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

ITEM No.301
IA(Dis.)/25(AHM)2026
in
RCP(IB)/2(AHM)2023
(Old Case C.P. (IB)/131/AHM/2020

Under Section 54 of the IBC 2016 r/w Reg. 45(3)(B) of the IBBI Reg. 2016

IN THE MATTER OF:
Kiran Sipani Liquidator of Ms. Manglam Paper Private Limited **.....Applicant**

Order delivered on: 25/11/2026

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.(Dis.)/25(AHM)/2026
In
R.C.P. (IB)/2(AHM)2023
(Old Case C.P. (IB)/131/AHM/2020)

[Application under Section 54 of Insolvency and Bankruptcy Code, 2016 read with Regulation 45(3)(B) of the IBBI (Liquidation Process) Regulations, 2016]

IN THE MATTER OF: ***Manglam Paper Private Limited***

Kiran Sipani,
Liquidator of M/s. Manglam Paper
Private Limited
Having office at:
Office No. – 502-B-Metro Tower,
Ring Road, Near Rajhans Empria,
Surat, Gujarat – 395002
E: sipaniadvisor@gmail.com

.... Applicant/Liquidator

Order Pronounced on 25.11.2026

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. Rahul Bhavsar, Advocate
For the State Tax Dept.	:	Mr. Hitesh P Vachhani, Advocate
For the Income Tax Dept.	:	Ms. Kinjal Trivedi, Junior Standing Counsel

O R D E R
(*Per:* Bench)

1. This Interlocutory Application IA(Dis.)/25(AHM)2026 has been filed under Section 54 of Insolvency and Bankruptcy Code, 2016 read with Regulation 45(3)(B) of the IBBI (Liquidation Process) Regulations, 2016 for dissolution of the Corporate Debtor, i.e. M/s. Manglam Paper Private Limited along with condonation of delay of 61 days with the following prayers: -

a) Your Lordships may be pleased to allow the present Application and condone the delay of 61 days in filing of present application;

b) Your Lordships may be pleased to pass order under Section 54 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 45(3) of the IBBI (Liquidation Process) Regulations, 2016 for dissolution of the Corporate Debtor;

c) Your Lordships may be pleased to grant any other relief as may deem fit in the interest of justice.

2. The Applicant/Liquidator has placed the facts through the I.A. and documents in the following manner: -

2.1. It is submitted that this Adjudicating Authority, vide order dated 22.04.2024, admitted the application filed under Section 9 of the Code by Mr. Dayaram G. Teli, Proprietor of Jagdishwar Trading Co., claiming operational debt of Rs.50,60,964/-, and appointed Mr. Ashish Anantray Shah as IRP. The admission order is annexed as Annexure-1 to the Final Report.

2.2. The IRP issued a public announcement in Form-A dated 24.04.2024, published on 25.04.2024, and constituted the Committee of Creditors (CoC). In its first meeting held on 22.05.2024, the CoC appointed the IRP as Resolution Professional. The public announcement and minutes are annexed as Annexures-2 and 3, respectively, to the Final Report.

2.3. On 27.02.2025, the CoC, with 81.95% voting share, rejected the resolution plan submitted by Sonal Yogeshbhai Shah and Wellfin Corporation and resolved to liquidate the Corporate Debtor. Consequently, vide order dated 29.04.2025 in IA (Liq.)/1(AHM)2025, liquidation was ordered and the Applicant was appointed as Liquidator (Annexure-A to the IA and Annexure-4 to the Final Report).

2.4. The Liquidator published the public announcement in Form-B on 02.05.2025 in Financial Express (English and Gujarati), inviting claims up to 29.05.2025 (Annexure-5 to the Final Report). The list of stakeholders was submitted on 28.06.2025, and the report concerning constitution of the Stakeholders' Consultation Committee (SCC) was taken on record vide order dated 04.07.2025 in IA No.794 of 2025.

2.5. The SCC was reconstituted on 24.07.2025, and the report filed on 08.08.2025 was taken on record vide order dated 20.08.2025 in IA No.943 of 2025. The

admitted claims were stated to be Rs.45,25,37,247.71/-, with Union Bank of India and the Debenture Trustee holding 72.14% and 15.89% voting shares, respectively (Annexure-B).

2.6. The first, second and fourth SCC meetings could not be conducted for want of quorum. In the third meeting dated 30.06.2025, the Liquidator apprised the stakeholders regarding receipt of records, statutory intimations, liquidation expenses and the possibility of sale as a going concern. The Preliminary Report and Asset Memorandum were taken on record in IA No.772 of 2025 on 30.06.2025 (Annexure-J collectively and Annexure-6 to the Final Report).

