub Total		93,595,482	84,302,482
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	5	-	-
(b) Trade Payables	6	-	-
(c) Other Current Liabilities	7	-	-
(d) Short-Term Provisions	8	233,464	394,764
Sub Total		233,464	394,764
<b>Total Equity &amp; Liabilities</b>		<b>94,428,946</b>	<b>84,797,246</b>





**Notes: 4 Long Term Borrowings**

Sr. No.	Particulars	Current Year ending on 31.03.2022	Current Year ending on 31.03.2021
1	Bonds / Debentures		
2	Term Loan		
	- From Banks		
	Total Term Loans		
	Less : Installment due in Next 12 Months (Classified Under Current Liabilities)		
	- From Other Parties		
	Less : Installment due in Next 12 Months		
3	Deferred Payment Liabilities		
4	Deposit		
5	Long Term Maturities of Finance lease obligation		
6	Loans From Directors		
	Chamandeep Singh Natti	3,933,000	
	Harleen Nannar	1,300,000	1,300,000
7	Loans From Directors Relatives & Companies		
	Ashirbad Aggarwal, Banlore	2,153,000	2,153,000
	Dalbir Singh Nannar, Sangrur	3,700,000	3,700,000
	Gurpreet Singh Maan, Batala	18,989,999	18,989,999
	Rising Sun Power Private Limited	2,141,197	2,141,197
	Sahil Alloys and Machine Tools Private Limited	9,700,000	9,700,000
	Sreedhar Ramakrishnan, Banlore	4,535,000	4,535,000
	Paramjit Singh, Batala	11,895,000	11,895,000
	Sukhdev Singh, Sangrur	2,270,000	
	Baldev Singh, Sangrur	2,940,000	
	SKR Hydro Power Generators Pvt. Ltd.	150,000	
	Trimach Power Pvt. Ltd.	29,888,280	29,888,280
	<b>Total in</b>	<b>83,595,482</b>	<b>84,302,482</b>

- vi. The Hon'ble Supreme Court in the case of **Asset Reconstruction Company (India) Limited vs. Bishal Jaiswal**, AIRONLINE 2021 SC 267, upheld the consideration of balance sheets as a valid acknowledgement of debts.
- vii. The acknowledgment being made within three years from the date of default, i.e. 03.05.2021 amounts to a valid acknowledgment under Section 18 of the Limitation Act, 1963 which reads as under:

*18. Effect of acknowledgment in writing.—(1) Where, before the expiration of the prescribed period for a suit or application in respect of any property or right, an acknowledgment of liability in respect of such property or right has been made in writing signed by the party against whom such property or right is claimed, or by any person through whom he derives his title or liability, a fresh period of limitation shall be computed from the time when the acknowledgment was so signed.*



Thus, this petition filed on 19/11/2024 is well within the period of limitation as the Corporate Debtor's Balance Sheet as on 31/03/2022 acknowledges the debt.

10. The second issue is “***Whether the debt disbursed by the Petitioners qualify as a financial debt as described under Section 5(8) of IBC***” ?

- i. It is the contention of the Ld. Counsel for the Corporate Debtor that the Petitioners have not mentioned the specific date on which loans were advanced and the corresponding date of default, neither have appended any document indicating the nature of the transactions, as claimed. Therefore, the Applicants have not been able to prove that there was a "debt" and as such there was a consequential "default" of the same, as required under the Code. The Applicants do not fall within the meaning of "Financial Creditor" in the absence of a "Financial Debt", and as such the Applicants have no locus to initiate proceedings under the Code.
- ii. The Petitioners on the other hand have attached the Board Resolution dated 18.03.2011 (**Annexure A-12**), Copy of the Bank Statements reflecting the first disbursement of Rs.3 lacs on 03.05.2021(**Annexure A-13**), Copy of the Balance Sheet for the FY 2021-22 (**Annexure A-11**) where the debt owed to all 3 Petitioners is reflected. Furthermore, the Petitioners have attached a copy of the Online Loan Application submitted by the Corporate Debtor with **IREDA**, where the Corporate Debtor has acknowledged the contributions made by the Petitioners as follows:



