

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH (COURT NO.-I)
KOLKATA**

**I.A (IB) No. 633/KB/2026
In
C.P (IB) No. 1275/KB/2019**

***An Application under Section 35 and 60(5) of the Insolvency and
Bankruptcy Code, 2016, read with Regulation 33 of IBBI
(Liquidation Process) Regulations, 2016.***

IN THE MATTER OF:

Reliance Commercial Finance Limited

.....Financial Creditor

Versus

Prapti Fashions Private Limited

.....Corporate Debtor

And

IN THE MATTER OF:

**Mr. Partha Kamal Sen, Liquidator of Prapti Fashions Private
Limited**

.....Applicant

Date of Pronouncement: 10.06.2026

Coram:

Smt. Bidisha Banerjee (Judicial)

Cmde. Siddharth Mishra, Member (Technical)

Appearances (via Physical / Hybrid Mode):

For the Applicant / Liquidator:

Mr. Siddharth Makkar, Adv.

ORDER

Per: Siddharth Mishra, Member (Technical)

1. This Court congregated through hybrid / physical mode.
2. This application filed by Mr Partha Kamal Sen (hereinafter referred as Applicant/Liquidator) under Section 60(5) and Section 35 of the Insolvency and Bankruptcy Code, 2016 (herein refer to as “IBC”) read with Regulations 33 of the IBBI (Liquidation Process) Regulations, 2016, seeking following reliefs::

- a) *Permit the Applicant to conduct private sale of garment stock of the Corporate Debtor (under liquidation) in terms of Section 35 of IBC read with Regulation 33 of IBBI Liquidation Process Regulations, 2016;*
- b) *Pass appropriate directions to enable completion of liquidation process within stipulated timeline;*
- c) *Pass such other or further orders as this Hon’ble Tribunal may deem fit and proper.*

3. FACTUAL MATRIX

- a) Reliance Commercial Finance Limited filed an application being no. CP (IB) No. 1275/KB/2019 against Prapti Fashions Private Limited (hereinafter referred to as “Corporate Debtor”) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “IBC”). By order dated 18.10.2022, this Adjudicating Authority admitted the Corporate Debtor into Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”).
- b) Thereafter, the order of Liquidation of the Corporate Debtor under section 33 of the IBC was passed on 13.12.2024. The court appointed Mr. Umesh Poddar as the Liquidator of the Corporate Debtor. However, NCLT subsequently corrected its order on a mentioning and vide order dated 19.12.2024

Mr. Partha Kamal Sen was appointed as the Liquidator of the Corporate Debtor.

4. APPLICANT'S CONTENTION:

- a) The Applicant is the Liquidator of the Corporate Debtor, namely Prapti Fashions Private Limited, appointed in the liquidation proceedings under IBC. Upon commencement of liquidation, the Applicant has diligently discharged his duties in accordance with the provisions of the IBC and the IBBI (Liquidation Process) Regulations, 2016 ("Liquidation Regulations").
- b) It is submitted that the Corporate Debtor possessed certain movable assets including garment stocks, machineries, office equipment, one Audi Car and one Maruti Omni Van. The secured creditor, Standard Chartered Bank, having security interest over the immovable property of the Corporate Debtor, exercised its rights under Section 52(1)(b) of the IBC.
- c) The Applicant conducted e-auctions for sale of the assets of the Corporate Debtor in consultation with the Stakeholders' Consultation Committee ("SCC"). The First E-Auction was conducted on 28.02.2026 after publication of sale notices in Business Standard (English) and Ekdin (Bengali) on 12.02.2026. While the Audi Car, Omni Van, machineries and office equipment were successfully sold, no bids were received for the garment stocks.
- d) Thereafter, pursuant to the deliberations in the 8th SCC Meeting, the reserve price of the garment stocks was reduced by 10% in terms of Regulation 35 of the Liquidation Regulations and the Second E-Auction was conducted on 25.03.2026. However, no bids were received.

