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

ITEM No.303 - IA/108(AHM)2025
in
C.P.(IB)/99(AHM)2023

Order under Section 60(5) r/w 35(1)(n) IBC
r/w Rule 11 NCLT r/w Regulation 2A & 4 IBBI

IN THE MATTER OF:

Devendra Jain Liquidator of Raghuvanshi Industries Pvt. Ltd .....**Applicant**
V/s
State Tax Department & Ors .....**Respondent**

Order delivered on: 24/04/2026

C O R A M:
MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

O R D E R
(Hybrid Mode)

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

— SD —

SANJEEV SHARMA
MEMBER (TECHNICAL)

— SD —

SHAMMI KHAN
MEMBER (JUDICIAL)

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

I.A. No. 108/(AHM)/2025
in
C.P.(I.B.) No.99/(AHM)/2023

(An application under Section 60(5)(c), read with Section 35(1)(n) of the Insolvency and Bankruptcy Code, 2016 along with Rule 11 of the National Company Law Tribunal Rules, 2016 and Regulation 2A and 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)

In the matter of:

Devendra Jain,
Liquidator of Raghuvanshi Industries Pvt. Ltd.
Having address at:
B-604, Ratnakar Nine Square,
Opp. Keshavbaug Party Plot,
Vastrapur, Ahmedabad,
Gujarat – 380015.

..... Applicant

VERSUS

1. **State Tax Department/Officer**
   Dy. Commissioner of State Tax
   State Tax Officer (5)
   Unit-93, Jilla Seva Sadan 2
   Block No. 3, 2nd Floor
   Rajkot – 360001.

2. **Shree N.H. Enterprise**
   309, 3rd Floor,
   Nakshatra 7 Building, Chandan Park,
   Raiya Road, Rajkot,
   Gujarat – 360001.

3. **P.N. Traders**
24, Trambak Chamber, Mehta Market,
Surendranagar,
Gujarat – 363001.

4. **Harsiddhi Enterprise**
5, Somnath Society-2, Opp. Modi School,
150 ft Ring Road,
Rajkot – 360003.

5. **Vinod Tarachand Agrawal**
Erstwhile RP
204, Wall Street-1, Near Gujarat College,
Ellis Bridge, Ahmedabad,
Gujarat – 380006.

..... Respondents

Order Pronounced On: 24.04.2026

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 S:

For the Applicant	: Mr. Nipun Singhvi, Adv.
For the Respondent	: Mr. Manisha Luvkumar, Sr. Adv. (AAG) a.w. Mr. Priyam Raval, Adv., Ms. Ritu Guru, Adv. for State Tax Dept/R-1 None for R-2 to R-5
For the State Tax Officer	: Mr. S.B. Chavda, STO in Charge, Unit 93, Rajkot.

O R D E R
(Per Bench)

1. The present application **I.A. No.108 of 2025** has been filed on 01.01.2025 vide inward no. E-3351 by the Applicant Mr. Devendra Jain, the Liquidator of M/s. Raghuvanshi Industries Pvt. Ltd. under Section 60(5)(c), read with Section 35(1)(n) of the Insolvency and Bankruptcy Code, 2016 along with Rule 11 of the National Company Law Tribunal Rules, 2016 and Regulation 2A and 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016) for not paying the Liquidation Process Cost incurred during the process of Liquidation. The Applicant has prayed this Tribunal for the following prayers:

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a) To allow the present Application.

b) To pass an order directing SCC members to pay the pending Liquidation and CIRP Cost of Rs.18,72,794/- as enumerated in Para 25, incurred till filing of the present Application;

c) To direct Respondents to cooperate and contribute Liquidation cost till dissolution of the Corporate Debtor;

d) To pass necessary orders under Section 235A of the Insolvency and Bankruptcy Code, 2016;

e) To grant any other relief as it may deem fit in the interest of justice."

2. The applicant /Liquidator produced following facts as under: -

2.1 The Applicant states that the Corporate Debtor was admitted into CIRP by order dated 19.09.2023 in CP(IB) No. 99 of 2023 and Mr. Vinod Agrawal was appointed as IRP and later confirmed as RP. Thereafter, liquidation was ordered on 29.04.2024 and the Applicant was appointed as Liquidator. The liquidation commencement date is stated as 06.05.2024 upon receipt of the order, annexed as Annexure-A.

2.2 The Applicant states that public announcement of liquidation was made on 08.05.2024 in Free Press (English) and Lokmitra (Gujarati) inviting claims from stakeholders. Pursuant thereto, claims aggregating to Rs.53,74,62,498.55 were received and admitted. The public announcement is annexed as Annexure-B.

