



IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH (COURT – II)

Item No. 214
IB-1024/ND/2020
IA-3/ND/2025

IN THE MATTER OF:

Concept Group

... **Petitioner/Operational
Creditor**

Versus

Cns Fashions Retail Pvt Ltd

... **Respondent**

Under Section: 9 of IBC, 2016

Order delivered on 20.04.2026

CORAM:

SH. ASHOK KUMAR BHARDWAJ
HON'BLE MEMBER (J)

SH. ATUL CHATURVEDI
HON'BLE MEMBER (T)

PRESENT:

For the Applicant : Adv Rishi Sood, Adv Gurjot Singh

For the Respondent :

For the Liquidator : Mr. Savar Mahajan, Mr. Srivatsava Reddy Beerapalli
along with Ms. Pooja Bahry (Liquidator)

**For the Suspended
Directors** : Adv. Nitish Kant Sharma

Hearing Through: VC and Physical (Hybrid) Mode

ORAL ORDER

IA-3/ND/2025: The present Application has been filed by the Liquidator of the Corporate Debtor, M/s. CNS Fashion Retail Private Limited under Section 54 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, seeking early dissolution of the Corporate Debtor. The prayer made in the captioned Application reads thus:-

“a) Allow the present application and pass an order of dissolution under Section 54 of the Corporate Debtor, directing the Corporate Debtor i.e. CNS Fashion Retail Private Limited, bearing CIN No. U18104DL2016PTC309024 to be dissolved;

b) Clarify who will bear the costs which are to be paid towards conducting the corporate insolvency resolution process and the



liquidation process, in a case where there are no assets in the Corporate Debtor; or in the alternative c) direct to SCC (including the Related parties without Voting Rights) before dissolution, for reimbursement of outstanding CIRP Costs of INR 2,82,580 and Liquidator Fees (@ INR 1 Lakh per month on pro-rata basis), as decided in the 5th CoC meeting and as per updated CIRP Cost Sheet provided by the erstwhile RP;

d) Direct the members of the SCC (including the Related Parties without Voting Rights) to contribute towards the liquidation process costs of the Corporate Debtor as per the provisions of the Code and underlying regulations; Discharge and relieve Ms. Pooja Bahry from her duties as the Liquidator of the Corporate Debtor as per Section 35 of the Code;

f) To issue directions to the Registrar of Companies to update the status of the Corporate Debtor, CNS Fashion Retail Private Limited as dissolved pursuant to allowing this application; and

g) Pass any other order or order(s) as this Hon'ble Adjudicating Authority may deem fit in the facts and circumstances of the present case.”

2. Our attention is drawn to the 2nd meeting of the Stakeholders' Consultation Committee (SCC) held on 04.07.2024, wherein the members of the SCC resolved that since no assets were available in the Corporate Debtor, the Applicant should file an Application under Section 54 of the Code read with Regulation 14 of the Liquidation Process Regulations, seeking early dissolution of the Corporate Debtor and also give the reasons for seeking such early dissolution. The said agenda was approved by the members of the SCC with 100% assent. The relevant excerpt of the agendas of the said meeting reads thus:-

Item No.	Brief Description of the resolution	Mahesh Sharma And Associates	Bharat Bhuwania and Company	FINAL VOTE / DECISION OF SCC (Present)
1	To approve filing of an Early Dissolution Application (under Regulation 14 of the Liquidation Regulations) by the Liquidator (in which the Prayer regarding “who will contribute/ pay the Liquidation Costs/ CIRP Costs” will also be prayed for, in view of the lack of any available assets of the Corporate Debtor)	UNSECURED OPERATIONAL CREDITOR (PART OF SCC- Erstwhile COC Member) 66.6 % ASSENT Voted FOR the Agenda	UNSECURED OPERATIONAL CREDITOR (PART OF SCC- Erstwhile COC Member) 33.4 % ASSENT Voted FOR the Agenda	100% ASSENT Resolution Passed



