



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IBC Case Law Capsule

Number 238

(August 25, 2025)



Principal Commissioner of Customs vs. Mr. Sri Vamsi Kambhammettu, Liquidator of CD
IA (IBC) No. 1982 of 2024 IN C.P (IB) No.504/10/HDB/2018
Date of NCLT Judgement, 08 August 2025

Facts of the Case: -

The present IA application, in C.P. (IB) No. 504/10/HDB/2018, was filed by the *Principal Commissioner of Customs, Visakhapatnam* (hereinafter referred as 'Applicant/Operational Creditor') against the Liquidator of *Handum Industries Ltd. /CD* (hereinafter referred as Respondent) under Section 42 of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the NCLT Rules, 2016.

The Applicant sought condonation of a delay of **912 days** in submitting its claim of ₹4,26,49,154/- before the Respondent by setting aside the rejection letter dated 06.09.2024 issued by the Respondent. The CD, engaged in the manufacture of rerolled iron and steel products, had allegedly diverted imported steel blooms and billets into the Domestic Tariff Area without payment of customs duties, in violation of Notification No. 53/1997 under the 100% Export Oriented Unit Scheme. The Directorate of Revenue Intelligence issued a show cause notice dated 12.11.2003. The Adjudicating Authority (Commissioner of Central Excise, Bangalore) vide Order-in-Original No. 01/2010 dated 29.01.2010 confirmed a customs duty demand of ₹87,82,626/- with interest and penalty under Section 114A of the Customs Act, 1962.

The Applicant's subsequent appeal before CESTAT, Bangalore, abated on 14.03.2024 under Rule 22 of CESTAT Rules, owing to the liquidation of the CD which had commenced by AA's order dated 11.06.2021. The Applicant claimed that, he became aware of the CIRP and liquidation only after perusing this CESTAT order, and thereafter submitted its belated claim on 29.08.2024. The Respondent rejected the claim, citing limitation under Regulation 12 of the IBBI (Liquidation Process) Regulations, 2016, and non-maintainability under Section 42 of the IBC.

NCLT's Observations:

The Tribunal observed that the liquidation process under the IBC is a strictly time-bound mechanism, requiring creditors to submit their claims within 30 days from the liquidation commencement date. In the present case, the last date for filing claims was 31.07.2021.



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It was noted that public announcements inviting claims had been duly made on 01.07.2021 in *Financial Express* (English) and *Mana Telangana* (Telugu), and several other creditors located outside Telangana had successfully filed their claims within the stipulated time frame.

The Applicant's contention of being unaware of the liquidation proceedings on account of jurisdictional limitations, as it operated under the Visakhapatnam Zone, was rejected. The Tribunal held that such an argument was unsustainable, since the investigation was carried out by the Directorate of Revenue Intelligence, Hyderabad, and the adjudication proceedings were conducted by the Commissioner of Central Excise at Bangalore, thereby establishing that the matter was centrally handled and not confined to any particular zonal jurisdiction.

Emphasizing established principles of law, the Tribunal applied the maxim "*vigilantibus non dormientibus jura subveniunt*" (the law aids the vigilant, not those who sleep over their rights) and "*ignorantia juris non excusat*" (ignorance of law is no excuse). It noted that the Applicant had failed to take timely action to recover the dues confirmed by the Order-in-Original as far back as 2010 and instead chose to await the outcome of appellate proceedings, thereby contributing to avoidable delay.

In support of its conclusion, the Tribunal relied upon authoritative precedents. It cited *V.K. Abdul Rahim v. Jasin Jose, RP/Liquidator, 2023* which held that belated claims could not be entertained as they frustrate the objectives of the Code. Reference was also made to *Assistant Commissioner of Commercial Taxes v. Right Engineers & Equipment India Pvt. Ltd. 2021*, where the NCLAT emphasized that sufficient cause must be demonstrated for condonation of delay. Furthermore, the Tribunal placed reliance on the Supreme Court's ruling in *M/s. RPS Infrastructure Ltd. v. Mukul Kumar (AIR ONLINE 202 SC 833)*, which underlined that government departments have a special obligation to act diligently and that condonation of delay is an exception and cannot be treated as a matter of right.

Order/Judgement: The NCLT held that the Applicant failed to demonstrate "sufficient cause" for condonation of delay and that permitting such claims would defeat the time-bound nature of the liquidation process under the IBC. Para

Case Review: *The IA Application was dismissed.*