2.3 The details of stakeholders and their admitted claims are tabulated as under: -

Sr. No.	Name of Stakeholder	Claim Amount (Rs.)	Nature of Claim	Voting %
i.	Gujarat State Tax Department	51,47,03,892.70	Operational Creditor – Government Dues	95.77%
ii.	P.N. Traders	6,35,704	Unsecured Financial Creditor	0.12%
iii.	Harsiddhi Enterprise	24,00,000	Unsecured Financial Creditor	0.45%
iv.	Shree N.H. Enterprise	1,97,22,901.85	Operational Creditor (Other than	3.67%

			Govt./Employees/ Workmen)	
	Total	**53,74,62,498.55**		

2.4 The Applicant submits that the Stakeholders' Consultation Committee was constituted and report dated 25.06.2024 is annexed as Annexure-C. The first SCC meeting dated 07.05.2024 could not be conducted due to absence of quorum as no members attended.

2.5 The Applicant states that in the second SCC meeting dated 01.07.2024, it was informed that the Corporate Debtor has zero assets and zero bank balance. The Applicant proposed early dissolution and all members agreed except the State Tax Department which sought time for instructions. Minutes are annexed as Annexure-E.

2.6 The Applicant submits that in the third SCC meeting dated 29.07.2024, compliances including Preliminary Report, Asset Memorandum and Progress Report were apprised. The State Tax Department again sought time and expenses of Rs.25,000 excluding legal expenses were informed. Minutes are annexed as Annexure-G.

2.7 The Applicant states that communications were sent to State Tax Department seeking decision on early dissolution, annexed as Annexure-H. In the fourth SCC meeting dated 15.10.2024, quarterly meetings were approved and expenses of Rs.28,000 were recorded. Minutes are annexed as Annexure-I.

2.8 The Applicant submits that emails dated 24.10.2024 and 03.11.2024 were sent to SCC members seeking contribution of liquidation cost and fees, however no response was received. These communications are annexed as Annexure-J.

2.9 The Applicant states that in the fifth SCC meeting dated 08.11.2024, pending expenses were discussed and State Tax Department sought further time being majority stakeholder. The Applicant also followed up regarding pending CIRP cost of Rs.8,93,779 but no contribution was made

2.10 The Applicant submits that the total liquidation cost incurred is Rs.9,79,015 and CIRP cost is Rs.8,93,779 aggregating to Rs.18,72,794, as detailed below: -

Particulars	**Amount (Rs.)**
Marketing Expenses	13,087
Printing / Postage / Stationery	10,660
Travelling – Liquidator Team	5,268
Legal Expenses (including Advocate's fees)	2,50,000
Fees of Liquidator @ Rs.1,00,000 per month (May–Nov 2024)	7,00,000
Total Expense of Liquidator	**9,79,015**
Expenses incurred by IRP/RP and his fees during CIRP	8,93,779
Grand Total (Liquidation + CIRP Cost)	**18,72,794**

2.11 The Applicant submits that despite compliance with Regulation 2A and Regulation 4 of IBBI (Liquidation Process) Regulations, 2016, stakeholders have failed to contribute towards liquidation cost. The Applicant has relied upon IBBI circular dated 10.08.2018 and guidelines dated 06.08.2024, annexed as Annexure-M.

2.12 In view of the above narrated facts, the Applicant has sought directions from this Hon'ble Tribunal to direct the SCC members to contribute towards liquidation cost and pending CIRP cost of Rs.18,72,794, to cooperate in the liquidation process till dissolution, and to pass necessary orders including any other relief deemed fit.

3. That on issuance of the notice in the Interlocutory Application and on receipt of the notice, the Respondent No.1, i.e. State Tax Department appeared and filed its affidavit in reply on 17.03.2025 vide inward diary no. D-1770. The reply is affirmed by one Mr. Gopal Bharatbhai Kothari working as State Tax Officer, Rajkot, stated to be an authorised person of the Respondent No.1 as under: -

3.1 The Respondent No.1, i.e. the State Tax Department stated that since the entire case involves several instances and events including the meetings of CoC

and SCC, the respondent no.1 has briefly produced on record the chronology of events submitted as under:

