



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. I
KOLKATA**

**IA (I.B.C.)/1468(KB)2023
And
IA (I.B.C.)/1654(KB)2025
In
CP (IB)/115(KB)2021**

***An Application under Section 60 (5) of the Insolvency and
Bankruptcy Code, 2016 read with Rule 11 of the National
Company Law Tribunal Rules, 2016***

IN THE MATTER OF:

Aarti International Limited

..... Operational Creditor

Versus

Spectra Fashions Private Limited

..... Corporate Debtor

And

IN THE MATTER OF:

Aarti International Limited having its registered office at G. T. Road,
Miller Ganj, Ludhiana, Punjab, Pin – 141 003

..... Applicant

Versus

Tarun Kumar Ray, IRP of Spectra Fashions Pvt. Ltd. & Ors

..... Respondents

And

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IN THE MATTER OF:

Tarun Kumar Ray, IRP of Spectra Fashions Pvt. Ltd.

.....Applicant

Versus

Aarti International Limited & Ors.

.....Respondents

Date of Pronouncement: 17th day of February, 2026

CORAM:

SMT. BIDISHA BANERJEE, MEMBER (JUDICIAL)

CMDE SIDDHARTH MISHRA, MEMBER (TECHNICAL)

APPEARANCE:

Ms. Jayati Choudhury, Adv.] For Suspended Board of Director

Ms. Rashmi Singhee, Adv.

Ms. Pallavi Ray, Adv.] For Interim Resolution Professional

ORDER

Per: CMDE Siddharth Mishra, Member (Technical):

- 1.** The court convened in hybrid mode.
 - 2.** Heard Ld. Counsels for the parties.
 - 3.** The IA (I.B.C.)/1468(KB)2023 has been preferred by the Operational Creditor to seek the following reliefs:
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“a) An order be passed forthwith terminating the CIRP of the Corporate Debtor and no further CIRP and/or liquidation in respect of the Corporate Debtor be continued.

b) In the alternative, an order be passed directing the members of the Committee of Creditors to reimburse the applicant an amount equivalent to their respective shares of the CIRP costs in proportion with their respective voting shares in the Committee of Creditors towards the said Rs.4 lakhs already paid by the Applicant; and the members of the Committee of Creditors also be directed to henceforth make contributions towards the CIRP costs in the aforesaid terms in proportion of their voting shares in the COC during pendency of the CIRP/Liquidation of the Corporate Debtor, if the same continues.

c) Such further and/or other order or orders and/or direction or directions as this Hon’ble Tribunal may deem fit and proper.”

4. Factual Matrix:

4.1 The Corporate Debtor was admitted into Corporate Insolvency Resolution Process by this Adjudicating Authority vide order dated 21.02.2023, pursuant to which the Committee of Creditors was constituted, comprising Aarti International Limited and others.

4.2 That upon commencement of CIRP and preparation of the Information Memorandum, it was revealed that the Corporate Debtor has no substantial assets and holds only a nominal cash balance of Rs. 3,746/-.

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4.3 That during the visit of the Interim Resolution Professional to the registered office, no functional office of the Corporate Debtor could be located.

4.4 The Respondent Nos. 3 and 4, being government authorities, have not participated in the meetings of the Committee of Creditors and have not contributed towards the CIRP costs, despite filing their claims and despite repeated communications issued by the Resolution Professional.

4.5 In view of the above circumstances, the Applicant, being an Operational Creditor, has filed the present application seeking termination of the CIRP and/or liquidation of the Corporate Debtor on account of insufficiency of assets, or in the alternative, directions for proportionate reimbursement and contribution towards CIRP costs by the members of the Committee of Creditors.

5. Submissions of the Applicant:

5.1 It is submitted that Respondent Nos. 3 and 4, being government authorities, have neither participated in the meetings of the Committee of Creditors nor contributed towards the CIRP costs, despite filing their claims and despite repeated communications issued by the Resolution Professional. Their continued absence from the CoC meetings is evident from the minutes dated 24.03.2023, 20.04.2023 and 14.06.2023.

5.2 It is further submitted that in view of the Corporate Debtor having no realizable assets, the Applicant, holding 49.68% voting share in the CoC,

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requested the IRP to initiate steps for withdrawal of the CIRP, as continuation of the process would serve no purpose.

5.3 It is submitted that in the third meeting of the CoC held on 14.06.2023, the resolution for withdrawal of CIRP was placed for consideration. The Applicant and Respondent No. 2, collectively holding 70.40% voting share, voted in favour of withdrawal. Respondent Nos. 3 and 4 neither attended the meeting nor participated in the subsequent e-voting process.

5.4 It is contended that all CoC members who are actively participating in the CIRP have unanimously supported withdrawal of the CIRP and that the non-participation of Respondent Nos. 3 and 4 has effectively stalled the process.