**Any Other Source Promoter Contribution**

Sr. No.	Name	Amount (Rs)	Percent %
1	GURPARTAP SINGH MANN	18989999.00	6.00
2	RISING SUN POWER PRIVATE LIMITED	2141197.00	1.00
3	SAHIL ALLOYS & MACHINE TOOLS PVT LTD.	9700000.00	3.23
4	DALBIR SINGH NANNAR	3700000.00	1.00
5	SHREEDHAR RAMAKRISHNA	4535000.00	1.51
6	ASHIRWAD AGGARWAL	2153000.00	1.00
7	TRIMECH POWER PVT. LTD.	29888286.00	9.96

- iii. It is also noticed that undisputedly, the amounts appearing in the CD's Balance Sheet as on 31.03.2022 are shown under the head “ **Long Term Borrowings**” as mentioned in Para 9(v) of this Judgment above, which clearly make it a ‘Financial Debt’.
- iv. The Hon'ble National Company Law Appellate Tribunal, New Delhi in the case of **Agarwal Polysacks Ltd. vs K. K. Agro Foods & Storage, Company Appeal (AT) (Insolvency) No. 1126 of 2022** has held that a written financial contract is not the only basis for proving the financial debt. Financial debt can be proved from other relevant documents such as the balance sheet entries of the financial creditor, the corporate debtor's balance sheet and the Form 26AS showing TDS deductions on the interest.
- a. *A plain reading of Regulation 8(2) of the CIRP Regulations indicate that it is not mandatory that the existence of financial debt has to be proved by a financial contract (for example, financial statements and records of information utility, etc.).*
- b. *Therefore, the statutory scheme under the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules,*



*2016 and CIRP Regulations makes it is clear that financial debt can be proved from other relevant documents and it is not mandatory that written financial contract can be only basis for proving the financial debt.*

c. *In the facts of this case, the NCLAT found that the financial documents placed on record sufficiently established the financial debt. The NCLAT observed that the balance sheet of the Corporate Debtor and the entries in the Financial Creditor's financials corroborate the amount due on the Corporate Debtor.*

v. Similarly, in case titled as **Vidyasagar Prasad Vs UCO Bank Ors. [2024 INSC 810]**, the Hon'ble Supreme Court of India held as under:

*"10. Having considered the specific facts and circumstances of this case, the Adjudicating Authority as well as the NCLAT have concurrently held that the entries in the balance sheets amount to clear acknowledgment of debt. We agree with the findings. Further, Note 3.4 appended to the said balance sheet entry dated 31.03.2017 mentions that "company has made certain defaults in the repayment of term loans and interest." It further mentions of a continuing default. The entry also mentions long-term borrowings. The conclusions of NCLT and NCLAT that there is acknowledgment of debt are unimpeachable."*

vi. In case titled as **Mukesh Kumar Vs. Ambrane India Pvt. Ltd. Company Appeal (AT) (Ins) No. 659/2022**, the Hon'ble NCLAT has further acknowledged that the existence of debt can also be proved through a board resolution, which is as under:

*"19. The aforesaid Board Resolution makes it clear that one Mr. Ashok Rajpal whole time director of the company Ambrane India Pvt. Ltd. was authorized to take all the necessary steps regarding*



*sanctioning and disbursement of the loan amount of Rs.1,01,00,000/- along with interest @ 9% per annum which was to be compounded on 31.03.2018. It was also clarified that loan shall be disbursed in one or more tranches and the loan amount was to be repaid on or before 31.03.2018 along with interest thereto. Subsequently it is not in dispute that the aforesaid loan i.e. Rs.1,01,00,000/- was disbursed in two tranches; one by way of payment of Rs.51 lakh through cheque and another Rs.50 lakh through RTGS. The said fact is explicit that it was financial debt. Similarly the said debt was owed to the Respondent No.1. There is no doubt on the credibility of his being a financial creditor. The aforesaid facts meet with the provisions contained in Section 5(vii) and 5(viii) of the IBC."*

- vii. The National Company Law Tribunal, Mumbai Bench in **C.P. (IB) No. 1066/MB/2023**, in case titled as **"Spenta Enclave Private Limited Vs Spenta Sun City Pvt. Ltd."** held that in a case where the date of default is not established, in that case, the loan is payable on demand.