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- e) Subsequently, the Applicant conducted a Third E-Auction on 16.04.2026 for sale of the garment stocks. Despite repeated attempts, no bids were received for the said assets.
- f) The details of the unsuccessful auctions are set out herein below:

Sl. No	Date of Auction	Result
1st E-Auction	28.02.2026	No bids received
2nd E-Auction	25.03.2026	No bids received
3rd E-Auction	16.04.2026	No bids received

- g) It is respectfully submitted that the repeated failure of auctions clearly demonstrates absence of market interest through the auction route, rendering continuation of the auction process commercially unviable.
- h) The Applicant further submits that the Corporate Debtor was engaged in the fashion and apparel business dealing in men's and women's garments including bridal and groom wear. Garment inventories are inherently susceptible to rapid obsolescence owing to changing fashion trends and consumer preferences. The garment stocks in question have remained unused for nearly eight years since cessation of operations of the Corporate Debtor and have substantially depreciated in value.
- i) The continuation of further auction processes would result in further deterioration and erosion of value of the assets, thereby adversely affecting realization for the stakeholders and delaying completion of the liquidation process.
- j) Section 35(1)(f) of the IBC empowers the Liquidator to sell the assets of the Corporate Debtor. Regulation 33(2) of the IBBI (Liquidation Process) Regulations, 2016 permits private sale with prior permission of this Hon'ble

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Adjudicating Authority, inter alia, where the assets are perishable or likely to deteriorate in value.

- k) The present case squarely falls within the category of deteriorating assets warranting private sale. The issue regarding recourse to private sale after repeated failed auctions is no longer *res integra*.
- l) The Applicant further submits that the proposal for private sale was duly placed before the SCC in compliance with Regulation 31A of the Liquidation Regulations. In the 9th SCC Meeting held on 06.04.2026, the members took note of the repeated failure of the auctions and the proposed approach to this Hon'ble Tribunal seeking permission for private sale.
- m) The Applicant undertakes that no sale shall be effected in favour of any related party or any person ineligible under Section 29A of the IBC and complete transparency shall be maintained throughout the sale process.
- n) In the aforesaid facts and circumstances, the Applicant humbly prays that this Hon'ble Tribunal may be pleased to permit the Applicant/Liquidator to undertake private sale of the garment stocks of the Corporate Debtor in accordance with Section 35(1)(f) of the IBC read with Regulation 33(2) of the IBBI (Liquidation Process) Regulations, 2016, in the interest of value maximisation and expeditious completion of liquidation.

5. ANALYSIS AND FINDINGS

- a) We have heard the Applicant in person and perused the record. The Applicant submitted that private sale will maximize the value of unsold assets of the Corporate Debtor, hence, the Tribunal should permit the same.

- b) The manner and procedure under which Liquidator shall proceed to auction/sell the assets of the Corporate Debtor has been provided in the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. Regulation 32 provides for 'sale of assets'. Regulation 33 deals with 'mode of sale'. Regulation 33 which is relevant for the present case is as follows:-

“Regulation 33: Mode of Sale

(1) The liquidator shall ordinarily sell the assets of the corporate debtor through an auction in the manner specified in Schedule I.

(2) The liquidator may sell the assets of the corporate debtor by means of 57[private sale only after prior consultation with the consultation committee under regulation 31A, in the manner specified in Schedule I when]-

(a) the asset is perishable;

(b) the asset is likely to deteriorate in value significantly if not sold immediately; [or]

(c) the prior permission of the Adjudicating Authority has been obtained for such sale:

Provided that the liquidator shall not sell the assets, without prior permission of the Adjudicating Authority, by way of private sale to-

(a) a related party of the corporate debtor;

(b) his related party; or

(c) any professional appointed by him.

