



IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH COURT – 1, AHMEDABAD

ITEM No.305- IA/1321(AHM)2025
In
C.P.(IB) 59 (AHM) of 2019

Under Sec. 60(5) of IBC, 2016 r/w Rule 11 NCLT

IN THE MATTER OF:

Ahmedabad Municipal Corporation
Through its Authorised Officer

.....Applicant

V/s

Bijay Murmuria IP of Sumedha Management
Solutions Pvt. Ltd. Liquidator of
Doshion Pvt. Ltd.

.....Respondent

Order delivered on 27/02/2026

Coram:

Mr. Shammi Khan, Hon'ble Member (J)
Mr. Sanjeev Sharma, Hon'ble Member (T)

ORDER
(Hybrid Mode)

The case is fixed for the pronouncement of the order. The order is pronounced in open Court, vide separate sheet.

SANJEEV SHARMA
MEMBER (TECHNICAL)

SHAMMI KHAN
MEMBER (JUDICIAL)

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT- I, AHMEDABAD**

**IA No. 1321 (AHM) 2025
In
CP (IB) No. 59 of 2019**

*(An application filed under Section 60(5) of the Insolvency and
Bankruptcy Code, 2016)*

In the matter of:

Ahmedabad Municipal Corporation

Through its Authorised Officer,
Mahanagar Seva Sadan,
North-West Zone and Property Tax Department,
Rajmata Vijaya Raje Scindia Bhavan,
Besides Guest Hotel, Bodakdev,
Ahmedabad - 380054.

.... Applicant

VERSUS

Mr Bijay Murmuria,

Authorised Insolvency Professional
of Sumedha Management Solutions Pvt. Ltd.,
Liquidator of Doshion Pvt. Ltd.
Having registration No.IDBI/IBE-0020/IPA-1/
2022-23/50023 registered address with
8B Middleton Street, 6A Geetanjali Apartment,
Kolkata, West Bengal, India

.... Respondent

Order Pronounced On: 27.02.2026

C O R A M :

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)

SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)



A P P E A R A N C E :

For the Applicant : Mr. Nikunt Raval, Adv.

For the Respondent : Mr. Kunal Vaishnav, Adv.


ORDER **(Per: Bench)**

1. This **IA No.1321 of 2025** was filed on 04.11.2025 vide inward dairy No. E – 2813 by the Applicant under Section 60(5) of the Insolvency and Bankruptcy Code, 2016, read with Rule 11 of the National Company Law Tribunal Rules, 2016 seeking following reliefs: -

- a. *That this Hon'ble Tribunal be pleased to set aside the rejection of the claims passed by the respondent-liquidator with email dated 25.2.2025;*
- b. *That this Hon'ble Tribunal be pleased to condone the delay in submitting the claims before the liquidator;*
- c. *That Hon'ble Tribunal be pleased to direct the respondent to admit the claims of the applicant;*
- d. *That this Hon'ble Tribunal be pleased to pass any other order or direction as deemed fit and appropriate in the facts of circumstances of the case:*

2. The Applicants have placed the facts through this I.A. in the following manner: -

2.1 It is submitted that the Applicant, namely Ahmedabad Municipal Corporation, is a statutory local authority constituted under the Gujarat Provincial Municipal



Corporations Act, 1949 and is empowered to levy, assess and recover property tax within its jurisdiction, including the property forming part of the assets of the Corporate Debtor.

2.2 It is submitted that despite the Applicant having filed the claim along with complete statutory records, calculations and documentary evidence, the Respondent-Liquidator arbitrarily rejected the Applicant's claim vide email dated 27.02.2025, without assigning any cogent or lawful reasons. A copy of the email dated 27.02.2025 rejecting the Applicant's claim is annexed hereto and marked as **Annexure-A**.

2.3 It is submitted that insolvency proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 were initiated against Doshion Private Limited by IDBI Bank and the Corporate Debtor was admitted into Corporate Insolvency Resolution Process by order dated 31.08.2021 passed by this Tribunal, Ahmedabad Bench in CP (IB) No. 59/2019, and a moratorium under Section 14 of the Code came into force. A copy of the said order dated 31.08.2021 is annexed hereto and marked as **Annexure-B**.

2.4 It is submitted that subsequently, the Corporate Debtor was ordered to be liquidated by this Tribunal vide order dated 03.10.2023 passed in I.A. No. 769/2021 in CP (IB) No. 59/2019, and the Respondent herein was appointed as the Liquidator of the Corporate Debtor. A copy of the



liquidation order dated 03.10.2023 is annexed hereto and marked as **Annexure-C**.

- 2.5 It is submitted that one of the immovable properties of the Corporate Debtor, namely House No. 09, Sigma Corporate, Behind Rajpath Club, Bodakdev, Ahmedabad-380054 (hereinafter referred to as “the said property”), remains an asset of the Corporate Debtor and is yet to be liquidated.
- 2.6 It is submitted that the said property bearing Tenement No. 0679-31-4671-0001F falls within the territorial jurisdiction of the Applicant and is subject to levy and collection of property tax under the provisions of the Gujarat Provincial Municipal Corporations Act, 1949.
- 2.7 It is submitted that the Corporate Debtor had leased the said property to M/s. Fivebro Water Services Pvt. Ltd. pursuant to a lease agreement dated 31.08.2021, and the said lessee continued to remain in physical possession of the property even during the liquidation process.
- 2.8 It is submitted that the then Resolution Professional preferred Interlocutory Application No. 63/2022 seeking directions against the lessee to vacate the said property and hand over possession to the Respondent-Liquidator, and this Tribunal, by order dated 21.06.2024, directed the lessee to vacate and hand over possession within seven days, while recording that the municipal dues of the Applicant, as mentioned in the lease agreement, were payable by the lessee and that dues prior to the lease agreement would be paid by the Respondent-Liquidator in



accordance with the Code. A copy of the order dated 21.06.2024 is annexed hereto and marked as **Annexure-D**.

