NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1698 of 2026

(Arising out of the Order dated 31.08.2026 passed by the National Company Law Tribunal, Ahmedabad Bench, in Company Petition (IB) No. 2 (AHM)2026)

IN THE MATTER OF:

Vijaybhai Dhanjibhai Detroja
Shareholder & Director of Sanford Vitrified Pvt. Ltd.
(Company under CIRP process)
Having his address at:
401, Platinum Heights,
Ravapar, Green Park, Morbi-363641

…Appellant

Versus

1. Vidres India Ceramics Private Limited
3rd floor, Sarthik Square, B/S Pizza Hut,
Sarkhej Gandhinagar Highway,
Ahmedabad-380054, Gujarat

…Respondent No. 1

2. Chetan Patel
Interim Resolution Professional
Regn No. IBBI/ IPA-002/ IP-N00819/ 2019-2020/12561
Of M/s Sanford Vitrified Pvt Ltd.
Having his office at:
A106, Titanium square,
Thaltej Cross Road, SG highway,
Ahmedabad-380054
Email: chetanpatelcs@gmail.com

…Respondent No. 2

Present

For Appellant: Mr. Keith Varghese, Advocate

For Respondents: Mr. Pranav Thakkar, Advocate Mr. Chetan Patel, Advocate for IRP/R-2

J U D G E M E N T
(18.09.2026)

NARESH SALECHA, MEMBER (TECHNICAL)

1. The present Appeal has been preferred under Section 61 of the Insolvency and Bankruptcy Code, 2016 **("Code")** by the Appellant, i.e. Mr. Vijaybhai Dhanjibhai Detrojawho, is a shareholder and suspended Director of M/s Sanford Vitrified Pvt. Ltd. **("Corporate Debtor")**, assailing the order dated 31.08.2026 passed by the, National Company Law Tribunal, Ahmedabad Bench **("Adjudicating Authority")** in C.P. (IB) No. 2/(AHM)/2026, whereby the application filed by Respondent No. 1 under Section 9 of the Code came to be admitted and Corporate Insolvency Resolution Process **("CIRP")** was initiated against the Corporate Debtor.

Vidres India Ceramics Private Limited, who is the Operational Creditor. Is Respondent No. 1, herein

Mr. Chetan Patel, who is the Interim Resolution Professional, is the pendentent No. 2, herein.

2. The Respondent No. 1 had instituted the aforesaid proceedings under Section 9 of the Code in respect of an operational debt. During the pleadings of the present Appeal before us, the parties entered into a Settlement Agreement dated 12.09.2026. An application under Rule 11 of the National Company Law Appellate Tribunal Rules, 2016 has consequently been preferred seeking to bring the said Settlement Agreement on record and, on the basis thereof, to set aside the Impugned Order dated 31.08.2026 and release the Corporate Debtor from the CIRP.

3. We have heard the learned Counsel appearing for the Appellant and learned Counsel appearing for Respondent No. 1 and have perused the records, including the Settlement Agreement dated 12.09.2026 and the documents placed on record in support thereof.

4. Before considering the effect of the settlement, it is necessary to notice the relevant facts. The Respondent No. 1 had claimed an operational debt of ₹2,26,40,900/- in respect of unpaid bills raised during the period from 18.09.2024 to 12.03.2025. During the pendency of the proceedings before the Adjudicating Authority, a sum of ₹1,13,36,501/- had already been paid, leaving, according to the Settlement Agreement, a balance of ₹1,13,04,399/-.

5. The Adjudicating Authority, however, by order dated 31.08.2026, admitted the Section 9 application and initiated CIRP against the Corporate Debtor, appointing Mr. Chetan Patel as the Interim Resolution Professional ("IRP"). Aggrieved by the said order, the Appellant preferred the present Appeal on 03.09.2026.

6. The Settlement Agreement dated 12.09.2026 records that, during the pendency of the Appeal, the parties mutually agreed to settle the dispute and the outstanding claims forming the subject matter of the Section 9 proceedings. The Agreement further records that the Appellant entered into the settlement in his individual capacity, after obtaining the consent of the Directors, and not on behalf of the Corporate Debtor, which is presently undergoing CIRP.

7. Under the Settlement Agreement, the parties have acknowledged ₹1,13,04,399/- as the amount remaining payable and agreed that the said amount shall constitute full and final settlement of the operational debt, claims, dues and demands of Respondent No. 1 pertaining to the subject matter of the proceedings.

8. The aforesaid settlement amount is stated to have been tendered by way of two Demand Drafts, namely, DD No. 504509 dated 05.09.2026 for ₹75,00,000/- and DD No. 504510 dated 07.09.2026 for ₹38,04,399/-. The Settlement Agreement also records that an earlier Demand Draft of ₹25,00,000/- dated 25.08.2026 stood cancelled/returned and was superseded by the aforesaid two Demand Drafts.