2.7. In the fifth SCC meeting held on 17.09.2025, the members approved liquidation expenses of Rs.69,020/-, Liquidator's fees of Rs.1,00,000/- per month and filing of an early dissolution application with 72.71% voting share. However, despite the Liquidator's communication dated 16.10.2025, the stakeholders failed to contribute towards the outstanding CIRP and liquidation costs.

2.8. In the sixth and seventh SCC meetings held on 17.10.2025 and 20.11.2025, respectively, resolutions concerning outstanding costs and early dissolution failed due to non-participation of members holding 99.81% and 100% voting shares, respectively. The Liquidator also referred to the amended regulations

restricting sale as a going concern (Annexures-8 and 9 to the Final Report).

2.9. In the eighth SCC meeting dated 16.12.2025, early dissolution was approved with 73.30% voting share. In the ninth meeting dated 19.01.2026, liquidation expenses of Rs.4,33,527.42/- were placed before the SCC, and the resolution approving expenses received 72.14% votes. However, repeated communications seeking contributions remained unsuccessful (Annexure-C).

2.10. The tenth SCC meeting scheduled on 24.03.2026 and adjourned to 25.03.2026 was cancelled for want of quorum (Annexure-D). In the eleventh meeting dated 28.04.2026, the SCC approved a 90-day extension, which this Adjudicating Authority granted from 30.04.2026 vide order dated 01.06.2026 in IA No.803 of 2026 (Annexures-E and F and Annexure-10 to the Final Report).

2.11. The Liquidator filed IA No.1015 of 2026 under Section 60(5)(c) of the Code seeking contributions towards unpaid costs. In the twelfth SCC meeting dated 27.07.2026, receipt of contributions from both Financial Creditors was reported, and dissolution was approved subject to banking formalities. Upon filing of the withdrawal pursis, the IA was disposed of as infructuous on 31.07.2026 (Annexures-G and H).

2.12. The Liquidator filed five progress reports under Regulation 15 on 15.07.2025, 15.10.2025, 14.01.2026, 15.04.2026 and 22.07.2026, which were taken on record by this Adjudicating Authority. The latest progress report is annexed as Annexure-I. The Final Report further records that no material litigation or avoidance application was pending.

2.13. The Applicant submitted that no realizable assets existed except the bank balance of Rs.5,387.50/- reflected in the Asset Memorandum. Contributions aggregating to Rs.14,10,472/- were received from the Financial Creditors towards outstanding CIRP and liquidation costs. The Final Report records CIRP costs of Rs.15,80,596/- and liquidation costs of Rs.9,12,364.42/- (Annexure-K collectively and Annexure-7 to the Final Report).

2.14. The distribution statement reflects aggregate amounts claimed and admitted, including CIRP and liquidation costs, of Rs.4,681.39 lakh and Rs.4,526.98 lakh, respectively, with nil distribution to creditors. The Applicant submitted that no further recoverable assets remained and furnished the Final Report and Compliance Certificate in Form-H (Annexure-L), seeking leave to subsequently furnish the liquidation bank account closure certificate.

2.15. The Applicant attributed the delay of 61 days to belated receipt of contributions, completion of

banking formalities and preparation of statutory reports after expiry of the extended liquidation period on 30.07.2026. Accordingly, the Applicant sought condonation of delay and dissolution under Section 54 of the Code read with Regulation 45 of the Liquidation Regulations.

3. That the Adjudicating Authority vide its order dated 12.10.2026 directed Applicant/Liquidator to to furnish the liquidation bank account closure certificate. Pursuant thereto, the Applicant is stated to have furnished the Bank Closure Certificate dated 22.10.2026 through an Additional Affidavit filed on 03.11.2026 vide Inward No. D-0000, annexed thereto as Annexure-A2.

4. Upon issuance of notice, the State Tax Department appeared and filed its Affidavit-in-Reply dated 05.11.2026 electronically on 06.11.2026 and physically on 16.11.2026 vide Inward Diary No. D-9816. The material submissions of the Department are summarized hereunder: -

4.1. The Department submitted that pursuant to the liquidation order dated 29.04.2025 and public announcement dated 02.05.2025, it submitted its claim of Rs.1,53,32,840/- on 23.05.2025.

4.2. The entire claim was admitted by the Liquidator, and the Chief Commissioner of State Tax, Gujarat, was included at Sr. No.14 in the reconstituted SCC with 3.39% voting share, which was taken on record vide order dated 20.08.2025 in IA No.943 of 2025.