2.9 It is submitted that being aggrieved by the order dated 21.06.2024, the lessee approached the Hon'ble Gujarat High Court by filing Special Civil Application No. 9402/2024, wherein the Hon'ble High Court was pleased to stay the order dated 21.06.2024 vide order dated 28.06.2024 and deferred handing over of possession of the said property to the Respondent-Liquidator. A copy of the order dated 28.06.2024 is annexed hereto and marked as **Annexure-E**.

2.10 It is submitted that in the proceedings before the Hon'ble Gujarat High Court, the lessee made a statement that as far as the dues of the present Applicant are concerned, the same would be indicated on the next date of hearing, and interim relief was continued. The Special Civil Application was thereafter adjourned to 11.07.2024. Copies of the relevant orders passed by the Hon'ble High Court are annexed hereto and marked as **Annexure-F**.

2.11 It is submitted that pursuant to directions of the Hon'ble Gujarat High Court, the Respondent-Liquidator along with the lessee conducted a joint examination of the outstanding dues of the Corporate Debtor on 18.07.2024.

2.12 It is submitted that thereafter, by order dated 23.07.2024 passed in Special Civil Application No. 9402/2024, the Hon'ble Gujarat High Court directed the lessee to deposit an amount of Rs. 17,17,078/- (Rupees Seventeen Lakh



Seventeen Thousand Seventy-Eight Only) towards the property tax dues of the said property with the Respondent-Liquidator for onward payment to the Applicant. A copy of the said order dated 23.07.2024 is annexed hereto and marked as **Annexure- G**.

2.13 It is submitted that pursuant to the aforesaid order, the Respondent-Liquidator deposited the amounts of Rs. 6,93,667/- and Rs. 10,23,411/-, aggregating to Rs. 17,17,078/-, with the Applicant, and the Applicant duly acknowledged receipt of the said amount. Copies of the receipts dated 13.09.2024 acknowledging payment are annexed hereto and marked as **Annexure-H**.

2.14 It is submitted that the aforesaid payment of Rs. 17,17,078/- constituted only a part payment and did not extinguish the entire outstanding property tax liability of the Corporate Debtor in respect of the said property.

2.15 It is submitted that as per the statutory calculation carried out by the Applicant in accordance with the Gujarat Provincial Municipal Corporations Act, 1949, the total outstanding property tax dues payable in respect of the said property as on 18.02.2025 amounted to Rs. 15,42,303/- (Rupees Fifteen Lakh Forty-Two Thousand Three Hundred and Three Only), and a detailed calculation sheet reflecting the outstanding dues is annexed hereto and marked as **Annexure-I**.

2.16 It is submitted that due to continued non-payment of the outstanding statutory dues, the Applicant issued a warrant



of attachment dated 26.11.2024 and subsequently passed an attachment order dated 02.12.2024 under Rule 45 of Chapter 8 of the Gujarat Provincial Municipal Corporations Act, 1949. Copies of the warrant of attachment dated 26.11.2024 and the attachment order dated 02.12.2024 are annexed hereto and marked as **Annexure-J** and **Annexure-K**, respectively.

2.17 It is submitted that thereafter, the Respondent-Liquidator preferred Interlocutory Application No. 87/2025 in CP (IB) No. 59/2019 challenging the warrant of attachment dated 26.11.2024 and the attachment order dated 02.12.2024, contending inter alia that no property tax dues were payable for the period between 2021 to 2024-2025, which application is pending adjudication before this Tribunal.

2.18 It is submitted that without prejudice to its statutory recovery rights and in compliance with the provisions of the Insolvency and Bankruptcy Code, 2016, the Applicant submitted its proof of claim in Form C to the Respondent-Liquidator on 18.02.2025 under Regulation 17 of the IBBI (Liquidation Process) Regulations, 2016, claiming an amount of Rs. 15,42,303/- (including interest) as operational debt. A copy of the Form C dated 18.02.2025 is annexed hereto and marked as **Annexure-L**.

2.19 It is submitted that the Applicant could not file its claim earlier as the dues were crystallised only after reconciliation pursuant to the directions of the Hon'ble



Gujarat High Court and the part payment made in September 2024.

2.20 It is submitted that the rejection of the Applicant's claim is non-speaking, arbitrary and contrary to the provisions of the Insolvency and Bankruptcy Code, 2016, particularly Section 35 thereof, which obligates the Liquidator to verify claims and does not empower the Liquidator to reject legitimate statutory dues without due consideration.

"18. Power and Duties of Liquidator. –

Subject to the directions of the Adjudicating Authority, the liquidator shall have the following powers and duties, namely: -

(a) to verify claims of all the creditors;

....."

2.21 It is submitted that the Respondent-Liquidator has acted in excess of jurisdiction and contrary to law in rejecting the Applicant's claim, despite sufficient documentary evidence, rendering the impugned rejection illegal, void and unsustainable.

2.22 It is submitted that municipal property tax dues constitute statutory operational debt payable by the Corporate Debtor and are required to be admitted and dealt with strictly in accordance with the priority and distribution mechanism prescribed under the Insolvency and Bankruptcy Code, 2016.

2.23 It is submitted that the present application is therefore filed seeking appropriate directions to set aside the rejection of the Applicant's claim, to condone the delay, if any, in filing



the claim, and to direct the Respondent–Liquidator to admit the Applicant’s claim in accordance with law, in the interest of justice and equity.

3. That on compliance of order dated 12.11.2025 the Respondent/ Liquidator filed its reply on 15.12.2025 vide inward diary no. D-8567. denying various averments made in the Interlocutory Application. The contentions of the Respondent are mentioned hereunder: -

3.1 It is submitted that the Respondent is the duly appointed Liquidator of Doshion Private Limited (in liquidation), appointed by this Tribunal vide order dated 03.10.2023 passed in I.A. No. 769 of 2021 in CP (IB) No. 59 of 2019, and is competent and authorised to swear the present affidavit in reply. A copy of the liquidation order dated 03.10.2023 is annexed hereto and marked as Annexure–R1.

3.2 It is submitted that the Respondent is well conversant with the facts and circumstances of the present case and denies each and every allegation, contention and averment made by the Applicant, save and except those specifically admitted herein.

