



**IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ**

IA No.405 of 2025 IN CP (IB) No.153 of 2024

*(Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016,
read with Rule 11 of NCLT Rules, 2016)*

IN THE MATTER OF:

Mr Pawan Garg

Interim Resolution Professional of M/s Sagar Detergents Private Limited

.....Interim Resolution Professional/Applicant

Versus

1. Shiv Gramoudyog Sansthan

Address: - 117/L/327, Naveen Nagar,

Kakadeo, Kanpur- 208025

Email Id:- moredetergents@gmail.com

..... Respondent No. 1/Non-Applicant

2. Commercial Tax Department, UP

(Sole CoC member)

Uttar Pradesh, Sector-27, Kanpur

Email Id: - hemant.3061979@gov.in

.....Respondent No. 2

AND IN THE MATTER OF:

SHIV GRAMOUDYOG SANSTHAN

..... OPERATIONAL CREDITOR

Versus

M/S SAGAR DETERGENTS PRIVATE LIMITED

..... CORPORATE DEBTOR

ORDER PRONOUNCED ON: 4th November, 2025



Coram:

Mr Praveen Gupta : Member (Judicial)
Mr Ashish Verma : Member (Technical)

Appearances:

Sh. Vipin Kumar Kushwaha, Adv. : *For the Operational Creditor/Res.No.1
in IA No.405/2025*
Sh. Krishna Dev Vyas, Adv. : *For Applicant/IRP in IA No.405/2025*

ORDER

1. This present application has been filed on 11.06.2025 under section 60(5) of the Insolvency and Bankruptcy Code, 2016 (“Code”), read with Rule 11 of the NCLT Rules, 2016 (“NCLT Rules”), by Interim Resolution Professional (“IRP/Applicant”) of M/s Sagar Detergents Private Limited (“Corporate Debtor”), seeking inter alia the following reliefs:

“A. Initiate appropriate proceedings under Section 65 of the Insolvency and Bankruptcy Code, 2016, against the Respondent No. 1 for having initiated the present proceedings with malicious intent and for purposes other than the resolution of insolvency, and impose such penalty as deemed fit and proper:

B. To fix the remuneration, cost and expenses payable to the Applicant for performing his duties as the Interim Resolution Professional during the CIRP period;

C. Direct the Respondent No. 1 to reimburse all expenses and costs incurred during the Corporate Insolvency Resolution Process (CIRP), including but not limited to the fees and expenses of professionals



appointed by the Interim Resolution Professional, as per the provisions of the Insolvency and Bankruptcy Code, 2016 and the Regulations framed thereunder;

D. To forthwith release the costs and expenses incurred during the Corporate Insolvency Resolution Process (CIRP), along with the estimated expenses, in accordance with the directions sought under prayer clause C.

E. Pass an order for dissolution of the corporate debtor as referred under section 54 of the Insolvency and Bankruptcy Code, 2016 and discharge the Applicant / IRP namely Mr. Pawan Garg from performing his duties under I & B Code, 2016;

OR

In the alternate

To pass and order for the withdrawal of the CIR Process initiated in respect of the Corporate Debtor namely "M/s Sagar Detergents Pvt Ltd" and discharge the Applicant/ IRP namely Mr. Pawan Garg from performing his duties under I & B Code, 2016;

F. Award costs of the present petition; and

G. Pass such other or further order/order(s) as may be deemed fit and proper in the facts and circumstances of the instant case."

2. The brief background of the case is that the Corporate Debtor was admitted into the CIRP vide order dated 02.04.2025, passed by this Tribunal, and the Applicant was appointed as the Interim Resolution Professional.
3. As stated in the application, the Respondent No. 1 is a related party of the Corporate Debtor, and suspended directors/shareholders of the Corporate



Debtor are relatives of the key managerial personnel of the Respondent No. 1. Further, the Corporate Debtor has not carried on any business for the past four years, has no assets, and has not maintained any registered office or statutory books and records, as confirmed by its suspended directors. Despite being aware of these facts, Respondent No. 1 did not disclose the same in the application filed under Section 9 of the Code.