The observation is as below:

*"It has also been argued on behalf of the Corporate Debtor that the Financial Creditor has not been able to establish the date of default. In this regard, Counsel for the Corporate Debtor has argued that since there is no loan agreement or any other document to show as to when the loan was to be repaid, the date of default cannot be established nor can it be said with conviction that the date of default is relatable with the date of notice issued by the Financial Creditor to the Corporate Debtor. Even this contention raised on behalf of the Counsel for the Corporate Debtor does not appear to be holding much water. If there is no loan agreement between the parties with regard to the specific time as*



*to when the loan was to be repaid, it can be safely presumed that such a loan was repayable on demand. The Financial Creditor through Resolution Professional issued notice dated 29.06.2023 asking the Corporate Debtor to return the outstanding dues within a period of 15 days from the date of notice and since the amount was not repaid as demanded within the period of 15 days, it can be safely presumed that the Corporate Debtor committed default in repayment on 14.07.2023 which has been rightly claimed to be the date of default and has been so recorded in the NeSL report Exhibit (R) as well. Therefore, it cannot be said by any stretch of imagination that the Financial Creditor has not been able to establish the date of default in this case or that the Financial Creditor is liable to be non-suited on this ground."*

Thus, from the facts of the case in hand and the averments made even in the absence of any written agreement/contract and the position of law as discussed above, the issue *of whether the debt disbursed by the Petitioners qualify as a financial debt as described under Section 5(8) of IBC*, is answered in affirmative.

11. The next issue is ***whether there is a default in payment of the debt?***

- i. In the Board Resolution dated 18.03.2011 attached as **Annexure A-12** with the petition, it is resolved that if the Company fails to repay the borrowings within the period of 10 years commencing from the date on which the first loan is disbursed to the Company, then the outstanding amount of such borrowings from Directors/Promoter Shareholders as well as Inter Corporate Loans, shall be repaid immediately with interest at the rate of 24% per annum to be reckoned from the date on which the aforesaid period of 10 years expires. The first disbursement was made on 03.05.2011 for an



amount of Rs.3,00,000/- as reflected in the Statement of Accounts attached as **Annexure A-13** with the petition.

- ii. A Copy of the Balance Sheet as on 31/03/2022 attached as **Annexure A-11** with the petition reflects the debt owed to the Petitioners as on 31/03/2022. Note 4 to the Balance Sheet shows as under:

Sr. No	Particulars	Current Year ending on 31.03.2022	Current Year ending on 31.03.2021
1	Bonds / Debentures		
2	Term Loan		
	- From Banks		
	Total Term Loans		
	Less : Installment due in Next 12 Months (Classified Under Current Liabilities)		
	- From Other Parties		
	Less : Installment due in Next 12 Months		
3	Deferred Payment Liabilities		
4	Deposit		
5	Long Term Maturities of Finance lease obligation		
6	Loans From Directors		
	Chamandeep Singh Natti	3,933,000	
	Harleen Nannar	1,300,000	1,300,000
7	Loans From Directors Relatives & Companies		
	Ashirbad Aggarwal, Banlore	2,153,000	2,153,000
	Daibir Singh Nannar, Sangrur	3,700,000	3,700,000
	Gurpreet Singh Maan, Batala	18,989,999	18,989,999
	Rising Sun Power Private Limited	2,141,197	2,141,197
	Sahil Alloys and Machine Tools Private Limited	9,700,000	9,700,000
	Sreedhar Ramakrishnan, Banlore	4,535,000	4,535,000
	Paramjit Singh, Batala	11,895,000	11,895,000
	Sukhdev Singh, Sangrur	2,270,000	
	Baldev Singh, Sangrur	2,940,000	
	SKR Hydro Power Generators Pvt. Ltd	150,000	
	Trimach Power Pvt. Ltd	29,888,286	29,888,286
	Total in	93,595,482	84,302,482

- iii. It is submitted by the Ld. Counsel for the Petitioners that the default occurred on 03.05.2021, when the period of 10 years came to an end and further on 22.07.2024, 08.08.2024 and 28.09.2024, when the demand letters were issued to the Corporate Debtor. On the other hand, the Corporate Debtor has not disputed the contention of default in payment of the debt as raised by the Ld. Counsel for the Petitioners and has also not produced on record any evidence with respect to the payment of the same.



