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LEARNING CURVE

Case No. 13 / 2026 • 19th June, 2026

"IBC does not mandate issuance of separate/individual notices to each Government Department once public announcement under Section 13 of IBC is duly made."

CASE TITLE	**Assistant Commissioner of State Taxes v. Shivadutt Bannanje, Liquidator of Falcon Tyres Ltd.** *In the matter of Edelweiss Asset Reconstruction Company Ltd. v. M/s Falcon Tyres Ltd.*
CASE NO.	I.A. Nos. 502, 503, 601, 779/2025 in C.P. (IB) No. 14/BB/2017
DATE OF ORDER	21st May, 2026
COURT / TRIBUNAL	NCLT, Bengaluru Bench
STATUTES / RULES INVOLVED	**Insolvency and Bankruptcy Code, 2016** ▪ Section 42 – Appeal against rejection of claim ▪ Section 60(5) – Residual jurisdiction ▪ Section 53 – Waterfall mechanism ▪ Section 238 – Overriding effect Limitation Act, 1963 – Section 5 (Condonation of delay) IBBI Liquidation Process Regulations, 2016 (Public announcement & claim filing) Punjab VAT Act, 2005 – Sections 34 & 83 Transfer of Property Act, 1882 – Section 48
BENCH	Sh. Sunil Kumar Agarwal, Member (Judicial) Sh. Radhakrishna Sreepada, Member (Technical)

BRIEF FACTS OF THE CASE

The Interlocutory Application was filed by the Assistant Commissioner of State Taxes, District Jalandhar-3 ("Applicant") against the Liquidator of M/s Falcon Tyres Limited, seeking a direction to admit the Applicant's claim of Rs. 6,09,87,791 arising from assessments under the Punjab Value Added Tax Act, 2005 and the Central Sales Tax Act, 1956, and to pay the same in accordance with law.

After the Liquidation Order dated 30.12.2019, the Liquidator caused a public announcement in Form B under Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016, inviting claims from all stakeholders and fixing 29.01.2020 as the last date for submission of claims. The Applicant filed its claim before the Liquidator only on 11.11.2024 – a delay of 1,784 days. The present Applications were filed on 28.05.2025, after the Liquidator rejected the claim vide communication dated 13.11.2024.

ISSUES FOR CONSIDERATION

- **Whether delay in filing a claim by government authorities can be condoned?**
- **Whether tax authorities are secured creditors by virtue of a statutory charge?**
- **Whether the IBC overrides PVAT provisions requiring individual notice?**

CONTENTIONS OF PARTIES

APPLICANT — Assistant Commissioner of State Taxes	RESPONDENT — Liquidator, Falcon Tyres Ltd.
The delay was bona fide, caused by administrative constraints, lack of knowledge of the liquidation proceedings, and procedural requirements – and should be condoned in the interest of justice. Its tax dues constituted a first charge under the PVAT Act, making it a secured creditor.	The delay of 1,784 days was gross and unexplained; public announcement constituted sufficient notice; administrative reasons do not amount to sufficient cause. The liquidation process was already complete; tax dues cannot override the IBC waterfall mechanism, nor confer secured-creditor status.

DECISION OF THE NCLT

- The Liquidator had issued public announcement in Form B in compliance with the IBC and applicable Regulations. Once such public announcement is made, all stakeholders – including Government Departments – are deemed to have constructive notice of the liquidation proceedings; the Applicant's plea of no knowledge till October 2023 could not be readily accepted.
- There was a delay of approximately 1,784 days (29.01.2020 to 11.11.2024) in filing the claim with the Liquidator, and a further delay of 196 days in filing the appeal against the Liquidator's decision – both far exceeding the prescribed timelines.
- The Applicant's contention that the Liquidator ought to have individually informed the jurisdictional tax authorities under Section 83 of the Punjab VAT Act, 2005 was not accepted. Section 238 of the IBC contains a non obstante clause giving the Code overriding effect over any inconsistent provision in any other enactment.
- The Code does not mandate issuance of separate/individual notices to each Government Department once public announcement is duly made; public announcement under the IBC sufficiently satisfies the obligation of notice to stakeholders.
- Accordingly, I.A. No. 502/2025 (condonation of delay) and I.A. No. 503/2025 (direction to admit the belated claim) were both dismissed.

SIGNIFICANCE OF THE CASE

This case reinforces the strict and time-bound nature of the Insolvency and Bankruptcy Code, holding that even government authorities are bound by limitation periods and cannot seek condonation for inordinate delays on administrative grounds. It clarifies that public announcement constitutes sufficient notice to all stakeholders and that no separate intimation is required. The decision also affirms that statutory tax dues do not automatically confer secured-creditor status and remain subject to the distribution waterfall under Section 53 of the IBC.

Link of the Order: View Full Order on the NCLT e-Filing Portal