3.3 It is submitted that the Corporate Debtor was admitted into Corporate Insolvency Resolution Process on 31.08.2021, and subsequently ordered to be liquidated on 03.10.2023,



- where after the liquidation commencement date stood crystallised as 03.10.2023.
- 3.4 It is submitted that in compliance with Regulation 14(3) of the IBBI (Liquidation Process) Regulations, 2016, the Respondent issued a public announcement inviting claims in the newspapers Sandesh (Gujarati) and Standard (English) on 11.10.2023. Copies of the public announcement are annexed hereto and marked as **Annexure-R2**.
- 3.5 It is submitted that the last date for submission of claims under Regulation 12 read with Regulation 14 of the IBBI (Liquidation Process) Regulations, 2016 was 08.11.2023, and the last date for assessment of claims was 08.12.2023.
- 3.6 It is submitted that during the entire claim period, the Applicant failed to lodge any claim before the Respondent, despite being fully aware of the liquidation proceedings and actively corresponding with the Respondent in relation to the subject property and municipal dues.
- 3.7 It is submitted that this Tribunal, by order dated 21.06.2024 passed in I.A. No. 63 of 2022, directed handing over of possession of the subject property and expressly recorded that municipal dues post execution of the lease agreement were payable by the lessee and that prior dues, if any, were to be dealt with in accordance with the Insolvency and Bankruptcy Code, 2016. A copy of the said order is annexed hereto and marked as **Annexure-R3**.



- 3.8 It is submitted that the lessee challenged the said order before the Hon'ble Gujarat High Court in Special Civil Application No. 9402 of 2024, wherein interim orders dated 28.06.2024 and 08.07.2024 were passed, directing deposit of an amount of Rs. 17,17,078/- towards AMC dues and deferring possession. Copies of the said orders are annexed hereto and marked as **Annexure-R4**.
- 3.9 It is submitted that pursuant to the directions of the Hon'ble Gujarat High Court, the Respondent addressed letters dated 02.09.2024 to the Applicant clearly intimating the liquidation commencement date and requesting adjustment of the deposited amount strictly in accordance with the Insolvency and Bankruptcy Code, 2016. A copy of the letter dated 02.09.2024 is annexed hereto and marked as **Annexure-R5**.
- 3.10 It is submitted that despite having full knowledge of the liquidation process at least from 02.09.2024, the Applicant failed to submit its claim within time and lodged its claim only on 18.02.2025, i.e., after an inordinate delay of 470 days from the liquidation commencement date.
- 3.11 It is submitted that due to the Applicant's failure to lodge its claim within the prescribed timelines, the Respondent was constrained to reject the Applicant's claim vide communication dated 25.02.2025, strictly in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the IBBI (Liquidation Process) Regulations, 2016.



3.12 It is submitted that the Applicant thereafter filed the present Interlocutory Application No. 1321 of 2025 after a further delay of 247 days from the date of rejection of claim, without furnishing any sufficient or cogent explanation for such extraordinary delay.

3.13 It is submitted that Section 42 of the Insolvency and Bankruptcy Code, 2016 provides a specific statutory remedy of appeal against rejection of claims by the Liquidator within a period of 14 days, and the present application filed under Section 60(5) of the Code is therefore not maintainable.

Provisions of Section 42 are as under:

Section 42: Appeal against the decision of liquidator.

"A creditor may appeal to the Adjudicating Authority against the decision of the liquidator accepting or rejecting the claims within fourteen days of the receipt of such decision".

3.14 It is submitted that the Applicant, despite being a statutory authority, is not exempt from compliance with limitation and procedural discipline under the Code, and delay cannot be condoned merely on the ground of being a government body.

3.15 It is therefore submitted that the Applicant—Ahmedabad Municipal Corporation ought to have been aware of the liquidation commencement and ought to have lodged its claim within the prescribed time, particularly since the Applicant was admittedly aware of the liquidation process



at least from 02.09.2024, pursuant to a specific letter issued by the Respondent in relation to the proceedings pending before the Hon'ble Gujarat High Court in Special Civil Application No. 9402 of 2024. A copy of the letter dated 02.09.2024 addressed by the Respondent-Liquidator to the Applicant is annexed herewith and marked as **ANNEXURE-R1**.

3.16 It is submitted that despite the specific communication of the Respondent-Liquidator directing adjustment of the amount deposited pursuant to the order of the Hon'ble Gujarat High Court towards the period post admission into CIRP and as CIRP cost, the Applicant-Ahmedabad Municipal Corporation failed to do so.

3.17 It is submitted that in terms of Section 59 of the Indian Contract Act, 1872, the Applicant was bound to appropriate the amount towards the stated period and not towards past dues. It is further submitted that the Applicant has also failed to disclose the delay in lodging its claim and in filing the present Interlocutory Application.

3.18 It is submitted that the Hon'ble Supreme Court has consistently held that where condonation of delay is sought, whether by a private litigant or the State, the delay must be explained from the date on which limitation commences. If the prescribed period of limitation is 90 days, the party seeking condonation must satisfactorily explain why it was unable to institute the proceedings



within those 90 days. Events or circumstances arising after the expiry of the limitation period are wholly irrelevant.

3.19 While a party may wait until the last day of limitation to file proceedings, once the limitation period expires, the plea of sufficient cause must establish that due to events or circumstances arising before the expiry of limitation, it was not possible to file within time. No event or circumstance arising after the expiry of the limitation period can constitute sufficient cause for condonation.

3.20 With reference to paragraphs 1 to 23 of the Application, it is submitted that the Respondent does not admit the statement in paragraph 4 that only one property of the Corporate Debtor is to be liquidated. It is submitted that under Section 59 of the Indian Contract Act, 1872, the Applicant–Ahmedabad Municipal Corporation was bound to appropriate the amount towards CIRP costs and not towards past dues. It is denied that the rejection of the Applicant’s claim was without reasoning, arbitrary or void, or that sufficient documentary evidence was produced warranting admission of the claim.

3.21 It is further denied that the rejection of the claim is ultra vires the duties of the Liquidator. It is denied that the interpretation placed by the Applicant on Section 35 of the Insolvency and Bankruptcy Code, 2016 is correct, or that the Liquidator’s duties are limited only to verification of claims without the power to admit or reject them in accordance with law.