Sr. Nos.	Dates	Particulars/ Events
1.	02.04.2023	Shree N.H. Enterprises filed CP (IB) No. 99 of 2023 under Section 9 of the Code seeking initiation of CIRP against Raghuvanshi Industries Pvt. Ltd.
2.	19.09.2023	Petition admitted; CIRP commenced; Mr. Vinod Agrawal appointed as IRP.
3.	25.10.2023	1st CoC meeting held; CoC comprised Respondent No. 1 (State Tax Dept.) and Respondent No. 2 (Shree N.H. Enterprises).
4.	13.12.2023	2nd CoC meeting; claim of P.N. Traders admitted; CoC reconstituted with sole FC (P.N. Traders, 100% voting). State Tax Dept. ceased to be part of CoC.
5.	21.03.2024	6th CoC meeting; claim of Harsiddhi Enterprise admitted; CoC reconstituted with two FCs (P.N. Traders and Harsiddhi Enterprise).
6.	30.03.2024	CoC resolved to liquidate Corporate Debtor; IA (Liq.) No. 7 of 2024 filed.
7.	29.04.2024	Liquidation ordered; Applicant appointed as Liquidator.
8.	01.07.2024	2nd SCC meeting; Applicant agreed to proceed for early dissolution after awaiting State Tax Dept.'s decision. Other SCC members consented.
9.	29.07.2024	3rd SCC meeting; Applicant agreed to wait one more week for State Tax Dept.'s response.
10.	28.08.2024	Applicant issued final letter to State Tax Dept. seeking decision on early dissolution within 7 days.
11.	15.10.2024	4th SCC meeting held.
12.	08.11.2024	5th SCC meeting held.
13.	24.12.2024	IA No. 59 of 2025 filed by Applicant seeking removal of bank attachment from SBI account of Corporate Debtor (balance ₹7,76,045).
14.	21.02.2025	State Tax Dept. directed SBI to lift bank attachment.
15.	11.03.2025	IA No. 59 of 2025 dismissed as infructuous since attachment was removed.
16.	31.12.2024	Present application filed by Applicant.

3.2 The Respondent No.1 has annexed documents in support including order dated 19.09.2023 as Annexure R1, Minutes of CoC meetings as Annexure R2 to R5, liquidation order dated 29.04.2024 as Annexure R6, SCC meeting minutes as Annexure R7 to R11, correspondence as Annexure R9, bank attachment removal letter as Annexure R12, order dated 11.03.2025 as Annexure R13, and IBBI Circular dated 12.06.2018 as Annexure R14.

3.3 The Respondent No.1 has denied various paragraphs of the application as misconceived, while admitting factual portions relating to CIRP, liquidation and meetings, and has stated that claims regarding liability, costs and obligations are disputed and require strict proof.

3.4 The Respondent No.1 submits that the Applicant has claimed Rs.18,72,794 towards CIRP and liquidation costs, comprising Rs.9,79,015 liquidation cost and Rs.8,93,779 CIRP cost, which are stated to be excessive, unsupported and not approved by the Respondent No.1.

3.5 It is submitted that the Respondent No.1 never approved such costs and ceased to be part of CoC after 13.12.2023 when financial creditors took over with 100% voting share, and therefore has no role or liability towards CIRP or liquidation expenses.

3.6 The Respondent No.1 submits that under Sections 34(8)(9), 53(1)(a), 53(3) of the Code and Regulation 42(3), liquidation costs are to be paid from liquidation estate proceeds, and the SBI account having Rs.7,76,045 is available for such purpose as per Annexure R12.

3.7 It is contended that the Applicant has not produced records, invoices or evidence for expenses such as marketing, printing, travel and legal fees, and has not demonstrated that such expenses are reasonable or necessary as required under Section 208(2), Regulation 7(2)(h) and IBBI Circular dated 12.06.2018 (Annexure R14).

3.8 The Respondent No.1 relies upon the judgment in ***Devarajan Raman v. Bank of India Ltd. (Civil Appeal No. 3160 of 2020)*** (Annexure R15) to submit that fees and costs must be reasonable, and submits that the claimed legal expenses of Rs.2,50,000 and other heads are not justified.

3.9 It is further submitted that the Applicant failed to comply with Regulation 31A(6) by not convening SCC meetings within prescribed timelines, caused delay in liquidation, and failed to file early dissolution despite availability of such option under Section 35 and Regulation 14, thereby increasing costs.

3.10 It is also contended that CIRP cost of Rs.8,93,779 claimed through IRP is not maintainable as

Respondent No.1 was not part of CoC during CIRP conducted by financial creditors, and neither the Applicant nor IRP has locus to seek such recovery from Respondent No.1.

3.11 In view of above narrated facts, the Respondent No.1 has sought that the present application be rejected, no liability be imposed upon it for payment of CIRP or liquidation costs, and the claimed costs be directed to be met from liquidation estate in accordance with law.

4. On receipt of the reply from the Respondent No.1/ State Tax Department, the Applicant/ Liquidator has filed its rejoinder reply on 10.06.2025 vide inward diary no. D-3459 as under:

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4.1 The Respondent No.1, being the State Tax Department, is a secured creditor in view of the judgment in the matter of ***State Tax Officer (1) v. Rainbow Papers Ltd. (Civil Appeal No. 1661 of 2020)***. The Applicant states that secured creditors are liable to contribute towards CIRP and liquidation costs. It is submitted that Respondent cannot claim benefit of distribution without bearing costs. The liability arises under the provisions of the Insolvency and Bankruptcy Code, 2016.