Hence, the Petitioners have sufficiently established the default on part of the Corporate Debtor.

12. The third issue for adjudication is ***Whether the amount of debt meets the threshold limit?***

- i. The Ld. Counsel for the Corporate Debtor argued that the amount involved in the case at hand does not meet the threshold limit of Rs.1 crore.
- ii. Contrary to this argument, the Corporate Debtor has acknowledged the debt above the threshold limit in the Balance Sheet as on 31/03/2022 as mentioned in para 9(iii) above and the contributions made by the Petitioners to the tune of Rs.5,77,07,482/- in the Online Loan Application made to IREDA, as discussed in Para 9(ii) of this order.
- iii. Although, it is contended by the Ld. Counsel for the Respondent that as per accounts maintained by the Respondent in due course of its business, part payment is already made but even then there is no cogent and convincing evidence on record to show that remaining amount to be paid is less than the threshold limit of Rs. One Crore.

Thus, the debt meets the threshold limit of Rs.1 crore as required under Section 4 of IBC.

13. Thus, in light of the authorities mentioned above (*supra*), the facts averred and the arguments advanced, the Petitioners have established themselves as Financial Creditors and the debt disbursed by them to the Corporate Debtor qualifies as a Financial Debt as mentioned in Section 5(8) of IBC. The Corporate Debtor has defaulted in the repayment of the debt, which is above the minimum threshold limit of Rs.1 crore as prescribed under Section 4 of IBC.



14. The present petition made by the Financial Creditor is complete in all respects as required by law and has been filed within the period of limitation. The Petition established that the Corporate Debtor is in default of a financial debt due and payable and that the default is more than the minimum amount stipulated under Section 4(1) of the Code, stipulated at the relevant point of time.

15. In light of the above facts and circumstances, and in terms of Section 7(5) (a) of the Code, the instant petition CP(IBC) No. 293/Chd/HP/2024 filed under Section 7 of the Code read with Rule 4(1) of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating CIRP against Palchan Bhang Power Private Limited, the Corporate Debtor, **stands admitted and CIRP of Palchan Bhang Power Private Limited is initiated.**

16. The Petitioners in Part-III of the petition has proposed the name of Mr. Vigyan Prakash Arora, as Interim Resolution Professional, having Registration Number IBBI/IPA-001/IP-P01106/2017-18/11797, E-mail ID: [vigyan@vigyanarora.com](mailto:vigyan@vigyanarora.com) and Phone No.9815000485. He is hereby appointed as an Interim Resolution Professional (IRP) for the Corporate Debtor. The consent of the proposed interim resolution professional in Form-2 is taken on record. The IRP is directed to file his valid AFA within 15 days from the date of this order.

17. We also declare a moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flows from the provisions of Section 14 (1) (a), (b), (c) & (d) of the Code. Thus, the following prohibitions are imposed:

- 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 Securitization 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.
- e. IBC also prohibits suspension or termination of any license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concessions, clearances or a similar grant or right during the moratorium period.

18. It is made clear that the provisions of moratorium shall not apply to transactions, agreements or other arrangements, which might be notified by the Central Government and the supply of the essential goods or services to the Corporate Debtor as may be specified, are not to be terminated or suspended or interrupted during the moratorium period. In addition, as per the IBC (Amendment)





Act, 2018 which has come into force w.e.f. 06.06.2018, the provisions of moratorium shall not apply to the surety in a contract of guarantee to the corporate debtor in terms of Section 14 (3)(b) of the Code.