9. The Respondent No. 1, under the Settlement Agreement, has undertaken to give its unconditional consent before this Appellate Tribunal to the setting aside of the admission order dated 31.08.2026. It has further undertaken to accept the settlement amount, not to pursue the claims forming the subject matter of the present proceedings, and not to raise any objection or seek adjournment before this Appellate Tribunal. The Agreement further records an undertaking to withdraw the pending complaints under Section 138 of the Negotiable Instruments Act, 1881.

10. The Settlement Agreement further records that, upon the settlement, no outstanding dues, claims or demands, including principal, interest, penalty or legal costs, shall remain against the Corporate Debtor or its Directors/shareholders in respect of the transactions forming the subject matter of C.P. (IB) No. 2/(AHM)/2026, the pending criminal complaints and the present Appeal. It is also relevant to note that the Settlement Agreement contains a specific stipulation that, in the event either of the Demand Drafts is defective or is not handed over in terms of the Agreement, the settlement shall stand rendered void and Respondent No. 1 shall be at liberty to pursue the CIRP proceedings and oppose the Appeal.

11. Insofar as the expenses occasioned by commencement of the CIRP are concerned, the Settlement Agreement records that Respondent No. 1 had deposited ₹1,00,000/- with the IRP towards CIRP costs and fees and that the Appellant had paid ₹2,00,000/- to Respondent No. 1 towards CIRP costs and fees.

12. The principal question which, therefore, arises for consideration is whether, in view of the settlement having been arrived at after admission of the Section 9 application and commencement of CIRP, this Appellate Tribunal can, in exercise of its jurisdiction under Rule 11 of the NCLAT Rules, 2016, itself set aside the admission order and bring the CIRP to an end.

13. It is not in dispute that the settlement in the present case has taken place after the order of admission dated 31.08.2026. Thus, the present case is not one where the parties had settled their disputes before the admission of the Section 9 application.

14. In this context, the amended provisions of Section 12A of the Code assume significance. Section 12A of the code, as amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2026, provides the statutory mechanism for withdrawal of an application admitted under Sections 7, 9 or 10 of the Code. The amended provision requires an application by the Resolution Professional with the approval of ninety per cent voting share of the Committee of Creditors, subject to the restrictions contained in sub-section (2).

15. The provisions of Section 12A of the Code, relating to withdrawal of applications admitted under Sections 7, 9 and 10, were amended by the IBC (Amendment) Act, 2026 (Act No. 6 of 2026), on 06.04.2026. The said amendment came into force with effect from 26.05.2026. Accordingly, the provisions of Section 12A applicable to the present case, post-amendment, are set out below:

> *"12A. (1) Subject to sub-section (2), the Adjudicating Authority may allow the withdrawal of an application admitted under section 7, 9 or 10, on an application made by the resolution professional, with the approval of ninety per cent. voting share of the committee of creditors in such manner as may be specified.*

> *(2) Notwithstanding anything contained in any law for the time being in force, an application admitted under section 7, 9 or 10 shall not be withdrawn—*
>
> *(a) before the constitution of the committee of creditors under subsection (1) of section 21; and*
>
> *(b) after the first invitation for submission of a resolution plan has been issued by the resolution professional.*
>
> *(3) The Adjudicating Authority shall pass an order under sub-section (1) within a period of thirty days from the date of receipt of the application:*
>
> *Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.".*

16. The aforesaid issue has recently been considered by the coordinate bench of this Appellate Tribunal in ***Aayush Prashant Agarwal, Suspended Director of EPIC Yarns Private Limited v. Uma Export Limited & Anr.,*** I.A. No. 5601 of 2026 in Company Appeal (AT) (Insolvency) No. 1366 of 2026, decided on 24.08.2026. In the said case, the settlement between the parties was arrived at after initiation of CIRP but before constitution of the CoC. Taking note of the amendment to Section 12A of the Code, this Appellate Tribunal observed that the procedure for withdrawal of an application for CIRP had been made more stringent and that sub-section (2) of Section 12A, commencing with a non-obstante clause, stipulates that an application admitted under Sections 7, 9 or 10 shall not be withdrawn before constitution of the CoC or after issuance of the first invitation for submission of a resolution plan. The paragraph of ***Aayush Prashant Agarwal (Supra)*** reads as under:

> *"4.6 We note that in the above cited case the settlement had taken place prior to initiation of CIRP whereas in the present case the settlement had taken place after the initiation of CIRP. The CIRP in the present case was initiated on 23.07.2026 whereas the settlement deed is dated 06.08.2026. Further the above cited case is prior to amendment of Section 12A of IBC, 2016. The procedure for withdrawal of application for CIRP has now been made more stringent. The sub Section 2 of Section 12A begins with a non obstante clause and states that application admitted under Section 7, 9 and 10 shall not be withdrawn prior to the constitution of CoC or after the first invitation for submission of resolution plan has been issued by the Resolution Professional."*