4.2 The Applicant refers to Section 53, Section 35 of the Code and Regulation 2(1)(ea) of the Liquidation

Regulations. It is submitted that liquidation costs include fees, expenses, and costs incurred for preservation and realization of assets. The Applicant states that such costs are to be paid in priority. The Respondent No.1 is therefore liable to contribute proportionately.

4.3 The Respondent No.1 was part of the CoC meeting dated 25.10.2023 and was aware of the financial status of the Corporate Debtor. It is stated that Respondent refused to contribute towards CIRP cost. Further, after liquidation order dated 29.04.2024, Respondent became part of SCC with 95.76% voting share. Despite this, Respondent delayed decisions and avoided contribution.

4.4 The Respondent failed to disclose attachment of bank account with balance of approximately Rs.7,76,045. It is submitted that such non-disclosure affected the liquidation process. The Applicant came to know about the account only after proceedings in IA No.59 of 2025. The Respondent No.1 is attempting to avoid liability for costs incurred.

4.5 The allegations raised by Respondent No.1 against the Liquidator are denied. It is stated that expenses incurred are in accordance with law and supported by records. The Applicant relies upon precedents including ***Soumitra Lahiri v. Union Bank of India***. It

is submitted that SCC has no authority to question liquidation expenses.

4.6 The Applicant further relies on ***Sarvesh Kashyap v. Bank of India***, wherein creditors were directed to contribute towards CIRP and liquidation costs. It is submitted that insolvency professionals cannot bear such costs personally. The Applicant also relies on ***Balmukund Bhagchand Kabra v. Commissioner of State Tax***. These precedents establish obligation of creditors to contribute proportionately.

4.7 The meetings of SCC were conducted in accordance with applicable regulations and circular dated 13.02.2024. It is stated that meetings were held within prescribed timelines. The allegation of delay is denied. It is further stated that early dissolution was considered but could not proceed due to pending issues and conduct of Respondent No.1.

4.8 The Respondent No.1 has relied upon judgments not applicable to liquidation proceedings. It is stated that SCC does not have authority to question expenses incurred by the Liquidator. The Liquidator is required to report to the Adjudicating Authority. The Applicant states that Respondent No.1 is attempting to misinterpret legal provisions.

4.9 In view of the above facts and submissions, the Applicant has sought directions against Respondent

No.1 No.1 to contribute its proportionate share towards CIRP and liquidation costs.

5. The Applicant/liquidator on 26.07.2025 filed Purshish for placing Email Communication on record exchanged between the Applicant and Respondent No. 1 – State Tax Department which are as under: -

5.1 The Respondent No. 1, vide email dated 06.07.2025, communicated withdrawal of its claims submitted in **Form B** and **Form C** in respect of the Corporate Debtor and further stated that it shall not participate in the meetings of the Stakeholders' Consultation Committee.

5.2 In response thereto, the Applicant/Liquidator, vide email dated 12.07.2025, clarified that such withdrawal is not permissible at this stage in view of the provisions of Section 38(5) of the Insolvency and Bankruptcy Code, 2016 read with Regulation 47 of the IBBI (Liquidation Process) Regulations, 2016, and that appropriate orders from this Hon'ble Tribunal would be required.

5.3 Copies of the aforesaid email communications dated 06.07.2025 and 12.07.2025 are annexed with Purshish and collectively marked as Annexure – A for the kind perusal of this Hon'ble Tribunal.

6. The Applicant/liquidator on 28.03.2026 filed Purshish for placing on record email dated 26.03.2026 and statement reflecting the details of costs and fees incurred, available bank balance, and pending liabilities, which demonstrates that the funds presently available are insufficient to meet the total liquidation and CIRP costs. The same are annexed and marked as Annexure–A and Annexure–B, respectively.

7. The Applicant/Liquidator is filed Written Submissions on 07.07.2025 vide inward diary no. D-4523 and revised Written Submissions on 22.04.2026. The major contentions of the Applicant are as follows: -

7.1 The Applicant is the Liquidator of the Corporate Debtor, which was admitted into CIRP on 19.09.2023 and thereafter ordered into liquidation on 29.04.2024. The Applicant was appointed as Liquidator by the Adjudicating Authority.

7.2 The Stakeholders' Consultation Committee was constituted, wherein Respondent No.1 holds 95.77% voting share. Meetings were convened, however no decision was taken regarding contribution towards liquidation cost.