3.22 It is a settled position of law that a Court or Tribunal must be slow and circumspect in condoning delay so as not to extend indulgence to a litigant or stakeholder guilty of inaction, negligence, laches or lack of bona fides.

3.23 It is submitted that the said principle has been reiterated by the Hon'ble NCLAT in ***The Regional Provident Fund Commissioner, Employees' Provident Fund Organisation vs. Mr. V. V. Vasudevan, Resolution Professional & Liquidator of M/s. Titanium Tantalum Products Limited***, Company Appeal (AT) (CH) (INS) No. 182 of 2022 along with I.A. No. 415 of 2022, wherein the relevant paragraphs are reproduced hereinbelow.

"42. An unpardonable lackadaisical approach / attitude of the 'Party' in pursuing a matter before the 'Competent Authority' / Tribunal' is not to be accepted. The Law of Limitation' being harsh, will affect a 'Litigant', but it has to be pressed into service with all its vigour and rigour in the considered opinion of this Tribunal'.

43. In Law', a Tribunal' a 'Court of Law' has no power to find out a device in granting 'Relief to a 'Party' who may appeared to have been hard done by. To put is precisely, an Application' for condonation of delay undoubtedly create a jurisdictional fetter' against `consideration of tangible / substantive matter on merits'.

A Tribunal' cannot determine the sufficiency of cause', apart from the facts pleaded and made out in a given case."

3.24 It is submitted that the Hon'ble Supreme Court, in a catena of decisions, has laid down the settled principles governing condonation of delay, the fundamental requirement being that the delay must be explained day-by-day. It is submitted that the Applicant has merely pleaded ignorance of facts and now seeks equitable relief, which is impermissible.



- 3.25 It is further submitted that once a public announcement is made by the Liquidator, knowledge thereof is presumed to be in the public domain, and in any event, the official website of the Corporate Debtor contains all current updates relating to the ongoing liquidation process.
- 3.26 It is submitted that in ***The Deputy Commissioner, Commercial Taxes (Audit), Raichur vs. Surana Industries Ltd. (In Liquidation) & Anr.***, Company Appeal (AT) (Insolvency) No. 1525 of 2019 decided on 07.02.2020, the Hon'ble NCLAT dismissed the appeal against the order of the Liquidator and categorically held that liquidation proceedings are time-bound and the Liquidator is required to conclude the process within the prescribed period of one year.
- 3.27 It is further submitted that in ***Employees' State Insurance Corporation vs. Chinnam Poorna Chandra Rao*** [2020] ibclaw.in 180 (NCLAT), the Hon'ble NCLAT held that extraordinary delay in submission of claims is devoid of merits and cannot be condoned, as condoning such delay would defeat the very object and purpose of the Insolvency and Bankruptcy Code, 2016.
- 3.28 It is submitted that the Applicant also places reliance on the judgment of the Hon'ble Supreme Court in ***The State of Madhya Pradesh vs. Bherulal***, Special Leave Petition (Civil) Diary No. 9217 of 2020, wherein the Hon'ble Supreme Court has held as under:



(13)... it is the right time to inform all the government bodies, their agencies and instrumentalities that unless they have reasonable and acceptable explanation for the delay and there was bonafide effort, there is no need to accept the usual explanation that the file was kept pending for several months/years due to considerable degree of procedural redtape in the process. The government departments are under a special obligation to ensure that they perform their duties with diligence and commitment. Condonation of delay is an exception and should not be used as an anticipated benefit for government departments. The law shelters everyone under the same light and should not be swirled for the benefit of a few. Considering the fact that there was no proper explanation offered by the Department for the delay except mentioning of various dates, according to us, the Department has miserably failed to give any acceptable and cogent reasons sufficient to condone such a huge delay.

3.29 It is submitted that in view of the foregoing facts and settled position of law, the present application is devoid of merits, barred by limitation, and not maintainable, and is liable to be dismissed with costs.

4. The Applicant have also filed a Rejoinder on 18.12.2025 vide inward diary no. D - 8570, denying most contentions raised by the Respondent in its reply. The contents of the contents of the Rejoinder are not reproduced herein for the sake of brevity, as the same have already been set out and recorded earlier.
5. We have heard Ld. Counsel for the Applicant, Ld. Counsel for the Respondent, carefully examined the Interlocutory Application,



the replies filed by Respondent the rejoinder filed by the Applicant, and all annexures filed with the Interlocutory Application, Replies, and Rejoinder. The following Issues are framed for determination: -

- 1. Issue No. 1:** Whether the present Interlocutory Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 is maintainable, in view of the specific statutory remedy of appeal provided under Section 42 of the Code against rejection of claims by the Liquidator?
- 2. Issue No. 2:** Whether the Applicant–Ahmedabad Municipal Corporation has shown sufficient cause for condonation of delay of (i) 470 days in filing its claim before the Liquidator and (ii) 247 days in filing the present Interlocutory Application, in light of the settled principles governing limitation and condonation of delay?
- 3. Issue No. 3:** Whether the rejection of the Applicant’s claim by the Respondent–Liquidator vide email dated 25.02.2025 is arbitrary, non-speaking, or contrary to Section 35 of the Insolvency and Bankruptcy Code, 2016, or whether the same was a lawful exercise of the Liquidator’s powers under the Code and the Liquidation Regulations?
- 4. Issue No. 4:** Whether the municipal property tax dues claimed by the Applicant constitute admissible operational debt in the liquidation of the Corporate Debtor, and if so, whether the Applicant is entitled to admission of its claim notwithstanding the delay and the prior adjustment of amounts deposited pursuant to the orders of the Hon’ble Gujarat High Court?



OBSERVATIONS OF THE TRIBUNAL –

Findings on Issue No. 1: Whether the present Interlocutory Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 is maintainable, in view of the specific statutory remedy of appeal provided under Section 42 of the Code against rejection of claims by the Liquidator?

6.1 Section 42 of the code is been reproduced as:-

Section 42: Appeal against the decision of liquidator.

A creditor may appeal to the Adjudicating Authority against the decision of the liquidator ¹[accepting or] rejecting the claims within fourteen days of the receipt of such decision.