2	To approve the consolidated costs of the Advocate (for Drafting/ filing / including appearances) for the “Early Dissolution” Application, as Rs 45,000 plus GST and OPE	ASSENT Voted FOR the Agenda	ASSENT Voted FOR the Agenda	100% ASSENT Resolution Passed
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TRUE COPY

3	<p>To NOT attempt to Sell the Corporate Debtor as a “Going Concern”, in view of the below reasons:</p> <ul style="list-style-type: none"> As there are no tangible assets nor Fixed Assets nor Debtors and no Asset-wise sale can be done, as only “accumulated losses” are there in the Balance Sheet, which also cannot be “valued” There are no assets of the Corporate Debtor/ the Corporate Debtor did not have any Land and Building nor Plant and Machinery nor any movables/ vehicles nor any debtors and even the GST input credit” was elapsed / could not be utilizable and the available Current Assets/ old stocks of garments had already been sold / disposed off by the Resolution Professional Mr Soni during the CIRP Process There is no clarity that when there are no “Assets” left (except “carried forward losses”), then what is the “Reserve Price” that can be assigned to such a “sale as a going concern” and that is a major constraint/ issue and may be a tax violation/ tax avoidance <p>To NOT attempt to Sell the Corporate Debtor as a “Going Concern”, in view of the above</p>	ASSENT Voted FOR the Agenda	ASSENT Voted FOR the Agenda	100% ASSENT Resolution Passed
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3. As can be seen from Section 54 of IBC, 2016, where the assets of the corporate debtor have been completely liquidated, the liquidator should make an application to the Adjudicating Authority for the dissolution of the corporate debtor and the Adjudicating Authority shall on application being filed by the Liquidator, dissolve the corporate debtor. The Section 54 reads thus:-

“ 54. (1) Where, the assets of the corporate debtor have been completely liquidated, the liquidator shall make an application to the Adjudicating Authority for the dissolution of such corporate debtor.

(2) The Adjudicating Authority shall on application filed by the liquidator under sub-section (1) order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly.

(3) A copy of an order under sub-section (2) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.”



4. It is also pertinent to refer to Regulation 14 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, which provides for early dissolution of the Corporate Debtor in appropriate cases. The said Regulation reads thus:-

“14. Early dissolution.

Any time after the preparation of the Preliminary Report, if it appears to the liquidator that-

(a) the realizable properties of the corporate debtor are insufficient to cover the cost of the liquidation process; and

(b) the affairs of the corporate debtor do not require any further investigation;

he shall consult the consultation committee and if it advises for early dissolution, he may apply, along with a detailed report incorporating the views of the consultation committee, to the Adjudicating Authority] for early dissolution of the corporate debtor and for necessary directions in respect of such dissolution.”

5. Our attention is drawn to the Form H filed in terms of Regulation 45(3) of the IBBI (Liquidation Process) Regulations, 2016. It is seen from the said Form H that there were no assets of the Corporate Debtor available for sale. It is also seen that the amount realized during the liquidation process consisted only the balance recovered from the bank accounts of the Corporate Debtor, amounting to INR 17,881/-. Form H also contains the details of the claims of the members of the Stakeholders’ Consultation Committee. The relevant excerpt of Form H reads thus:-

3. The details of the assets as per Asset Memorandum and Final Sale Report are as under:

Sl. No.	Assets	Mode of Sale	Estimated Liquidation Value	Realisation Amount (Rs.)	Date of Transfer to Liquidation Account
(1)	(2)	(3)	(4)	(5)	(6)
NA	NA	NA	NA	NA	NA

There are no assets of the Corporate Debtor which could be sold and the Inventory available during the CIRP Process was sold off during the CIRP, by the Resolution Professional, with the consent of the COC.



As there are no tangible assets nor Fixed Assets nor Debtors and no Asset-wise sale can be done, as only "accumulated losses" are there in the Balance Sheet, which neither can be "valued" nor "sold".