4.3. The Department submitted that, as evident from the Asset Memorandum, Preliminary Report dated 09.06.2025 and Final Report, no further realizable assets remained with the Corporate Debtor. Consequently, no amount was distributed to the Department, and its admitted claim remained unpaid.

4.4. In view of the reported exhaustion of realizable assets, the Department did not advance any submissions on the merits of the dissolution application and left its adjudication to the wisdom of this Adjudicating Authority.

4.5. The Department clarified that its Affidavit-in-Reply was filed for the limited purpose of placing the status of its admitted claim on record, without prejudice to its independently maintainable rights and remedies against persons other than the Corporate Debtor, in accordance with law.

5. Upon issuance of notice, the Income Tax Department appeared through its Sr. Standing Counsel and filed the Report dated 05.11.2026 of the Assistant Commissioner of Income Tax, Circle-2(1)(1), Ahmedabad on 06.11.2026. The material submissions are summarized hereunder: –

5.1. The Department initially communicated its claim concerning outstanding demands and pending proceedings to the Insolvency Professional by email dated 10.05.2024. Upon receiving a further

communication in May 2025, the Department submitted its claim of Rs.6,58,75,849/- in Form-C on 13.08.2025.

5.2. Upon recalculation of interest under Section 220 of the Income-tax Act, 1961, the outstanding demand increased to Rs.7,47,55,656/-, comprising principal of Rs.5,91,98,716/- and interest of Rs.1,55,56,940/-. Except for recovery proceedings, no assessment or appeal proceedings were reported pending, and the recovery letters remained unanswered.

5.3. As recorded in the order dated 17.11.2026, the aforesaid claim submitted in Form-C was rejected by the Liquidator on 19.10.2025 on the ground of delay.

6. We have heard the learned Counsel for the Applicant/Liquidator and both Tax Departments and carefully perused the material available on record. Vide order dated 17.11.2026, the submissions of both Tax Departments were taken on record. None appeared on behalf of the Registrar of Companies, nor was any report filed by it, and the matter was reserved for orders.

7. Section 54 of the Code provides for dissolution of the Corporate Debtor upon complete liquidation of its assets. Regulation 45 of the Liquidation Regulations prescribes submission of the Final Report and requisite Compliance Certificate. The present application is required to be considered in accordance with the amended statutory

provisions and applicable transitional provisions governing the liquidation process.

8. Upon examination of the documents annexed as Annexures-A and B, we observe that the Liquidator undertook the requisite steps concerning public announcement, verification of claims, preparation of the list of stakeholders and constitution and reconstitution of the SCC under Sections 35 and 38 to 40 of the Code read with Regulations 12, 30, 31 and 31A of the Liquidation Regulations, as applicable.

9. The minutes of the SCC meetings and the extension order annexed as Annexures-C to F substantiate the difficulties encountered by the Liquidator in obtaining stakeholders' contributions towards outstanding CIRP and liquidation costs, thereby explaining the circumstances necessitating continuation of the liquidation process beyond the original stipulated period.

10. The documents annexed as Annexures-G and H substantiate the subsequent receipt of contributions and the SCC's recommendation for dissolution. Although such recommendation supports the commercial impracticability of continuing liquidation, dissolution remains subject to independent satisfaction of this Adjudicating Authority under Section 54 of the Code.

11. Upon examination of the Progress Reports, Preliminary Report and Asset Memorandum annexed as Annexures-I and J (Colly.), we observe that no further realizable assets

have been identified. The Final Report also records the absence of pending material litigation and avoidance applications.

12. The Final Report forming part of Annexure-K (Colly.), including the audited receipts and payments account annexed thereto as Annexure-7, together with the Compliance Certificate in Form-H annexed as Annexure-L, has been placed before this Adjudicating Authority in compliance with the applicable provisions of Regulation 45 of the Liquidation Regulations.

13. Section 53(1)(a) of the Code read with Regulation 42(3) accords priority to CIRP and liquidation costs over payments to other stakeholders. The contributions received from the Financial Creditors, opening bank balance, actual expenditure and nil distribution to creditors require reconciliation with the audited accounts and Compliance Certificate before recording statutory satisfaction regarding completion of liquidation.

14. Having considered the submissions of the State Tax Department, we observe that its admitted claim remained unpaid for want of distributable proceeds. The Department has not raised any substantive objection to dissolution, and its independently maintainable statutory remedies are subject to the applicable provisions of law.