6.2 At the outset, it is pertinent to note that Section 42 of the Code provides a specific statutory remedy to a creditor aggrieved by the decision of the Liquidator either accepting or rejecting a claim. The said provision mandates that such appeal shall be filed before the Adjudicating Authority within fourteen days from receipt of the decision of the Liquidator.

6.3 Section 60(5) of the code is been reproduced as –

Section 60: Adjudicating Authority for corporate persons.

(1) The Adjudicating Authority, in relation to insolvency resolution and liquidation for corporate persons including corporate debtors and personal guarantors thereof shall be the National Company Law Tribunal having territorial jurisdiction over the place where the registered office of the corporate persons located.

(2) Without prejudice to sub-section (1) and notwithstanding anything to the contrary contained in this Code, where a corporate insolvency resolution process or liquidation proceeding of a corporate debtor is pending before a National Company Law Tribunal, an application relating to the insolvency resolution or ¹[liquidation or bankruptcy of a corporate guarantor or personal guarantor, as the case may be, of such corporate

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debtor] shall be filed before such National Company Law Tribunal.

(3) An insolvency resolution process or ²[liquidation or bankruptcy proceeding of a corporate guarantor or personal guarantor, as the case may be, of the corporate debtor] pending in any court or tribunal shall stand transferred to the Adjudicating Authority dealing with insolvency resolution process or liquidation proceeding of such corporate debtor.

(4) The National Company Law Tribunal shall be vested with all the powers of the Debt Recovery Tribunal as contemplated under Part III of this Code for the purpose of sub-section (2).

(5) Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction¹ to entertain or dispose of—

(a) any application or proceeding by or against the corporate debtor or corporate person;

(b) any claim made by or against the corporate debtor or corporate person, including claims by or against any of its subsidiaries situated in India; and

(c) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code.

(6) Notwithstanding anything contained in the Limitation Act, 1963 or in any other law for the time being in force, in computing the period of limitation specified for any suit or application by or against a corporate debtor for which an order of moratorium has been made under this Part, the period during which such moratorium is in place shall be excluded.

- 6.4 On the other hand, Section 60(5) of the Code confers a residual jurisdiction upon the Adjudicating Authority to decide questions of law or fact arising out of or in relation to insolvency resolution or liquidation proceedings.
- 6.5 It is now a settled principle of law that Section 60(5) cannot be invoked to override or bypass a specific remedy expressly provided under the Code.
- 6.6 The Hon'ble Supreme Court in **Gujarat Urja Vikas Nigam Ltd. v. Amit Gupta** AIR ONLINE 2021 SC 123 has categorically held that the jurisdiction under Section 60(5)




is not plenary in nature, and cannot be exercised in a manner contrary to other express provisions of the Code. The Supreme Court observed that the residuary jurisdiction is intended to fill in gaps where no remedy is provided, and not to supplant specific statutory remedies.

Relevant Para....

“The residuary jurisdiction of the NCLT under Section 60(5)(c) of the IBC provides it a wide discretion to adjudicate questions of law or fact arising from or in relation to the insolvency resolution proceedings. If the jurisdiction of the NCLT PART J were to be confined to actions prohibited by Section 14 of the IBC, there would have been no requirement for the legislature to enact Section 60(5)(c) of the IBC. Section 60(5)(c) would be rendered otiose if Section 14 is held to be the exhaustive of the grounds of judicial intervention contemplated under the IBC in matters of preserving the value of the corporate debtor and its status as a ‘going concern’. We hasten to add that our finding on the validity of the exercise of residuary power by the NCLT is premised on the facts of this case. We are not laying down a general principle on the contours of the exercise of residuary power by the NCLT.”

6.7 The Hon’ble NCLAT, in ***Employees’ State Insurance Corporation v. V. V. Vasudevan, Liquidator of M/s. Titanium Tantalum Products Ltd.*** [Company Appeal (AT) (CH) (INS) No. 182 of 2022], has clearly held that rejection of claims by a Liquidator must be challenged only in the manner prescribed under Section 42 of the Code and delay in availing such remedy cannot be condoned casually, as it would defeat the time-bound nature of liquidation proceedings.

Para 42... An unpardonable lackadaisical approach / attitude of the ‘Party’ in pursuing a matter before the ‘Competent Authority’ / ‘Tribunal’ is not to be accepted. The ‘Law of Limitation’ being harsh, will affect a ‘Litigant’, but it has to be pressed into service with all its vigour and rigour in the considered opinion of this ‘Tribunal’.



Para 43.... In 'Law', a 'Tribunal'/ a 'Court of Law' has no power to find out a device in granting 'Relief' to a 'Party' who may appeared to have been hard done by. To put is precisely, an 'Application' for condonation of delay undoubtedly create a 'jurisdictional fetter' against 'consideration of tangible / substantive matter on merits'. A 'Tribunal' cannot determine the 'sufficiency of cause', apart from the facts pleaded and made out in a given case.

6.8 The Hon'ble Supreme Court in **State of Madhya Pradesh v. Bherulal** AIR ONLINE 2020 SC 833 has unequivocally held that government and statutory authorities are not entitled to special indulgence in matters of limitation, and procedural discipline must be maintained with equal rigour.

Para 13.... In our view, it is the right time to inform all the government bodies, their agencies and instrumentalities that unless they have reasonable and acceptable explanation for the delay and there was bonafide effort, there is no need to accept the usual explanation that the file was kept pending for several months/years due to considerable degree of procedural red- tape in the process. The government departments are under a special obligation to ensure that they perform their duties with diligence and commitment. Condonation of delay is an exception and should not be used as an anticipated benefit for government departments. The law shelters everyone under the same light and should not be swirled for the benefit of a few. Considering the fact that there was no proper explanation offered by the Department for the delay except mentioning of various dates, according to us, the Department has miserably failed to give any acceptable and cogent reasons sufficient to condone such a huge delay." Eight years hence the judgment is still unheeded!

Allowing a party to bypass Section 42 by invoking Section 60(5) after expiry of the statutory limitation would amount to **rewriting the legislative intent** and rendering Section 42 nugatory.