4. Subsequently, the Applicant submits that upon commencement of the CIRP, the IRP issued a public announcement on 09.04.2025 in two newspapers, namely- Financial Express and Jansatta, inviting claims from creditors with the last date of submission being 21.04.2025. On the said date, four claims were received, two from Financial Creditors and two from Operational Creditors. The details of the claims received by the IRP are as under:

S. No.	Name of Creditor	Category	Amount Claimed	Amount Admitted
1.	Shubhi Rohra	Financial Creditor	5,49,000.00	5,49,000.00
2.	Vinesh Kumar Rohra	Financial Creditor	48,93,417.00	48,93,417.00
3.	Shiv Gramoudyog Sansthan	Operational Creditor	5,58,61,981.00	5,58,61,981.00
4.	Commercial Tax Department – revised claim	Operational Creditor	1,52,97,517.76	1,52,97,517.76
	TOTAL		7,66,01,915.76	7,66,01,915.76

5. The Applicant further avers that, as per Section 21(1) of the Code read with Regulation 17(1) of CIRP Regulations, the constitution of the Committee of Creditors (“CoC”) consisted of the following:



S. No.	Name of Creditor	Category	Amount Claimed	Amount Admitted Provisionally	Voting Share
1.	Commercial Tax Department	Operational Creditor	1,52,97,517.76	1,52,97,517.76	100
		TOTAL	1,52,97,517.76	1,52,97,517.76	100

6. Thereafter, the Applicant filed the report of the constitution of CoC, which was taken on record vide order dated 19.05.2025 passed by this Tribunal. The Applicant then scheduled the 1st CoC meeting on 06.05.2025; however, the same could not be conducted due to lack of quorum. Upon being contacted, the sole member of the CoC expressed disinterest in participating, stating that the department was concerned only with its recovery and not with the CIRP proceedings. Consequently, the first CoC meeting was adjourned and rescheduled to 07.05.2025.
7. The Applicant submits that vide letter dated 06.05.2025, the sole CoC member suggested that Respondent No. 1 be permitted to attend the CoC meeting and, during a subsequent telephonic conversation, refused to attend the meeting while questioning the non-inclusion of Respondent No. 1 in the CoC. The IRP clarified that Respondent No. 1, being a related party to the Corporate Debtor, is not eligible to participate or vote in CoC meetings in terms of the provisions of the Code. Despite such clarification, the sole member continued to insist on the participation of Respondent No. 1 in the CoC meeting.
8. Only on the request of the sole CoC member, Respondent No. 1 was permitted to attend the CoC meeting without any voting rights.

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Consequently, the first CoC meeting, initially adjourned to 08.05.2025, was further adjourned to 09.05.2025 at the request of the CoC member.

9. On 09.05.2025, the 1st CoC meeting was convened, wherein all agenda items, including the proposal for early dissolution of the Corporate Debtor, were discussed. However, the sole CoC member did not cast any vote on the agendas, stating that approval from higher authorities was required. Despite repeated follow-ups and reminders sent through emails dated 13.05.2025, 15.05.2025, and 19.05.2025, no response was received from the said member regarding the decisions of the said meeting.
10. The Applicant further submits that as on 02.06.2025, a total CIRP cost and expense of Rs. 8,00,032/- has been incurred, out of which only Rs. 1,00,000/- has been paid by Respondent No. 1 in compliance with this Tribunal's order dated 02.04.2025. The summary of expenses is reproduced below:

Particulars	Amount including GST
Actual CIRP expenses up-to 02.06.2025	3,86,032.00
Estimated CIRP expenses for next 3 months	4,14,000.00
Total	8,00,032.00

11. The Applicant places reliance on Regulation 33 of the CIRP Regulations, which provides that the applicant, i.e., Operational Creditor in the present case, initiating the CIRP shall bear the expenses incurred by the IRP, which

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shall be reimbursed by the CoC to the extent such expenses are ratified. The relevant provision of Regulation 33 is reproduced below:

“33. Costs of the interim resolution professional

(1) The applicant shall fix the expenses to be incurred on or by the interim resolution professional

(2) The Adjudicating Authority shall fix the expenses where the Applicant has not fixed expenses under sub-regulation (1).

(3) The Applicant shall bear the expenses which shall be reimbursed by the Committee to the extent it ratifies,

(4) The amount of expenses ratified by the committee shall be treated as insolvency resolution process costs.

[explanation. For the purposes of this Regulations, "expenses" include the fee to be paid to the interim resolution professional, fee to be paid to insolvency professional entity, if any, and fee to be paid to professionals, if any, and other expenses to be incurred by the interim resolution professional.