(3) The liquidator shall not proceed with the sale of an asset if he has reason to believe that there is any collusion between the buyers, or the corporate debtor's related parties and buyers, or the creditors and the buyer, and shall submit a report to the Adjudicating

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*Authority in this regard, seeking appropriate orders
against the colluding parties.”*

- c) Regulation 33(1) provides that ordinarily the Liquidator shall sell the assets of the Corporate Debtor through an auction in the manner specified in Schedule I. Sub-Regulation (2) of Regulation 33 also empowers the Liquidator to sell the assets of the Corporate Debtor by means of private sale in the manner specified in Schedule I. Schedule I of the Regulations has two clauses. Clause (1) deals with 'auction' and Clause (2) deals with 'private sale'. Clause (2) of Schedule-I is as follows:-

"2. PRIVATE SALE

(1) Where an asset is to be sold through private sale, a liquidator shall conduct the sale in the manner specified herein.

(2) The liquidator shall prepare a strategy to approach interested buyers for assets to be sold by private sale.

(3) Private sale may be conducted through directly liaising with potential buyers or their agents, through retail shops, or through any other means that is likely to maximize the realizations from the sale of assets.

(3A) The private sale shall be confirmed to the buyer after consultation with the consultation committee under regulation 33.

(4) The sale shall stand completed in accordance with the terms of sale.

(5) Thereafter, the assets shall be delivered to the purchaser, on receipt of full consideration for the assets, in the manner specified in the terms of sale."

- d) This Adjudicating Authority observes that the proposal for private sale was duly placed before and acknowledged by the Stakeholders' Consultation Committee comprising

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Punjab & Sind Bank and Authum Investment & Infrastructure Limited during the 9th SCC Meeting convened on 06.04.2026. The relevant extract of the minutes of the 9th SCC Meeting is reproduced herein below for convenience:

*“The Liquidator informed the Members that as already informed and discussed in the last SCC meeting, the e-auction was completed through Baanknet portal as specified by the Board on 28th February, 2026 for P&M and Office equipment, Audi car and Maruti Omni van of the corporate debtor (in liquidation). **However, there was no bidder for the garment stocks.***

*The Liquidator further informed the SCC Members that a **2nd e-auction was again conducted on 25.03.2026** by him for **the garment stocks by reducing the Reserve Price by 10% as per the Liquidation Regulations, 2016.** **However, the auction was failed as again no bidder participated in the process.** The Liquidator further informed the SCC Members that before approaching **the Hon'ble NCLT for private Sale for the garment stocks, the Liquidator is conducting an e-auction again on 16th April, 2026 for the garment stocks by reducing the Reserve Price by further 10%.**”*

The SCC Members took note of the same.”

(Emphasis Added)

- e) In the Application, the Applicant is praying for permission to consider the decision of the SCC members to sell the CD under Private Sale basis in accordance with the provisions of the Code. The manner and procedure of conducting the private sale is governed by Regulations and the Liquidator is empowered to conduct sale of the assets by means of

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private sale in the manner specified in Schedule-I. We have noticed the provisions of Clause (2) of Schedule-I which is a procedure for private sale. One of the requirements of the Regulation is that Liquidator is to prepare a strategy to approach interested buyers for assets to be sold by a private sale. As per the Regulations, the private sale has to be conducted in a manner so as to maximise the realisations from the sale of assets.

- f) In view of the above findings, we **allow** the application and give permission to the Liquidator to consider the decision of the SCC members and **conduct private sale of garment stocks of the Corporate Debtor** located at Paridhan Garments Park, SDF-4, 4th Floor, 19 Canal South Road, Kolkata- 700015, in terms of Section 35 of IBC read with Regulation 33 of IBBI (Liquidation Process) Regulations, 2016.
- g) Further, the Applicant/Liquidator is directed to make all possible endeavors to complete the liquidation process of the Corporate Debtor within the stipulated timeline.
6. In terms of view above, this application being **I.A. (IB) No. 633/KB/2026** in C.P. (IB) No. 1275/KB/2019 is **disposed of** accordingly.
7. Certified copies of this order, if applied for with the Registry of this Adjudicating Authority, be supplied to the parties upon compliance with all requisite formalities.

(Cmde. Siddharth Mishra)
Member (Technical)

(Bidisha Banerjee)
Member (Judicial)

Order signed on the 10th day of June, 2026.

S.T. (LRA)