6.9 In the present case:

- i. The Applicant's claim was rejected by the Liquidator on **25.02.2025**;
- ii. The Applicant admittedly did not file an appeal under **Section 42** within the prescribed period of **14 days**;
- iii. Instead, the Applicant has invoked Section 60(5) after substantial delay.

Such invocation of residuary jurisdiction is clearly impermissible in law, as it seeks to circumvent a specific statutory remedy and limitation period provided under the Code.

6.10 In light of the above statutory provisions and binding judicial precedents, this Tribunal holds that:

- i. The remedy against rejection of claims by the Liquidator lies exclusively under Section 42 of the Insolvency and Bankruptcy Code, 2016;
- ii. Section 60(5) cannot be invoked to bypass the limitation or procedure prescribed under Section 42;
- iii. Consequently, the present Interlocutory Application, insofar as it challenges the rejection of the Applicant's claim, is not maintainable under Section 60(5) of the Code.

6.11 Accordingly, **Issue No. 1 is answered against the Applicant and in favour of the Respondent.**



Findings on Issue No. 2: Whether the Applicant–Ahmedabad Municipal Corporation has shown sufficient cause for condonation of delay of (i) 470 days in filing its claim before the Liquidator and (ii) 247 days in filing the present Interlocutory Application, in light of the settled principles governing limitation and condonation of delay?

7.1 It is well settled that the Insolvency and Bankruptcy Code is a time-bound legislation, and strict adherence to timelines is fundamental to its scheme. The Hon'ble Supreme Court in ***B.K. Educational Services (P) Ltd. v. Parag Gupta & Associates***, (2019) 11 SCC 633, has held that limitation provisions apply to proceedings under the IBC with full force and cannot be diluted on equitable considerations.

Relevant Para....

“It is thus clear that since the Limitation Act is applicable to applications filed under Sections 7 and 9 of the Code from the inception of the Code, Article 137 of the Limitation Act gets 53 attracted. “The right to sue”, therefore, accrues when a default occurs. If the default has occurred over three years prior to the date of filing of the application, the application would be barred under Article 137 of the Limitation Act, save and except in those cases where, in the facts of the case, Section 5 of the Limitation Act may be applied to condone the delay in filing such application.”

7.2 Further, the Hon'ble Supreme Court in ***State of Madhya Pradesh v. Bherulal*** (*Supra*) has categorically held that:

“Condonation of delay is an exception and should not be used as an anticipated benefit for government departments. The law of limitation binds everybody including the State.”



Thus, the burden squarely lies on the Applicant to demonstrate sufficient cause, explained from the date limitation commenced, supported by cogent and convincing material.

7.3 In the present case, it is undisputed that:


- i. The liquidation commencement date is **03.10.2023**;
- ii. Public announcement inviting claims was issued on **11.10.2023**;
- iii. The last date for submission of claims was **08.11.2023**; and
- iv. The Applicant filed its claim only on **18.02.2025**, resulting in a delay of approximately **470 days**.

The Applicant contends that the delay occurred due to reconciliation of dues pursuant to proceedings before the Hon'ble Gujarat High Court and receipt of part payment in September 2024.

7.4 The Hon'ble NCLAT in ***Deputy Commissioner of Commercial Taxes (Audit) v. Surana Industries Ltd. (In Liquidation)***, Company Appeal (AT) (Insolvency) No. 1525 of 2019, has categorically held that liquidation proceedings are strictly time-bound and that belated claims cannot be entertained as they would defeat the very object of the Code.

Relevant Para ...

"In terms of impugned order, the Appellate Authority (National Company Law Tribunal) Division Bench I Chennai declined to entertain the appeal preferred against rejection of claim of Appellant by the Liquidator on the ground that no specific application seeking condonation of



delay was filed beyond the prescribed period of 14 days. Learned counsel for the Appellant submits that there was a confusion about communication of the impugned order and that manifested in filing of appeal after delay of 7 days beyond the prescribed period. However, that cannot be a ground for seeking condonation as the liquidation process is a time bound process and the Liquidator has to conclude his proceedings within one year as prescribed under Insolvency and Bankruptcy Code, 2016.”

7.5 Further, in **Employees’ State Insurance Corporation v. V. V. Vasudevan, Liquidator of Titanium Tantalum Products Ltd.**, Company Appeal (AT) (CH) (INS) No. 182 of 2022, the Hon’ble NCLAT observed:

“An unpardonable lackadaisical approach or attitude in pursuing remedies cannot be accepted. The law of limitation, though harsh, has to be applied with all its rigour.”

7.6 Municipal property tax dues are statutory and periodic in nature. The Liquidation Regulations permit filing of claims even on an estimated basis, subject to verification. Therefore, alleged non-crystallisation of dues cannot justify an inordinate delay of 470 days.

7.7 Moreover, the Applicant has failed to furnish any day-to-day or period-wise explanation, which is a mandatory requirement under settled law.

7.8 It is further an admitted position that:

- i. The Liquidator rejected the Applicant’s claim on **25.02.2025**; and
- ii. The present Interlocutory Application was filed only on **04.11.2025**, after a delay of approximately **247 days**.



7.9 Section 42 of the Code provides a specific statutory remedy of appeal within 14 days against rejection of claims. The Applicant neither availed the said remedy nor offered any legally acceptable explanation for the prolonged delay.

7.10 The Hon'ble Supreme Court in **Pundlik Jalam Patil v. Executive Engineer**, (2008) 17 SCC 448, has held that:

"Para 18.... The law of Limitation is thus founded on public policy. The decision does not lay down that a lethargic litigant can leisurely choose his own time in preferring appeal or application as the case may be. On the other hand, in the said judgment it is said that court should not forget the opposite party altogether. It is observed:

"It is enshrined in the maxim interest reipublicae up sit finis litium (it is for the general welfare that a period be put to litigation). Rules of limitation are not meant to destroy the rights of the parties. They are meant to see that parties do not resort to dilatory tactics but seek their remedy promptly. The idea is that every legal remedy must be kept alive for a legislatively fixed period of time."

The explanation offered by the Applicant does not disclose any unavoidable circumstance, legal disability, or external restraint. The delay is clearly attributable to inaction and procedural indifference.