19. 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 Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the corporate debtor under Section 33 as the case may be.
20. In terms of Section 17 of the Code, from the date of this appointment, the powers of the Board of Directors shall stand suspended and the management of the affairs shall vest with the Interim Resolution Professional and the officers and the managers of the Corporate Debtor shall report to the Interim Resolution Professional, who shall be enjoined to exercise all the powers as are vested with Interim Resolution Professional and strictly perform all the duties as are enjoined on the Interim Resolution Professional under Section 18 and other relevant provisions of the Code, including taking control and custody of the assets over which the Corporate Debtor has ownership rights recorded in the balance sheet of the Corporate Debtor, etc. as provided in Section 18 (1)(f) of the Code. The Interim Resolution Professional is directed to prepare a complete list of the inventory of assets of the Corporate Debtor.
21. The Interim Resolution Professional shall perform all his functions as contemplated, inter-alia, by Sections 15, 17, 18, 19, 20 & 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, Rules and Regulations, and shall:



- i. In pursuance of Section 13(2) of the Code, make a public announcement immediately (within 3 days) as prescribed by Explanation to Regulation 6(1) of the IBBI Regulations, 2016) with regard to admission of this petition under Section 7 of IBC.
- ii. Prepare the Audited Financial Statements as on date of the CIRP and shall submit before the CoC for consideration.
- iii. Ensure that all the assets appearing in the Financial Statements on the CIRP date have been considered in the valuation report and shall send a communication along with a copy of public announcement made under Regulation 6A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, to all the creditors as per the last available books of accounts of the corporate debtor through post or electronic means wherever the information for communication is available.
- iv. Protect and preserve the value of the property of the 'Corporate Debtor' as a part of his obligation imposed by Section 20 of IBC.

22. It is further made clear that all the personnel connected with the Corporate Debtor, its promoters or any other person associated with the Management of the Corporate Debtor are under legal obligation under Section 19 of the Code to extend every assistance and cooperation to the Interim Resolution Professional as may be required by him in managing the day-to-day affairs of the 'Corporate Debtor'. In case there is any violation committed by the ex- management or any tainted/illegal transaction by ex-directors or anyone else, the Interim Resolution Professional



would be at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing appropriate orders.

23. The Suspended Board Of Directors is directed to give complete access to the Books of Accounts of the corporate debtor maintained under Section 128 of the Companies Act. In case the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the Resolution Professional all the information regarding Maintaining the Backup and regarding Service Provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the Service Provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case accounting software for maintaining the books of accounts is used by the corporate debtor, then IRP/RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs. The statutory auditor is directed to share with the Resolution Professional the audit documentation and the audit trails, which they are mandated to retain pursuant to SA-230 (Audit Documentation) prescribed by the Auditing and Assurance Standards Board ICAI. The IRP/Resolution Professional is directed to take possession of the Books of Account in physical form or the computer systems storing the electronic records at the earliest. In case of any non-cooperation by the Suspended Board of Directors or the statutory auditors, he may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/RP in implementing this order for retrieval of relevant information from the systems of the corporate debtor, the IRP/RP may take



the assistance of Digital Forensic Experts empanelled with this Bench for this purpose. The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the corporate debtor, particularly for government portals, for various compliances. The Interim Resolution Professional is also directed to make a specific mention of non-compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.

24. The Resolution Professional is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with requests for information/documents available with those authorities/ institutions/ others pertaining to the corporate debtor which would be relevant in the CIR proceedings. The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the Resolution Professional to enable him to conduct the CIR Proceedings as per law.
25. The Interim Resolution Professional shall after collation of all the claims received against the Corporate Debtor and the determination of the operational position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying the constitution of the Committee to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene the first meeting of the Committee within seven days of filing the report of the constitution of the Committee.
26. The Interim Resolution Professional is directed to send a regular progress report to this Tribunal every fortnight.



27. The Petitioners are directed to deposit Rs.2,00,000/- (Rupees Two Lakh) only with the IRP to meet the immediate expenses in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The amount, however, will be subject to adjustment by the Committee of Creditors as to be duly accounted for by IRP on the conclusion of CIRP.

28. A copy of the order shall be communicated to the Financial Creditor, Corporate Debtor and IRP above named, by the Registry. In addition, a copy of the order shall also be forwarded to IBBI for its records. The Financial Creditor is also directed to provide a copy of the complete paper book to the IRP.

29. Accordingly, the instant petition filed under Section 7 of the Code, 2016 bearing **CP(IB) No. 293/Chd/HP/2024, stands admitted and is disposed of.**

Sd/-  
(Shishir Agarwal)  
Member (Technical)

August 05, 2025  
ASG

Sd/-  
(Harnam Singh Thakur)  
Member (Judicial)