7.3 The Applicant placed the issue of liquidation cost and fees in multiple SCC meetings held on 01.07.2024,

29.07.2024, 15.10.2024 and 08.11.2024, but the members did not approve or contribute the cost.

7.4 The Applicant sent several emails and reminders dated 28.08.2024, 24.10.2024, 03.11.2024, 21.11.2024, 22.11.2024 and 23.12.2024 requesting payment of CIRP and liquidation cost, but no payment was made.

7.5 The Liquidator submitted that under Regulation 2A, Regulation 4 and Regulation 31A of IBBI (Liquidation Process) Regulations, stakeholders are required to contribute towards costs where no assets are available.

7.6 It is further submitted that the Respondent, despite being dominant stakeholder, has not cooperated and has delayed the process by seeking adjournments between 18.12.2025 to 18.03.2026.

7.7 7.10 The Respondent attempted to withdraw its claim on 06.07.2025, which was not permissible beyond statutory period as per Section 38(5) of the Code.

7.8 The Corporate Debtor has no available assets, and therefore the liquidation process cannot proceed without contribution from stakeholders towards cost and fees incurred by the Liquidator.

7.9 The total pending cost amounts to Rs.18,72,794, which includes liquidation expenses of Rs.9,79,015 and CIRP cost of Rs.8,93,779 incurred by the IRP/RP.

7.10 The Respondent No.1 has denied liability to pay the cost. The Applicant submits that as per Regulation 2A

and Regulation 4 of the IBBI (Liquidation Process) Regulations, 2016, such cost is required to be borne for completion of the process.

7.11 The Applicant relies on the following judgments:-

(a) Soumitra Lahiri vs Union Bank of India and Ors., IA (IB) No.111/KB/2021 in CP (IB) No.1560/KB/2018, where it was held that stakeholders are required to contribute towards liquidation cost in absence of funds;

(b) Sarvesh Kashyap vs Bank of India, IA No.05/ALD/2021 in CP (IB) No.344/ALD/2018, where similar directions were issued;

(c) Balmukund Bhagchand Kabra vs Commissioner of State Tax, IA No.20 of 2022, where contribution towards CIRP cost was directed;

(d) Reddington Limited vs R Kabiladoss, IA No.2101 of 2024, where stakeholders were directed to bear process cost.

7.12 The Applicant submits that Respondent No.1, being the majority stakeholder, has not cooperated and has not contributed towards the cost, resulting in delay in completion of liquidation and pending proceedings.

7.13 In view of the above facts, the Applicant has sought direction against the Respondent SCC Members to pay the pending CIRP and liquidation cost and to cooperate for completion of the liquidation process.

8. The Respondent No.1 also filed Written Submissions, Chronology of events along-with judgments on 24.04.2025 vide inward diary no. D0000 and 04.07.2025 vide inward

diary no. D-4476 as well as revised on 21.04.2026. The contentions of the Respondent No.1 are as follows: -

8.1 The present matter arises from initiation of Corporate Insolvency Resolution Process on 19.09.2023 against Raghuvanshi Industries Pvt. Ltd. pursuant to an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 filed by an Operational Creditor. Upon admission, an Interim Resolution Professional was appointed and Committee of Creditors was initially constituted consisting of Operational Creditors including Respondent No.1.

8.2 Subsequently, on 13.12.2023, upon admission of claim of a Financial Creditor, the Committee of Creditors was reconstituted with sole Financial Creditor having 100 percent voting share, resulting in Respondent No.1 ceasing to have any voting rights or decision-making role in the process.

8.3 After reconstitution of Committee of Creditors, subsequent meetings including those held on 23.01.2024 and thereafter were conducted without any voting participation of Respondent No.1.

8.4 On 21.03.2024, further claims of Financial Creditors were admitted and Committee of Creditors was reconstituted again consisting only of Financial Creditors. Respondent No.1 has stated that from this stage onward, it had no role in decisions relating to CIRP, liquidation, or cost approvals and therefore

cannot be held responsible for any actions taken thereafter.

8.5 On 29.04.2024, liquidation of the Corporate Debtor was ordered and the Applicant was appointed as Liquidator. During liquidation, Stakeholders Consultation Committee meetings were held on 01.07.2024 and 29.07.2024 wherein it was recorded that other stakeholders had consented for early dissolution of the Corporate Debtor and the Liquidator had agreed to proceed after waiting for response from Respondent No.1. Communications were issued by the Liquidator on 28.08.2024 seeking final response; however Respondent No.1 has contended that no liability arises merely due to such communications.