7.11 The Tribunal also notes that the Applicant, though a statutory authority, is not entitled to any special indulgence. The Hon'ble Supreme Court in **Office of the Chief Post Master General v. Living Media India Ltd.**, (2012) 3 SCC 563, has held that government bodies are expected to act with diligence and cannot seek condonation as a matter of right.

Relevant Para ...

12) It is not in dispute that the person(s) concerned were well aware or conversant with the issues involved including



the prescribed period of limitation for taking up the matter by way of filing a special leave petition in this Court. They cannot claim that they have a separate period of limitation when the Department was possessed with competent persons familiar with court proceedings. In the absence of plausible and acceptable explanation, we are posing a question why the delay is to be condoned mechanically merely because the Government or a wing of the Government is a party before us.

Though we are conscious of the fact that in a matter of condonation of delay when there was no gross negligence or deliberate inaction or lack of bonafide, a liberal concession has to be adopted to advance substantial justice, we are of the view that in the facts and circumstances, the Department cannot take advantage of various earlier decisions. The claim on account of impersonal machinery and inherited bureaucratic methodology of making several notes cannot be accepted in view of the modern technologies being used and available. The law of limitation undoubtedly binds everybody including the Government.

13) In our view, it is the right time to inform all the government bodies, their agencies and instrumentalities that unless they have reasonable and acceptable explanation for the delay and there was bonafide effort, there is no need to accept the usual explanation that the file was kept pending for several months/years due to considerable degree of procedural red-tape in the process. The government departments are under a special obligation to ensure that they perform their duties with diligence and commitment. Condonation of delay is an exception and should not be used as an anticipated benefit for government departments. The law shelters everyone under the same light and should not be swirled for the benefit of a few. Considering the fact that there was no proper explanation offered by the Department for the delay except mentioning of various dates, according to us, the Department has miserably failed to give any acceptable and cogent reasons sufficient to condone such a huge delay.

Accordingly, the appeals are liable to be dismissed on the ground of delay.

7.12 In view of the above statutory scheme and binding judicial precedents, this Tribunal holds that:




- i. The Applicant has failed to establish **sufficient cause** for condonation of delay of **470 days** in filing its claim before the Liquidator;
- ii. The Applicant has also failed to demonstrate sufficient cause for condonation of delay of **247 days** in filing the present Interlocutory Application; and
- iii. The delays are gross, unexplained, and contrary to the objectives of the Insolvency and Bankruptcy Code, 2016.

7.13 Accordingly, **Issue No. 2 is answered against the Applicant and in favour of the Respondent.**

8. Findings on Issue No. 3: Whether the rejection of the Applicant's claim by the Respondent-Liquidator vide email dated 25.02.2025 is arbitrary, non-speaking, or contrary to Section 35 of the Insolvency and Bankruptcy Code, 2016, or whether the same was a lawful exercise of the Liquidator's powers under the Code and the Liquidation Regulations?

8.1 The Tribunal has carefully examined the rejection of the Applicant's claim by the Respondent-Liquidator vide email dated 25.02.2025, the statutory duties and powers of the Liquidator under the Insolvency and Bankruptcy Code, 2016 and the IBBI (Liquidation Process) Regulations, 2016, as well as the rival submissions advanced by the parties.

8.2 Section 35(1)(e) of the Insolvency and Bankruptcy Code, 2016 is been reproduced as –



“Sec. 35 (1)(e) - Powers and duties of liquidator.
to carry on the business of the corporate debtor for its
beneficial liquidation as he considers necessary;”

Expressly empowers the Liquidator to verify, admit or reject the claims of creditors in the manner specified by the Board. The said power is not ministerial but quasi-judicial in nature and is required to be exercised strictly in accordance with the timelines and procedural framework prescribed under the Code and the Liquidation Regulations. Regulations 16 to 30 of the IBBI (Liquidation Process) Regulations, 2016 constitute a complete mechanism governing invitation, verification and determination of claims, and mandate adherence to strict timelines so as to ensure expeditious completion of liquidation proceedings.

- 8.3 The contention of the Applicant that the rejection of its claim is arbitrary and non-speaking cannot be accepted. A perusal of the communication dated 25.02.2025 issued by the Liquidator indicates that the claim was rejected on the specific ground that it was filed far beyond the timelines prescribed under the Liquidation Regulations. Rejection of a claim on the ground of inordinate delay and non-compliance with statutory timelines constitutes a valid and legally sustainable reason. The law does not require the Liquidator to pass a detailed adjudicatory order while rejecting a claim; it is sufficient if the basis of rejection is clear and discernible from the record, which is the case herein.

4



- 8.4 The Hon'ble NCLAT, in ***Employees' State Insurance Corporation v. V. V. Vasudevan, Liquidator of Titanium Tantalum Products Ltd.***, Company Appeal (AT) (CH) (INS) No. 182 of 2022, has held that rejection of belated claims in liquidation cannot be termed arbitrary when the delay is inordinate and unexplained, and that the Liquidator is duty-bound to follow the timelines prescribed under the Code. Similarly, in ***Deputy Commissioner of Commercial Taxes (Audit) v. Surana Industries Ltd.*** (In Liquidation), Company Appeal (AT) (Insolvency) No. 1525 of 2019, the Hon'ble NCLAT has observed that entertaining claims filed beyond the prescribed period would defeat the very object of the Insolvency and Bankruptcy Code, 2016.
- 8.5 The reliance placed by the Applicant on Section 35 of the Code to contend that the Liquidator was bound to admit its statutory dues is misconceived. Section 35 does not mandate unconditional admission of all claims, but vests the Liquidator with the authority to verify and determine claims in accordance with law. Rejection of a claim filed beyond limitation is not contrary to Section 35, but rather a lawful exercise of the powers conferred thereunder. The discipline of timelines under the Code applies uniformly to all stakeholders, including statutory authorities.
- 8.6 It is also relevant to note that the Insolvency and Bankruptcy Code provides a specific statutory remedy under Section 42 to challenge the acceptance or rejection of claims by the Liquidator. The existence of such remedy itself indicates that rejection of claims is a recognised



statutory function of the Liquidator. The Applicant, having failed to avail the said remedy within the prescribed period, cannot now contend that the rejection itself was illegal or arbitrary.