15. The rejection of the Income Tax Department's claim is governed by Sections 38 to 42 of the Code and the applicable Liquidation Regulations. No order setting aside

such rejection has been brought to our notice. In the present dissolution proceedings, we refrain from adjudicating the validity or quantum of the rejected claim.

16. The recovery and distribution of statutory dues during liquidation are governed by Section 53 read with Section 238 of the Code. In the absence of further realizable assets or distributable proceeds, outstanding statutory demands cannot, by themselves, warrant indefinite continuation of the liquidation process.

17. In this regard, reference may be made to ***Sundaresh Bhatt, Liquidator of ABG Shipyard v. Central Board of Indirect Taxes and Customs,*** (2023) 1 SCC 472, and ***Paschimanchal Vidyut Vitran Nigam Ltd. v. Raman Ispat Private Limited & Ors.,*** (2023) 10 SCC 60, wherein the Hon'ble Supreme Court recognized the overriding effect of the statutory liquidation and distribution mechanism under the Code over inconsistent recovery mechanisms under other enactments.

18. Having regard to the applicable transitional provisions of Regulation 44 and the circumstances explained by the Applicant, including belated receipt of contributions and completion of banking and statutory formalities, we find sufficient cause for the delay. Accordingly, under Regulation 44(2) read with Section 60(5)(c) of the Code and Rule 11 of the NCLT Rules, 2016, the delay of 61 days in filing the present application is hereby condoned.

19. In compliance with the proviso to Section 54(4) of the Code, we record that the time consumed in obtaining requisite documents, affording opportunities to the statutory authorities and considering their respective submissions necessitated disposal of the present application beyond the prescribed period of thirty days.

20. Upon examination of the Final Report, audited and reconciled receipts and payments account, Compliance Certificate in Form-H and Bank Closure Certificate, we are satisfied that the realizable assets of the Corporate Debtor stand completely liquidated and no further distributable proceeds remain. Accordingly, the statutory requirements for dissolution under Section 54 of the Code read with Regulation 45 of the Liquidation Regulations stand satisfied.

21. In view of the aforesaid findings and in exercise of the powers conferred under Section 54(2) of the Code, the present Interlocutory Application is hereby **allowed** with the following directions: -

(i) The Corporate Debtor, namely, **Manglam Paper Private Limited,** stands **dissolved** with effect from the date of this order under Section 54(2) of the Insolvency and Bankruptcy Code, 2016.

(ii) The Final Report, audited receipts and payments account, distribution statement, Compliance Certificate in Form-H and Bank Closure Certificate are taken on record.

(iii) The Applicant/Liquidator shall complete the consequential statutory compliances, including filing of the requisite forms under Regulation 47B of the Liquidation Regulations, and shall thereafter stand **discharged** from his duties, subject to obligations and liabilities surviving under applicable law.

(iv) The Liquidator shall preserve the physical and electronic records pertaining to the liquidation process for the respective periods and in the manner prescribed under Regulation 45A of the Liquidation Regulations.

(v) Dissolution shall not affect the continuation of proceedings, if any, contemplated under Sections 54(1A) and 54(1B) of the Code, in accordance with Section 54(2B) thereof, wherever applicable.

(vi) Dissolution shall not prejudice independently enforceable rights, remedies, proceedings or liabilities against promoters, directors, guarantors or any other person under the Code or under Section 179 of the Income-tax Act, 1961, Section 323 of the Income-tax Act, 2025, or applicable State Tax enactments, subject to fulfilment of the respective statutory conditions. No such liability is determined or created by this order

(vii) The Registry shall forward a copy of this order to the jurisdictional Registrar of Companies,

Ahmedabad, within seven days from the date of this order in compliance with Section 54(3) of the Code.

(viii) Copies shall also be communicated to the Insolvency and Bankruptcy Board of India, the jurisdictional Principal Chief Commissioner of Income Tax and the Chief Commissioner of State Tax, Gujarat, for information and necessary action in accordance with law.

22. Accordingly, with the aforesaid findings and directions, the present Interlocutory Application, being **IA(Dis.)/25(AHM)/2026** in R.C.P. (IB)/2(AHM)/2023 (Old Case C.P. (IB)/131/AHM/2020), stands **allowed** and **disposed of.** The Registry shall accordingly update the records of both the renumbered and original Company Petitions as disposed of.

-SD-

SANJEEV SHARMA
MEMBER (TECHNICAL)

-SD-

SHAMMI KHAN
MEMBER (JUDICIAL)

Sweta/Steno, MM Diwan/LRA