5.5 It is further submitted that despite the majority voting in favour of withdrawal, the Resolution Professional has declined to file an application for withdrawal on the ground that the requisite 90% voting share was not achieved.

5.6 It is also submitted that pursuant to the admission order dated 21.02.2023, the Applicant has paid a sum of Rs. 4,00,000/- towards CIRP costs and no other CoC member has made any contribution. The Applicant contends that it is being unfairly compelled to bear the entire CIRP costs, though its voting share is only 49.68%.

6. Submission of the Respondent:

6.1 It is submitted that the present application was taken up for hearing on 31.08.2023, when this Adjudicating Authority directed Respondent

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No. 1 to file an affidavit explaining the non-participation of two members of the Committee of Creditors, namely the Joint Commissioner of Revenue (Sales Tax), Government of West Bengal and the Employees' State Insurance Corporation, in the CIRP.

6.2 Pursuant thereto, it is submitted that the said authorities had duly filed their proofs of claim, which were admitted, and they together hold 29.60% voting share in the Committee of Creditors. It is further submitted that since the constitution of the CoC, the Interim Resolution Professional has issued all notices, agendas, minutes of meetings and e-voting communications to all CoC members, including the said authorities.

6.3 It is further submitted that despite due service of communications, including intimation of the order dated 31.08.2023 passed by this Tribunal, the aforesaid authorities have neither responded nor participated in any meeting of the CoC, nor have they assigned any reason for their continued absence. It is accordingly submitted that there has been no lapse or laches on the part of the Interim Resolution Professional in the conduct of the CIRP of the Corporate Debtor.

7. Analysis and Findings:

7.1. We heard the parties and perused the records.

7.2. Upon perusal of the records, it is evident that the present application, being I.A. (IBC) No. 1468 of 2023, has been filed by the

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Operational Creditor under **Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the NCLT Rules, 2016**, on the ground that the Corporate Debtor has no realizable assets and that continuation of the Corporate Insolvency Resolution Process would be a futile exercise. Accordingly, the Applicant seeks termination of the CIRP of the Corporate Debtor, or in the alternative, directions to the members of the Committee of Creditors to reimburse and contribute towards the CIRP costs in proportion to their respective voting shares.

7.3. Here, we can form one question of law based on the records:

I. Whether Operational Creditors can request for the termination of CIRP/Liquidation in respect of the Corporate Debtor (CD) in view of non-availability of sufficient assets of the Corporate Debtor?

7.4 At the outset, it is noted that the Insolvency and Bankruptcy Code, 2016 does not expressly provide for termination of the Corporate Insolvency Resolution Process once it has been admitted. The Code contemplates conclusion of CIRP either by liquidation under **Section 33** or by withdrawal of the application under **Section 12A** of the I&B Code, 2016.

7.5 However, this Adjudicating Authority is vested with wide jurisdiction under **Section 60(5) of the I&B Code, 2016** to entertain and dispose of any question of law or fact arising out of or in relation to the insolvency resolution or liquidation

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proceedings. Accordingly, this Tribunal is empowered to consider issues relating to termination of CIRP in appropriate cases, including where the Corporate Debtor has no realizable assets.

7.6 Section 60 of the I&B Code, 2016 provides for

“Adjudicating Authority for corporate persons. –

.....

(5) Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction to entertain or dispose of - (a) any application or proceeding by or against the corporate debtor or corporate person;

(b) any claim made by or against the corporate debtor or corporate person, including claims by or against any of its subsidiaries situated in India; and

(c) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code.”

7.7 Rule 11 of the National Company Law Tribunal Rules, 2016 preserves the inherent powers of this Tribunal to pass such orders as may be necessary to meet the ends of justice or to prevent abuse of the process of law. A conjoint reading of Rule 11 of the NCLT Rules, 2016 and Section 60(5) of the Insolvency and Bankruptcy Code, 2016 makes it clear that this Adjudicating Authority has wide jurisdiction to deal with exceptional situations arising during CIRP or liquidation.

7.8 Though the I&B Code expressly contemplates conclusion of CIRP only by approval of a resolution plan, liquidation under Section 33,

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or withdrawal under Section 12A, the inherent jurisdiction of this Tribunal can be exercised in exceptional circumstances where continuation of CIRP or liquidation would serve no purpose, particularly due to absence or insufficiency of assets.