”

12. The Applicant submits that since his appointment pursuant to the CIRP order dated 02.04.2025, neither his fees nor the CIRP expenses have been fixed or approved by the CoC. It is further stated that Respondent No. 2, being the sole CoC member, has failed to participate or vote on any of the agendas, resulting in the CIRP coming to a standstill. Accordingly, in terms of Regulation 33(2) of the CIRP Regulations, this Tribunal is empowered to determine and fix the fees and expenses payable to the Applicant, including other CIRP costs.

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13. We have heard the Learned Counsel appearing on behalf of the Applicant and perused the contents of the present application.
14. The present application primarily seeks early dissolution of the Corporate Debtor and reimbursement of CIRP costs incurred by the Applicant in discharge of duties under the Code.
15. It is observed that during the CIR Process, four claims were received, out of which three, including that of the Operational Creditor Shiv Gramoudyog Sansthan, the applicant under Section 9, were found, upon verification, to be related parties of the Corporate Debtor. Consequently, only one creditor, i.e., the Commercial Tax Department, was constituted as the sole member of the CoC holding 100% voting share.
16. It is further noted that the Applicant has sought early dissolution of the Corporate Debtor on the following grounds:
 - i. The Corporate Debtor has remained non-functional for the past four years.
 - ii. The Corporate Debtor has no tangible or intangible assets to meet CIRP or liquidation costs; and
 - iii. The sole CoC member, i.e., the Commercial Tax Department, has expressed unwillingness to contribute towards further CIRP or liquidation expenses and, despite attending the first CoC meeting, did not cast its vote on the agendas.
17. The record further reflects that in the first CoC meeting held on 09.05.2025, the IRP clarified the present financial status of the Corporate Debtor with the sole CoC member. The relevant excerpts of the 1st CoC meeting are reproduced below:

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v. Visit to Registered Office:

- The IRP visited the registered office as per MCA records at 117/C 8/100, Sarvodaya Nagar, Kanpur, Uttar Pradesh – 208005, on 11th April, 2025.
- Upon enquiry, it was found that the premises are under construction and no office exists there. A security guard present on site directed the IRP to Mr. Manjeet Singh, who claimed to be the current owner and stated he had purchased the building about a year ago. He further confirmed that he had no knowledge of any company named Sagar Detergents Private Limited having operated from the premises.

vi. Meeting with Suspended Directors:

- The IRP met both the suspended Directors in Kanpur on 11th April, 2025. Minutes of the meeting were recorded and sent to the Directors on 14th April, 2025.
- Key points from the meeting:
 - The company has been non-operational for the last 3–4 years.
 - The registered office and any other place of business do not exist.
 - The company does not have a website.
 - There are no assets in the company.
 - The company has no employees.
 - The company is not registered under GST, PF, ESI, or any other law.
 - Statutory records and books of accounts are not available with the Directors.

The representative of the Commercial Tax Department inquired about the current location where the suspended board is storing all relevant data and how operations were previously managed. He noted that several GST returns had been filed, which would not have been possible without such data. He also asked whether the registered office of the Corporate Debtor (CD) was owned by the CD or rented. In response, the IRP stated that, during the visit, the suspended board informed them that the Tally data is temporarily with an accountant and that no other records are being maintained. Additionally, the registered office was a rented premises, and the property belongs to a third party.

18. Additionally, it is also evident from records that the resolutions placed before the CoC, including that for early dissolution of the Corporate Debtor, remain unapproved despite repeated reminders and follow-ups by the Applicant.
19. Subsequently, when the matter came up for hearing on 15.10.2025, this Tribunal observed the following:

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“IA No.405/2025 & CP (IB) No.153/ALD/2024

1. The notices were issued to the Operational Creditor as well as to the second respondent, i.e. the Commercial Tax Department, U.P.