8.6 Further meetings of Stakeholders Consultation Committee were held on 15.10.2024 and 08.11.2024. On 24.12.2024, the Liquidator filed an application seeking removal of bank attachment created by Respondent No.1 on the Corporate Debtor's account which had balance of Rs. 7,76,045. Subsequently, on 21.02.2025, Respondent No.1 issued communication lifting the attachment, and the said application was dismissed as infructuous on 11.03.2025.

8.7 The Applicant has sought payment of Rs. 18,72,794 towards CIRP cost and liquidation cost, comprising Rs. 9,79,015 as liquidation expenses and Rs. 8,93,779 as CIRP expenses. Respondent No.1 has submitted that it

has never approved or consented to such costs in any meeting of Committee of Creditors or Stakeholders Consultation Committee. It is stated that approval of such costs is a prerequisite and in absence thereof, no liability can be imposed upon Respondent No.1.

8.8 Respondent No.1 has further submitted that after 13.12.2023 it had no voting power or participation in Committee of Creditors and therefore cannot be made liable for any decisions, including approval of costs, taken thereafter. It is stated that any liability, if at all, must arise only from decisions taken by the Committee of Creditors having voting authority, which did not include Respondent No.1.

8.9 It is also contended that liquidation cost is required to be paid out of the liquidation estate in accordance with provisions of the Insolvency and Bankruptcy Code, 2016 and relevant regulations. Respondent No.1 has submitted that such costs cannot be recovered from stakeholders individually when there exists an identifiable liquidation estate including bank balance of Rs. 7,76,045 available for adjustment of such expenses.

8.10 Respondent No.1 has stated that the costs claimed by the Liquidator are not justified and are not supported by proper approval mechanism. It is submitted that expenses including liquidator fees and legal expenses have been incurred without necessary authorization

and therefore cannot be enforced against Respondent No.1. It is further stated that any increase in cost is attributable to delay in concluding liquidation process despite availability of consent for early dissolution from other stakeholders.

8.11 Respondent No.1 has relied upon IBBI Circular No. IBBI/IP/013/2018 dated 12.06.2018 to contend that insolvency professionals are required to ensure that costs are reasonable, necessary and properly approved. It is submitted that non-compliance with such requirements disentitles recovery of such costs from stakeholders.

8.12 Respondent No.1 has also relied upon the judgment in ***Devarajan Raman v. Bank of India Limited (Civil Appeal No. 3160 of 2020***, judgment dated 05.01.2022) wherein it was held that insolvency costs must be incurred in accordance with statutory framework and cannot be imposed arbitrarily without adherence to provisions of the Code. The crux of the judgment is that procedural compliance and approval mechanisms are essential for validity of claims relating to insolvency costs.

8.13 Respondent No.1 has further relied upon order dated 19.08.2025 passed by the Tribunal in IA No. 590 of 2025 to contend that liabilities relating to insolvency process must be determined in accordance with statutory provisions and cannot be imposed in absence

of legal basis or approval. It is submitted that Respondent No.1, being an Operational Creditor without voting rights, cannot be directed to contribute towards such costs.

8.14 In view of the above stated facts, Respondent No.1 has sought rejection of the present application and has prayed that it be held not liable to pay the alleged CIRP cost and liquidation cost and that such costs, if payable, be directed to be met from the liquidation estate in accordance with law.

9. The Respondent No.5 also filed Revised Written Submission on 03.06.2025 vide inward diary no. D0000. The contentions of the Respondent No.5 are as follows: -

9.1 The present Application has been filed by the Liquidator seeking direction against the SCC members for payment of pending CIRP and liquidation cost amounting to Rs. 18,72,794 incurred during the process. The Respondent No.5 states that the claim relates to costs incurred during CIRP tenure while acting as IRP.

9.2 The CIRP was initiated under Section 9 of the Insolvency and Bankruptcy Code, 2016 by the Operational Creditor and was admitted on 19.09.2023, wherein Respondent No.5 was appointed as Interim Resolution Professional and performed duties in accordance with the Code.

9.3 The Committee of Creditors was initially constituted with Operational Creditors including the State Tax Department holding 95.99% voting share, and due to dissent and abstention, key resolutions including approval of CIRP costs and appointments were not passed.

9.4 Subsequently, upon receipt of claims from Financial Creditors namely P N Traders and later Harsiddhi Enterprise, the CoC was reconstituted; however, in earlier meetings no resolutions were voted upon and certain meetings could not be conducted due to lack of quorum.

9.5 Despite publication of Form G, no Expression of Interest was received, and therefore no resolution plan was submitted, resulting in continuation of CIRP without progress towards resolution of the Corporate Debtor.