There are no assets of the Corporate Debtor/ the Corporate Debtor did not have any Land and Building nor Plant and Machinery nor any movables/ vehicles nor any debtors and even the GST input credit" was elapsed / could not be utilizable and the available Current Assets/ old stocks of garments had already been sold / disposed off by the Resolution Professional Mr Soni during the CIRP Process.

The liquidation estate of the Corporate Debtor only consisted of the bank accounts of the Corporate Debtor, which at the time of passing of the liquidation order had a cumulative balance of INR 17881(out of which Rs 289 was transferred from Kotak Bank on 8th October 2024 and Rs 17592 was transferred from AXIS Bank on 30th November 2024 after they removed lien from the account after much efforts by the Liquidator)

4. (a) Liquidation value of the liquidation estate:

Rs 10,10,499 as per Valuations done in CIRP Period.

Note: Whatever fixed assets the company had, were primarily some Current Assets/ inventory/ old stocks of Garments, which were sold / disposed off by the Resolution Professional Mr Soni during the CIRP Process. Thus till the Liquidation Process started the company did not have any Fixed Assets/ Current Assets.

It is submitted that THE INVENTORY (that is mentioned in the CIRP Valuation Reports) HAD ALREADY BEEN SOLD DURING CIRP PROCESS BY THE RESOLUTION PROFESSIONAL, THUS THE ABOVE VALUE IS NOT REALIZABLE DURING THE LIQUIDATION PROCESS AND THE VALUE OF THE SAME MAY BE CONSIDERED AS "NIL"

There are no assets of the Corporate Debtor/ the Corporate Debtor did not have any Land and Building nor Plant and Machinery nor any movables/ vehicles nor any debtors and even the GST input credit" was elapsed / could not be utilizable and the available Current Assets/ old stocks of garments had already been sold / disposed off by the Resolution Professional Mr Soni during the CIRP Process.

(b) Amount realized during the liquidation process:

Sl. No.	Realisations	Amount (Rs.)
1.	Opening balance as on liquidation commencement date (A)	0
Realisations (B)		
2.	Auctions of assets	0
3.	Private sales of assets	0
4.	Assignment of not readily realizable assets	0
5.	Distribution of unsold asset	0
6.	Others <ul style="list-style-type: none"> Rs 289 was transferred from Kotak Bank on 8th October 2024 Rs 17592 was transferred from AXIS Bank on 30th November 2024 after they removed lien from the account after much efforts by the Liquidator 	17,881
Total (A+B)		17,881

(a) The amounts distributed to stakeholders as per section 52 or 53 of Code are as under:

S. No.	Stakeholders* under section 53 (1)	Amount Claimed	Amount Admitted	Amount Distributed	Amount Distributed to the Amount Claimed (%)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	(a): CIRP Costs (unpaid)	282580	282580	0	0	No funds are available to pay the Costs/ no assets are there of the



						Corporate Debtor to Liquidate; Whether contribution can be asked from Related SCC Members may be adjudicated by the Honble Bench
2	(a): Liquidation Costs	62240		12672 paid		
	+ Costs of filing Reports in NCLT			(Rs 9072 paid to Publisher and Rs 3600 paid for filing INC28 on MCA)		
	+ Liquidator Fees @ 1 Lakh per month			Fees yet to be paid to Advocate/ Auditor for Receipts and Payment Account and Liquidator Fees pending to be paid		
3	Bharat Bhuwania and Company	45000	45000	0	0	No distribution

6. As can be seen from the Final Report prepared by the Liquidator in terms of Regulation 45 (ibid.), no assets of the Corporate Debtor were available for sale or liquidation.

7. We are conscious of the fact that the facts and circumstances of the present case indicate that no useful purpose would be served by continuing the Corporate Debtor in the liquidation process under the provisions of the Code, particularly when the Corporate Debtor has no realizable assets.