2. Ld. Counsel representing the Operational Creditor has accepted the notice on 4th April, 2025, whereas the notices to the Commercial Tax Department, U.P. were required to be served by the applicant. The Ld. Counsel representing the applicant submits that an affidavit of service has also since then been filed with respect to the service having been effected upon the Commercial Tax Department, U.P. 3. Ld. Counsel representing the applicant also further submits that as per the service report attached alongwith the affidavit of service on Page No. 9 of the affidavit of service, it is recorded by the postal official that this service.

was refused and then Page No.10, it has further been mentioned by the postal official that refused return to sender and at Page No.11, the tracking report also shows as on 10th July, 2025, that the item has been returned and refused the service has also been affected by way of email dated 5th July, 2025, a copy of the email communication sent to the second respondent i.e. Commercial Tax Department, U.P. is also placed at Annexure-2 Page No. 7 of the paper book/affidavit of service.

4. This application has been filed for an early dissolution of the Corporate Debtor. In view of the fact that there are no assets of the Corporate Debtor and they would not be any purpose served in case, if the CIRP is continued.

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5. *The Ld. Counsel representing the RP also submits that except for the initial payment of the fees to be paid to the IRP/RP at the time of the passing of the admission order no other CIRP cost has since then been paid.*

6. *He also very candidly submits that the RP, as well as Ld. Counsel representing the IRP are willing to forgo their fees and expenses. In view of the fact that by keeping the present matter pending, no useful purpose would be served.*

7. *Ld. Counsel representing the Operational Creditor also states that he does not have any objection on instructions from the Operational Creditor, if the matter is considered for an early dissolution.*

8. *Ld. Counsel representing the RP also relied upon the order dated 8th November, 2024, passed by the NCLT, Kolkata Bench”*

20. In view of the above, it is noted that despite the issuance of notice vide order dated 04.05.2025, no representation was made by the sole CoC member. The conduct of the said member, as evident from the Applicant’s averments, including repeated adjournments of the first CoC meeting, refusal to attend the meeting, and failure to vote on the resolutions placed for consideration, clearly reflects a lack of interest in the continuation of the CIRP of the Corporate Debtor. Furthermore, as noted in the above para, the Operational Creditor who had initiated proceedings under Section 9 of the Code has not objected to the proposal for early dissolution.
21. Further, we take note of the decision in the matter of *Kanchan Dutta RP of Bihar E-Governance Services & Technologies Ltd., (2024) ibclaw.in 1016 NCLT*, passed by Hon’ble NCLT Kolkata Bench vide order dated 08.11.2024, wherein it was held as follows:

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“14. It is well-settled position of law that the objective of the Code is to resolve the insolvency of the debtor in a time bound manner through CIRP or to liquidate the corporate debtor, as expeditiously as possible to maximize the value of the assets and balancing the interest of all the stakeholders. In the present case, we would discern that there is no possibility of resolution of the corporate debtor as no stakeholders having interest in the CIRP of the corporate debtor has shown any positive willingness to cooperate with the RP and proceed further to complete the process. Thus, we find no reason to order for liquidation of the corporate debtor as the same non-cooperation will continue again and will erode the bank balance and value of the scrapped assets of the corporate debtor further to negative.

15. We find that in Janak Jagjivan Shah (RP) v. CoC of Rainbow Infrabuild Pvt. Ltd. in Company Appeal (AT) (Insolvency) No.1406 of 2024 reported in (2024) ibclaw.in 691 NCLAT, the Hon'ble NCLAT has observed that the CIRP having been unsuccessful, and no liquidation order having been passed, recourse to Section 54 for dissolution of the corporate debtor, could not have been taken by the RP. the Hon'ble NCLAT laid down that when the entity, who has initiated the CIRP is not ready to proceed any further and CIRP period having already come to an end, no further steps were required in the CIRP of the Corporate Debtor and RP could have closed the matter by intimating the Registrar of Companies for striking off the name of Company from the Register of the Companies....

16. We also find that the Coordinate Bench NCLT, Bengaluru in the matter of M/s. Synew Steel Private Limited in I.A. No. 435/2020 in C.P. (IB) No. 96/BB/2020, order dated 16.01.2020, has held that:

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“5. In terms of Section 60 of the Code, the Adjudicating Authority shall be the NCLT having territorial jurisdiction over the place, where the registered office of corporate persons is located. By conjointly reading the above provisions, the ultimate objective of Code is either to resolve the issue by way of Resolution Plan or to dissolve the Corporate Debtor, as expeditiously as possible. If the facts and circumstances of a case justify that no purpose would be served to keep the Corporate Debtor under regular CIRP proceedings, and thereafter under Liquidation proceedings, under the provisions of Code, the Adjudicating Authority, by exercising its inherent powers conferred under the Act, may pass appropriate order(s) in interest of speedy justice.