9.6 In the 6th CoC meeting held on 21.03.2024, resolutions were passed with 79.06% voting share approving CIRP costs, ratifying expenses, and resolving to liquidate the Corporate Debtor, and Respondent No.5 provided consent to act as Liquidator with agreed fees.

9.7 Thereafter, this Hon'ble Tribunal vide order dated 29.04.2024 appointed the present Applicant as Liquidator, and Respondent No.5 communicated the details of pending CIRP costs to the Liquidator; no

judicial precedents or judgments have been relied upon in the written submission.

9.8 In view of the above stated facts, the Respondent No.5 submits that it is a formal party and the relief sought pertains to direction against SCC members for payment of pending CIRP and liquidation costs, and the submission is made only to assist in adjudication of the Application

10. We have carefully perused the chronology of the ongoing proceedings of this case in the present matter.

10.1 The proceedings in C.P.(IB)/99(AHM)2023 have involved multiple interlocutory applications—IA/108, IA/392, and IA/590 of 2025—arising under Section 9 of the Insolvency and Bankruptcy Code, 2016. Initially, notices were issued to respondents in January 2025, with directions to file replies and rejoinders within stipulated timelines. By February and March 2025, service reports confirmed delivery of notices, though only the State Tax Department appeared, seeking time to respond. Other respondents failed to appear despite service, and were eventually proceeded ex-parte. The Tribunal consistently directed filing of rejoinders and written submissions, emphasizing compliance with procedural timelines.

10.2 Through mid-2025, IA/108 centred on exchanges between the liquidator and the State Tax Department. Written submissions were filed, but repeated

adjournments were sought by the Department, while R-2 to R-4 **remained *ex-parte***. R-5's submissions were rejected for failure to file a proper reply. The Tribunal directed the State Tax Department to place on record its communication regarding withdrawal from the liquidation process, and required the liquidator to confirm receipt.

10.3 IA/590 concerned release of bank guarantees and related funds. After several adjournments, the State Bank of India confirmed release of ₹8,27,619/- (including accrued interest) to the liquidator, leading to disposal of the application as settled and infructuous.

10.4 In early 2026, repeated adjournments were sought by the State Tax Department citing absence or resignation of counsel. The Tribunal granted a final adjournment, cautioning that if oral submissions were not made, the matter would be decided on the basis of pleadings already on record. Thus, as of March 2026, IA/108 remains pending for final arguments, IA/392 stands withdrawn, and IA/590 has been disposed of as settled. The Tribunal has consistently underscored adherence to timelines, limited tolerance for adjournments, and the necessity of cooperation from all parties.

11. We have heard the Ld. Counsel for the Applicant/Liquidator and the Ld. Counsel for Respondent No.1. We have perused

the Interlocutory Application along with its Annexures A to M and the Purshis filed on 26.07.2025 and 28.03.2026 along with their Annexures. We have perused the reply filed by Respondent No.1/State Tax Department along with its annexures and the rejoinder filed by the Applicant. We have perused the written submissions filed by the Applicant on 07.07.2025, the written submissions filed by the Respondent No.5 and the written submissions filed by Respondent No.1 on 24.04.2025, 04.07.2025 and 21.04.2026.

12. The CIRP cost of Rs.8,93,779 was approved by the Committee of Creditors in its 6th meeting held on 21.03.2024. At that time Respondent No.1 was no longer a member of the Committee of Creditors. The approval was given by the Financial Creditors who held voting rights.

13. Regulation 31 of the IBBI (Resolution Process for Corporate Persons) provides that Insolvency Resolution Process costs under section 5 (13) (e) means to include expenses incurred on or by the IRP, RP and other costs directly relating to the

corporate insolvency resolution process and approved by the committee.

14. Regulation 34 B(5) of the IBBI (CIRP) Regulations provide that the fee (paid to IRP and RP) under the regulation may be paid from the funds, available with the corporate debtor, contributed by the applicant or members of the committee and/or raised by way of interim finance and shall be included in the insolvency resolution process cost.

15. In the present case, the CIRP cost mainly comprise of fee and therefore the same is to be paid or met of funds of the CD, or contributed by the applicant or CoC. Therefore, the CIRP cost is to be borne by the CoC members with voting rights and not by Operational Creditor Respondent No.1.

16. Regulation 2A of the IBBI (Liquidation Process) Regulations, 2016 provides that in case no plan is approved, the liquidator shall call upon the financial creditors, being financial institutions, to contribute the excess of liquidation costs over the liquid assets of the corporate debtor, as estimated by him, in proportion to the financial debts owed to them by the corporate debtor. In this case, the liquidation

cost claimed by the Applicant is Rs.9,79,015. The Corporate Debtor has no tangible assets. There are no financial institutions in this case. The Applicant recovered funds of Rs.16,17,693 through his efforts. The current bank balance stands at Rs.12,52,437 after expenses of Rs.3,65,255. The updated statement of costs, fees, available bank balance and pending liabilities is placed on record through the Purshis dated 28.03.2026 along with Annexure B.