8.7 In view of the aforesaid discussion, this Tribunal is of the considered opinion that the Respondent-Liquidator has acted strictly within the scope of powers conferred under Section 35 of the Insolvency and Bankruptcy Code, 2016 and the Liquidation Regulations. The rejection of the Applicant's claim vide communication dated 25.02.2025 was based on statutory limitation and adherence to prescribed timelines, and therefore cannot be termed arbitrary, non-speaking, or illegal. The action of the Liquidator constitutes a lawful and proper exercise of statutory discretion.

8.8 Accordingly, the issue is **answered in favour of the Respondent-Liquidator** and against the Applicant.

9. **Findings on Issue No. 4:** Whether the municipal property tax dues claimed by the Applicant constitute admissible operational debt in the liquidation of the Corporate Debtor, and if so, whether the Applicant is entitled to admission of its claim notwithstanding the delay and the prior adjustment of amounts deposited pursuant to the orders of the Hon'ble Gujarat High Court?

9.1 The Tribunal has carefully considered whether the municipal property tax dues claimed by the Applicant



constitute admissible operational debt in the liquidation of the Corporate Debtor and, if so, whether such claim can be admitted despite the inordinate delay in filing and the prior adjustment of amounts deposited pursuant to the orders of the Hon'ble Gujarat High Court.

9.2 At the outset, it is well settled that statutory dues payable to local authorities, including municipal property tax, fall within the definition of "operational debt" under Section 5(21) of the Insolvency and Bankruptcy Code, 2016. The Hon'ble Supreme Court in **Consolidated Construction Consortium Ltd. v. Principal Secretary, Irrigation Department**, (2020) 13 SCC 209, has held that statutory dues owed to governmental or local authorities, arising out of law for the time being in force, qualify as operational debt. Therefore, there is no dispute as to the nature of the Applicant's claim, and municipal property tax dues are, in principle, operational debt.

9.3 However, mere classification of a claim as operational debt does not automatically entitle a creditor to admission of such claim in liquidation. The Insolvency and Bankruptcy Code and the IBBI (Liquidation Process) Regulations, 2016 mandate strict adherence to timelines for submission and verification of claims. The admissibility of a claim is subject not only to its nature, but also to compliance with the procedural discipline and limitation framework prescribed under the Code.

9.4 In the present case, the Applicant filed its claim after an inordinate delay of approximately 470 days from the



liquidation commencement date. As already held while dealing with the issue of condonation of delay, the Applicant has failed to demonstrate sufficient cause for such delay. The Hon'ble NCLAT in ***Deputy Commissioner of Commercial Taxes (Audit) v. Surana Industries Ltd. (In Liquidation)***, Company Appeal (AT) (Insolvency) No. 1525 of 2019, has categorically held that even statutory dues cannot be admitted in liquidation if the claims are filed beyond the prescribed timelines, as entertaining such belated claims would defeat the time-bound objective of the Code.

9.5 The Tribunal also takes note of the fact that pursuant to the interim orders passed by the Hon'ble Gujarat High Court, an amount of Rs. 17,17,078/- was deposited towards municipal dues and was thereafter paid to the Applicant. The Respondent-Liquidator had specifically communicated that such amount was required to be adjusted in accordance with the provisions of the Insolvency and Bankruptcy Code. The adjustment of amounts pursuant to judicial directions does not, however, dispense with the statutory requirement of filing a claim within time, nor does it create an independent right to seek admission of a belated claim in liquidation.

9.6 It is further relevant to observe that the payment made pursuant to the orders of the Hon'ble Gujarat High Court was in the nature of a deposit subject to adjustment, and cannot be construed as recognition or admission of the Applicant's entire claim in liquidation. The Hon'ble NCLAT



in ***Employees' State Insurance Corporation v. V. V. Vasudevan, Liquidator of Titanium Tantalum Products Ltd.***, Company Appeal (AT) (CH) (INS) No. 182 of 2022, has held that partial payments or deposits made during proceedings do not override the requirement of filing claims within the statutory timelines prescribed under the Code.

9.7 The Tribunal is also conscious of the settled principle that statutory authorities do not enjoy any special privilege under the Insolvency and Bankruptcy Code. Once liquidation proceedings commence, all creditors, including governmental and municipal authorities, are bound by the same procedural framework. Admission of a belated claim, notwithstanding delay, would amount to unsettling the claim matrix and disrupting the certainty essential for orderly completion of liquidation proceedings.

9.8 In view of the aforesaid discussion, this Tribunal holds that while the municipal property tax dues claimed by the Applicant are in the nature of operational debt, the Applicant is not entitled to admission of its claim in the liquidation process due to the inordinate and unexplained delay in filing the claim and the binding statutory timelines under the Code. The prior adjustment of amounts deposited pursuant to the orders of the Hon'ble Gujarat High Court does not cure the procedural defect nor confer any vested right upon the Applicant to seek admission of its belated claim.

9.9 Accordingly, the issue is answered to the effect that the municipal property tax dues constitute operational debt in



principle, but the Applicant is **not entitled to admission of its claim in liquidation**, in the facts and circumstances of the present case.

10. In view of the findings recorded hereinabove on Issue Nos. 1 to 4, this Tribunal holds that the present Interlocutory Application is not maintainable and is devoid of merit. The Applicant has failed to avail the statutory remedy provided under Section 42 of the Insolvency and Bankruptcy Code, 2016, and has also failed to demonstrate sufficient cause for condonation of the inordinate delays in filing the claim as well as the present Interlocutory Application.
11. The rejection of the Applicant's claim by the Respondent-Liquidator is found to be a lawful exercise of powers under the Insolvency and Bankruptcy Code, 2016 and the IBBI (Liquidation Process) Regulations, 2016.
12. Accordingly, **I.A. No. 1321 (AHM) of 2025 is dismissed**. There shall be **no order as to costs**.

-Sd-

SANJEEV SHARMA
MEMBER (TECHNICAL)

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-Sd-

SHAMMI KHAN
MEMBER (JUDICIAL)