- 7.9 The Hon'ble NCLAT in **K.S. Oils Ltd. v. State Bank of India**, Company Appeal (AT) (Insolvency) No. 296 of 2018, held that where the Corporate Debtor has no assets or operations, continuation of CIRP serves no purpose and the proceedings may be terminated. Similarly, in **M/s Valentine Maritime (Gulf) LLC v. Emas Offshore Ltd.**, Company Appeal (AT) (Insolvency) No. 164 of 2019, the Hon'ble NCLAT held that where no resolution plan is possible and the CoC remains inactive, the Adjudicating Authority may exercise powers under Section 60(5) read with Rule 11 to terminate the CIRP.
- 7.10 The Hon'ble Delhi High Court in **Shailendra Sharma v. Ercon Composites**, 2021 SCC OnLine Del 4535, observed that where CIRP is rendered infructuous due to absence of assets, the NCLT has jurisdiction to terminate the proceedings rather than allow them to continue mechanically. The Court further emphasized that insolvency proceedings should not be prolonged where no meaningful outcome is possible.
- 7.11 This Adjudicating Authority also finds guidance from its own decision in **Arvinder Singh v. Sanmati Distributors Pvt. Ltd.**, I.A. (IBC) No. 313 (KB) of 2023 in C.P. (IB) No. 54 (KB) of 2020 (Order

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dated 13.10.2023, NCLT Kolkata Bench, Court-II). In paragraphs 23 and 24 of the said order, it was categorically held that where the Corporate Debtor has nil assets, nil inventory, no employees, and negligible liquidation value, no useful purpose would be served by ordering liquidation under Section 33, and CIRP could be terminated by exercising inherent powers.

7.12 In **Arun Kumar Jain v. Upadan Commodities (P.) Ltd.**, (2019) 109 taxmann.com 128 (NCLT Kolkata), paragraphs 8 and 9, the Tribunal held that where the Corporate Debtor does not own any assets capable of being sold and liquidation would not yield any recovery, dissolution was permissible under Section 54 of the I&B Code, as continuation of proceedings would be futile.

7.13 Further, in **Mohd. Raees Sheikh, RP of Shirani Motors Pvt. Ltd.**, (2025) ibclaw.in 1684 NCLT (Order dated 28.08.2025), the Tribunal observed in paragraph 8 that where the Corporate Debtor has no assets or business operations and the CoC has failed to actively exercise its powers, continuation of CIRP would be contrary to the scheme and object of the Code, which is maximization of value of assets.

7.14 Applying the aforesaid principles to the present case, it is evident that the Corporate Debtor has no realizable assets and that continuation of CIRP or liquidation would not achieve the objectives of the Insolvency and Bankruptcy Code. Accordingly, by exercising powers under Section 60(5) of the I&B Code, 2016 read

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with Rule 11 of the NCLT Rules, 2016, the CIRP of the Corporate Debtor deserves to be terminated.

- 7.15 In view of Regulations 33 and 34 of the CIRP Regulations, the members of the Committee of Creditors are liable to bear the CIRP costs. Accordingly, the CoC is directed to reimburse the Applicant/IRP a sum of Rs. 25,000/- towards CIRP expenses and Rs. 3,00,000/- towards the IRP's fees.

ORDER

8. In view of the foregoing discussions, this **I.A. (IB) No. 1468/KB/2023**, is **allowed** and **disposed of** with the following directions:
- a.** The CIRP of the Corporate Debtor is terminated forthwith.
 - b.** The members of the CoC are directed to contribute towards the CIRP costs and the unpaid fees/expenses of the Applicant, as required under Regulation 33 and 34 of the CIRP Regulations, within four weeks of this order.
 - c.** No further reliefs are warranted.
9. The Interlocutory Application being **I.A. (IBC) No. 1654/KB/2025** has been filed by the Interim Resolution Professional seeking expeditious disposal of **I.A. (IBC) No. 1468/KB/2023** and for reimbursement of CIRP costs and payment of fees incurred during the CIRP of the Corporate Debtor.
10. We note that this Adjudicating Authority has already passed a **detailed and reasoned order** in **I.A. (IBC) No. 1468/KB/2023**, whereby the Corporate Insolvency Resolution Process of the
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Corporate Debtor has been **terminated**, and specific directions have been issued regarding **contribution and reimbursement of CIRP costs and payment of fees** in terms of **Regulations 33 and 34 of the CIRP Regulations**.

11. In view of the disposal of **I.A. (IBC) No. 1468/KB/2023**, the reliefs sought in the present application do not survive for further adjudication, as the same stand substantially covered by the directions already issued by this Tribunal.
12. Accordingly, **CP (IB)/115(KB)2021** and **I.A. (IBC) No. 1654/KB/2025** is **disposed of**, with liberty to the Applicant to seek enforcement of the directions contained in the order passed in **I.A. (IBC) No. 1468/KB/2023**, in accordance with law.
13. Certified copy of this order, if applied for with the Registry be supplied to the parties in compliance with all requisite formalities.

**Siddharth Mishra
Member (Technical)**

**Bidisha Banerjee
Member (Judicial)**

The Order signed on this, the 17th day of February, 2026.

Sagar M. (LRA)