17. The Appellate Tribunal thereafter, having considered the amended Section 12A and the fact that the settlement was subsequent to commencement of CIRP, did not itself terminate the CIRP. Instead, the Tribunal directed as follows:

> *"Considering the conspectus of facts and legal position as applicable to this case, IRP is at liberty to make an appropriate application before the Ld. NCLT, in terms of the provisions of Section 12A of the IBC, 2016. The Ld. NCLT is requested to dispose of application under Section 12A so received, within 15 days of the receipt of the said application as per law."*

21. The aforesaid decision is relevant to the present matter not merely because there is a settlement between the parties, but because the settlement in both cases came into existence after the admission of the Section 9 proceedings**.** The statutory position governing withdrawal after admission, therefore, cannot be disregarded merely because the settlement is consensual between the parties before this Appellate Tribunal.

22. We are also conscious of the fact that in the present case, the Committee of Creditors has not yet been constituted. However, the mere absence of constitution of the CoC does not, by itself, dispense with the statutory mechanism applicable to a post-admission settlement. The question is not merely whether a settlement has been reached, but also the manner in which the CIRP, once commenced pursuant to an order of admission, is ended.

23. At the same time, the Settlement Agreement itself demonstrates that the parties are conscious that the closure of the CIRP is required to be effectuated in accordance with the applicable provisions of the Code and the orders of the competent forum. The settlement, therefore, cannot be treated as operating, by itself, to efface the order of admission dated 31.08.2026.

24. The fact that Respondent No. 1, being the Operational Creditor, has given its unconditional consent to the settlement and to the setting aside of the admission order is undoubtedly a relevant subsequent circumstance. Likewise, the fact that the settlement amount has been agreed to be accepted in full and final satisfaction of the operational debt and that the CoC has not yet been constituted are circumstances which may be considered by the Adjudicating Authority while examining the appropriate application under Section 12A.

25. However, these circumstances do not warrant this Appellate Tribunal bypassing the statutory mechanism which has been specifically provided for withdrawal of an admitted insolvency application. The appropriate course, consistent with the statutory scheme and the approach adopted by this Appellate Tribunal in *Aayush Prashant Agarwal (Supra)*, would therefore be to permit the IRP to place the settlement before the Adjudicating Authority and seek appropriate orders in accordance with Section 12A of the Code.

26. We make it clear that we are not examining the merits of the grounds raised in the Appeal against the order dated 31.08.2026, as the subsequent settlement has intervened during the pendency of the Appeal. The rights and contentions of the parties on the original grounds of challenge are, accordingly, not being adjudicated upon by us.

27. In view of the settlement, the learned Counsel for Respondent No. 1 having expressly consented to the settlement and the parties having agreed upon the amount of ₹1,13,04,399/- towards full and final settlement, the settlement dated 12.09.2026 is taken on record for the limited purpose of enabling the parties and the IRP to place the same before the Adjudicating Authority in appropriate proceedings.

28. The IRP, Mr. Chetan Patel, is at liberty to make an appropriate application before the Adjudicating Authority under Section 12A of the code, placing on record the Settlement Agreement dated 12.09.2026 and the consent of the Operational Creditor, along with the relevant documents concerning the settlement and CIRP costs.

29. The Adjudicating Authority shall consider such application in accordance with law, including the amended provisions of Section 12A of the code, and shall take into consideration the fact that the settlement has been arrived at after admission of the Section 9 application, the present status of the CIRP, the fact that the Committee of Creditors has not yet been constituted, and the consent of the Operational Creditor.

30. Since the Settlement Agreement is subject to the statutory process and appropriate orders of the Adjudicating Authority, the prayer of the Appellant to directly set aside the admission order dated 31.08.2026 in exercise of Rule 11 of the NCLAT Rules, 2016 cannot be acceded to at this stage.

31. It is therefore pertinent to note that since the Settlement Agreement dated 12.09.2026 is taken on record, the IRP is at liberty to file an appropriate application before the Adjudicating Authority under Section 12A of the code, placing the Settlement Agreement and the consent of Respondent No. 1 on record. Further, the Adjudicating Authority is requested to consider and dispose of such application expeditiously preferably within 15 days of the receipt of the said application in accordance with the law.

32. The present Appeal and the application filed under Rule 11 are disposed of in the above terms. All pending applications, if any, stand disposed of accordingly. No Cost. IA, if any, are closed.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

Sim
Chinmayee Sinha