17. Respondent No.1 holds 95.77 percent voting share in the Stakeholders Consultation Committee. Respondent No.1 participated in the meetings of the Stakeholders Consultation Committee held on 01.07.2024, 29.07.2024, 15.10.2024 and 08.11.2024. Respondent No.1 did not contribute towards liquidation cost despite repeated requests made by the Applicant through emails dated 28.08.2024, 24.10.2024, 03.11.2024, 21.11.2024, 22.11.2024 and 23.12.2024.

18. The Applicant relies upon the judgment in ***Soumitra Lahiri, Liquidator of Space Matrix Private Limited Versus Union Bank of India and Others*** in IA (IB) No.

111/KB/2021 in CP (IB) No. 1560/KB/2018 wherein it was held that the Stakeholders Consultation Committee has no authority to question the expenses incurred by the Liquidator. The Applicant relies upon the judgment in Sarvesh Kashyap Versus Bank of India in IA No. 05/ALD/2021 in CP (IB) No. 344/ALD/2018 wherein it was held that creditors are required to contribute towards liquidation costs when assets are insufficient.

19. The Applicant relies upon the judgment in ***Balmukund Bhagchand Kabra, RP of Intelligent Textile Engineers Pvt Ltd Versus Commissioner of State Tax Government of Gujarat*** in IA No. 20 of 2022 wherein this Bench directed the State Tax Department to contribute towards costs. The Applicant relies upon the judgment in ***Reddington Limited Versus R Kabiladoss, RP-M/s. Fanatic Systems Private Limited*** in IA No. 2101 of 2024 wherein it was held that stakeholders are required to bear the process costs proportionately when assets are insufficient.

20. Respondent No.1 relies upon the judgment in ***Devarajan Raman v. Bank of India Limited (Civil Appeal No. 3160***

of 2020) dated 05.01.2022 wherein the Hon'ble Supreme Court held that the reasonableness of fees and costs must be considered while adjudicating the quantum of such fees and costs. Respondent No.1 also relies upon the IBBI Circular dated 12.06.2018 which requires that fees and expenses must be reasonable and supported by proper records.

21. The CIRP cost approved by the Committee of Creditors with voting rights is to be borne by the CoC members. Respondent No.1 being an Operational Creditor is not liable to pay the CIRP cost. Respondent No.1 is liable to contribute its proportionate share towards the liquidation cost only in view of its majority voting share of 95.77 percent in the Stakeholders Consultation Committee and the nil asset position of the Corporate Debtor.

22. The information on the liquidation cost incurred is provided by the liquidator. It mainly comprises of the fee of the liquidator and professional engaged by him. The SCC should have approved the same after verification but that has not been done. Respondent No.1 cannot now question on the

liquidation cost. The Respondent No.1 participated in the SCC meetings and did not approve the early dissolution of the CD, as per regulation 14 of the IBBI (Liquidation Process) Regulations, as was required by the Liquidator, which could have reduced the liquidation cost. It kept delaying its decision. Further, the Respondent No.1 had the maximum voting power in the SCC, and it did not advise properly the liquidator on the matters stated in Regulation 31A of the IBBI (Liquidation Process) Regulations by participating in the SCC meetings to the extent required under the Regulations. Further, the Respondent No.1 had attached the bank account of the CD with State Bank of India to secure its dues and removed attachment only after long delay and intervention by this Adjudicating Authority. Later, it withdrew from the SCC by informing the liquidator. These actions of the Respondent No.1 are not consistent with its obligations under the Law and Regulations being the SCC member with majority voting shares of 95.77%.

23. Keeping the above facts in mind, we direct that available bank balance shall first be utilized towards verified CIRP

costs payable in accordance with Regulation 34B and Section 53 of the Code. The remaining bank balance be used to meet the liquidation cost and any shortfall in the liquidation cost shall be contributed by Respondent No.1 being the majority stakeholder in the Stakeholders Consultation Committee. The Liquidator shall inform the Respondent No.1 the amount of contribution required by it within 15 days of this order and the Respondent No.1 shall pay the amount to the Liquidator within 30 days of receiving the request from the Liquidator. The Liquidator is permitted to file an application for early dissolution of the Corporate Debtor upon compliance of these directions.

24. With the above directions, **IA/108(AHM)/2025** in C.P.(IB) No.99/(AHM)/2023 stands **partly allowed** and **disposed of** in the above terms. No order as to costs.

—SD—

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)

Alpesh (PS)