8. It is not gainsaid that the ultimate objective of the Code is either to resolve the insolvency of the Corporate Debtor by way of an approved Resolution Plan or where resolution is not feasible, to ensure its dissolution in an expeditious manner so as to maximize the value of assets and balance the interests of stakeholders. The facts of the present case shows that continuation of the insolvency or liquidation process would serve no practical purpose and therefore, this Adjudicating Authority in exercise of its jurisdiction under the Code read with Rule 11 of the National Company Law



Tribunal Rules, 2016, may pass such appropriate orders as may be necessary in the interest of justice and for timely conclusion of proceedings.

9. As regards the issue of bearing the costs incurred towards conducting the Corporate Insolvency Resolution Process and the liquidation process in a case where no assets are available with the Corporate Debtor, is concerned, it is apposite to refer to our order dated 15.01.2025, wherein it was specifically directed that the creditors, irrespective of whether they are related parties, shall bear the liquidation costs as determined in accordance with law. It is further clarified that the said direction shall also extend to the unpaid CIRP costs, if any, which remain outstanding for appropriate treatment. The order dated 15.01.2025 reads thus:-

IA-3/2025: Issue notice to the ex-directors/suspended Board of Directors qua the Corporate Debtor as also to Members of SCC returnable on 19.03.2025.

In the meantime, it is made clear that if no funds are available with Corporate Debtor, it is the liability of the Creditors to meet the cost of liquidation. The Regulation 2A of IBBI (Liquidation Process), Regulations, 2016 reads thus:

“Regulation 2A: Contributions to liquidation costs.

2A. (1) Where the committee of creditors did not approve a plan under sub-regulations (3) of regulation 39B of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the liquidator shall call upon the financial creditors, being financial institutions, to contribute the excess of the 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.

Illustration

Assume that the excess of liquidation costs over liquid assets is Rs.10, as estimated by the liquidator. Financial creditors will be called upon to contribute, as under:

Sl. No.	Financial creditors	Amount of debt due to financial creditors (Rs.)	Amount to be contributed towards liquidation cost (Rs.)
(1)	(2)	(3)	(4)
1	Financial institution A	40	04
2	Financial institution B	60	06



3	Non-financial institution A	50	00
4	Non-financial institution B	50	00
TOTAL		200	10

(2) The contributions made under the plan approved under sub-regulation (3) of regulation 39B of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or contributions made under sub-regulation (1), as the case may be, shall be deposited in a designated escrow account to be opened and maintained in a scheduled bank, within seven days of the passing of the liquidation order.

(3) The amount contributed under sub-regulation (2) shall be repayable with interest at bank rate referred to in section 49 of the Reserve Bank of India Act, 1934 (2 of 1934) as part of liquidation cost.] [Explanation - It is hereby clarified that the requirements of this regulation shall apply to the liquidation processes commencing on or after the date of the commencement of the Insolvency and Bankruptcy

Board of India (Liquidation Process) (Amendment) Regulations, 2019.]”

In the wake, let the Creditors irrespective of being related party bear the cost of liquidation to be determined as per law.

10. It is clarified that dissolution of the Corporate Debtor shall not, in any manner, absolve the Promoters/Directors of the Corporate Debtor from any personal liability or guarantee furnished in respect of the Corporate Debtor under any law for the time being in force.

11. In view of the Final Report and the certificate furnished in Form H, it is clear that there are no assets of the Corporate Debtor available for distribution and no liquidation proceeds capable of being disbursed amongst the creditors are there. Accordingly, no useful purpose would be served in keeping the liquidation process pending. Therefore, in exercise of powers conferred under Section 54(2) of the Insolvency and Bankruptcy Code, 2016, the Corporate Debtor, M/s. CNS Fashion Retail Private Limited, is hereby dissolved.



12. The Liquidator shall forward a copy of this Order passed under Section 54(2) of the Code, to the concerned Registrar of Companies / Regional Director and IBBI within seven days from the date of this Order.

13. The Liquidator shall comply with the provisions of Regulation 45A of the IBBI (Liquidation Process) Regulations, 2016. The present Application stands disposed of.

Sd/-

**(ATUL CHATURVEDI)
MEMBER (T)**

Sd/-

**(ASHOK KUMAR BHARDWAJ)
MEMBER (J)**