6. The above facts and circumstances of the Case justify that there would be no useful purpose served, by placing the Corporate Debtor under a Liquidation process, under the extant provisions of Code. Since the Assets of Company were realized, the liquidation process under the provisions of Code is deemed to have been completed under Chapter III of Part II of Code and thus it would be just and proper for the Adjudicating Authority to dissolve the Company, as proposed by Resolution Professional. The instant Application is filed in accordance with law and the Resolution in question to dissolve the Corporate Debtor was approved by the Sole COC, as detailed supra. We are satisfied that this is a fit case for dissolving the Applicant Company and allowing the Petition filed by the RP praying for the same.”

(Emphasis Added)

17. In the present case in hand, we would discern that the CoC, which is constituted by only a single member being an operational creditor, is



not willing and interested to continue with the CIRP of the corporate debtor and also is not intending to get back their own money admitted by the RP. We have noted that total assets of the corporate debtor as identified by the RP is Rs. 3,77,000/- which includes Rs. 3,52,000/- kept in the bank account of the corporate debtor with Indian Overseas Bank.

18. Thus, we are of the considered opinion that no useful purpose would be served by putting the corporate debtor under liquidation process and accordingly we deem it fit to invoke our inherent powers conferred under Rule 11 of the NCLT Rules, 2016, to meet the ends of justice or to prevent abuse of the process, and order for dissolution of the Corporate Debtor.”

22. In view of the foregoing facts, circumstances, and judicial precedents, it is a well-settled position of law that the primary objective of the Code is to ensure time-bound resolution of insolvency or, where such resolution is not possible, to facilitate expeditious dissolution of the Corporate Debtor in order to maximize the value of its assets and balance the interests of all stakeholders. In the present case, it is evident that there exists no possibility of resolution, as the sole member of the CoC has demonstrated no willingness to cooperate with the IRP or to proceed further with the CIRP. Moreover, the Corporate Debtor has neither tangible nor intangible assets, and continuation of the CIRP would serve no meaningful purpose.
23. With respect to the reimbursement of CIRP expenses, it is noted from the order dated 15.10.2025, passed by this Tribunal, as reproduced hereinabove, that the IRP has voluntarily agreed to forgo his fees and expenses.
24. Considering the factual matrix of the case, we are of the view that it is a fit matter for permitting early dissolution of the Corporate Debtor, as



continuation of the CIRP or initiation of liquidation proceedings would yield no result in the absence of any assets. Continuance of any further process will also result in incurring avoidable CIRP expenses. The inevitable outcome in such circumstances would only be dissolution. Accordingly, to bring finality to the process and avoid unnecessary procedural delay, this Tribunal deems it appropriate to allow early dissolution of the Corporate Debtor in the peculiar facts and circumstances of the present case.

25. As a result, in exercise of the powers conferred on this Tribunal under Rule 11 of NCLT Rules, the instant Application bearing I.A. No.405 of 2025 is hereby disposed of with the following directions:

- a. The Corporate Debtor, namely, M/s Sagar Detergents Private Limited, is **ordered to be dissolved**, with immediate effect. Accordingly, prayer no. (E) stands allowed, and all the other prayers, as reproduced in para 1, have become redundant, as not being pressed.
- b. The Registry is directed to forward a copy of this order to the Registrar of Companies, Kanpur, within a period of two weeks from the date of receipt of this order, for further necessary action as prescribed under the Law;
- c. The Registry is further directed to send a copy of this order to the Insolvency and Bankruptcy Board of India (IBBI) and the Registrar of Companies, whose jurisdiction the Corporate Debtor is registered with, for maintaining their own record.
- d. The Registry is further directed to communicate the order through email forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.



e. However, at any event, the liability of the corporate or personal guarantors, if any, shall not be absolved by virtue of this order for dissolution of the corporate debtor. Aggrieved party(ies) shall be at liberty to continue or take appropriate legal recourse against them before the appropriate forum.

26. With this, the instant **I.A. No.405 of 2025** along with CP (IB) No.153 of 2024 stands disposed of accordingly.

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(Ashish Verma)
Member (Technical)

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(Praveen Gupta)
Member (Judicial)

Date: 4th November, 2025