IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.11
I.A. (IBC) Nos.568, 595, 673/2026 in
C.P. (IB) No.251/BB/2025

IN THE MATTER OF:

M/s. Agrawal Infracab Pvt. Ltd. … Petitioner

Vs.

M/s. Lanarsy Infra Ltd. … Respondent

Petition under Section 9 of IBC, 2016

Order delivered on: 31.07.2026

CORAM:

SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the Petitioner	:	Ms. Srishti Juneja
For the Appl. in I.A.568/2026/ Suspended Directors	:	Shri C.K. Nandakumar, Sr. Counsel with Shri Anirudh, Shri Shouwik Dutta
For the IRP	:	Shri Aditya Laroyia

O R D E R

Heard Ld. Sr. Counsel/Counsels for the parties.

1. **I.A.No.568/2026:** The Application under Rule 11 & 13 of NCLT Rules, has been filed by Ms. Bayyavarapu Padmja, Suspended Director of CD, through her attorney for directing Respondent No.1/I.R.P. of Corporate

Debtor to constitute CoC as per the provisions of law and file necessary forms and Application in the light of settlement between the parties.

2. Shri Anirudh, Advocate, Ld. Counsel for the Applicant submits that in view of the IRP having subsequently filed I.A.No.673/2026 under section 12A of IBC, 2016, the present Application having served its purpose may be disposed of.

3. The copy of deposit receipt of outstanding costs by the Corporate Debtor, has been submitted along with the Application besides memorandum of settlement dated 08.06.2026 and intimation along with Form FA given by the Operational Creditor to the IRP.

4. Since the Application has admittedly achieved its objective, it is **disposed of as satisfied**.

1. **I.A.No.595/2026** is the first status report filed by the IRP informing the constitution of Committee of Creditors comprising 02 (two) Banks as the Financial Creditors, 05 Operational Creditors and 04 Statutory Authorities. The report also details the settlement arrived at between the Petitioner and Suspended Director of C.D before the constitution of CoC and receipt of Form-FA together with request to file an application for withdrawal of the Petition. It has been stated that the Suspended management of CD instead of infusing individual funds for meeting settlement liability from independent sources, have used the funds of Corporate Debtor out of its account maintained with Canara Bank, during the subsistence of moratorium. The copy of order dated 09.06.2026 passed Hon'ble NCLAT, Chennai has also been submitted.

2. Since similar observations have been made in the withdrawal application and are being considered hereinbelow, the preliminary status report filed by IRP is taken on record and **Application is disposed of.**

I.A.No.673/2026:

1. The Application has been filed by the IRP of the Corporate Debtor under Section **12A of IBC, 2016** read with Regulation 30A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 for taking on record settlement agreement, Form-FA, Bank Guarantee, supporting documents and permit withdrawal of CIRP of CD by directing payment of unpaid CIRP costs.

2. The relevant details of Application are following:
   i. On the Corporate Debtor being admitted to CIRP vide Order dated 19.05.2026 in a Petition under Section 9 of IBC, 2016 filed by the Petitioner/Operational Creditor, the Order was challenged by Ms. Bayyavarapu Padmja, Suspended Director of CD before Hon'ble NCLAT, Chennai by filing ***Company Appeal (AT) (CH) (Ins.) No.278/2026***. When the Appeal was taken up on 09.06.2026, a memo was filed by the Appellant regarding full and final settlement having already been executed by the parties. The actual remittance of amount under the settlement then was disputed by the Respondent/OC. In view of the amendments in IBC having been enforced, the parties were directed by Hon'ble Appellate Authority to consider the contentions of payment of amount and other dues under the settlement, in the meeting of CoC before giving it finality. The CoC thus constituted was directed to take a call on the settlement and the CIRP proceedings were deferred.
   ii. The documents received by the Applicant/IRP reveal that the Operational Creditor had entered into a settlement agreement with the suspended Director of CD for a sum of **Rs.4,46,00,038/-** and the said amount was remitted from the funds of Corporate Debtor during the subsistence of moratorium imposed under Section 14 of the Code, as had been informed by Canara Bank vide its email dated 10.06.2026. Further some funds, particularly Rs.7,88,600/-

were credited from the CD account to the personal account of suspended Director on 09.06.2026.

iii. Pursuant to the constitution of CoC, its first meeting was convened on 25.06.2026 where *inter-alia* the settlement agreement and related papers received from the Operational Creditor and the Order of Hon'ble Appellate Tribunal were placed for consideration. The CoC was also apprised of the Bank transactions from CD account during moratorium.

iv. The CoC considered a host of issues and *inter-alia* approved the Resolution of withdrawal of CIRP under Section 12A of the Code based on the settlement agreement between the parties with requisite majority. In terms of the arrangement placed before CoC, the CIRP costs is to be borne and paid by the Corporate Debtor, which the Suspended Director of Corporate Debtor had confirmed during the meeting.

v. The IRP has set out the grounds in the Application seeking adjudication thereon in the light of order passed by Hon'ble NCLAT, Principal Bench, New Delhi in ***Suyog Suryakant Talekar Vs. Trivenimudri Project Ltd. & Anr.***, and the judgement dated 23.01.2024 of Hon'ble Supreme Court of India in ***Glas Trust Co. LLC Vs. Byju Raveendran.***

3. We have heard the submissions on behalf of parties to the Petition as well as the IRP. Arguments on behalf of another Operational Creditor to the effect that it was not allowed to present its views on the settlement in the CoC meeting have also been heard.

4. Legally no fault can be found in the parties interacting with each other and swiftly settling the debt which was the subject matter of Petition even before the constitution of CoC, except leaving an impression that they were waiting in the wings for outcome of the petition.

5. The settlement amount of Rs.4,46,00,038/- was paid through demand drafts prepared out of the CD account in Canara Bank during the moratorium period. Besides the settlement amount the Petitioner/OC admits having received litigation expenses of **Rs.8,69,040/-** from the Suspended Director of CD. The Operational Creditor had thereafter issued no dues letter dated 05.06.2026 and also forwarded application for withdrawal of CIRP (Form-FA) dated 08.06.2026 to the IRP. The settlement and receipt of full amount demised thereunder by the Operational Creditor are thus confirmed.

6. Although withdrawal of any amount out of the CD account during moratorium, by the Suspended Management of Corporate Debtor is a serious breach yet the concerned Canara Bank, who may have been aware of initiation of CIRP against the Corporate Debtor, being its Financial Creditor, pursuant to issuance of public notice dated 24.05.2026 by the IRP, did not object to the operation of Bank account by the suspended management. It had although sounded the IRP about the transaction.

7. The entire matter was placed before the CoC, constituted pursuant to Order dated 09.06.2026 passed by Hon'ble Appellate Authority, in its first meeting held on 25.06.2026. The CoC comprised two Financial Creditors, Union Bank of India having vote share of 51.12% (admitted claim Rs.39,62,01,694.07) and Canara Bank with vote share of 48.88% (admitted claim Rs.37,88,99,334.73). Since none of the Operational Creditors had an aggregate admitted claim of 10% of the total debt of the Corporate Debtor, they were found not entitled to participate in the meeting. The Resolution pertaining to the settlement agreement entered into between the parties and filing of withdrawal Application U/s.12A of IBC, 2016 was passed with 100% vote share, in all probability reposing confidence in the financial viability of Corporate Debtor.

8. While the decision of CoC taken in its wisdom needs to be respected, the violation of moratorium by the suspended management cannot just be let off. In this context it has been held in ***Abhishek Singh Vs. Huhtamaki PPL Ltd., SLP (Civil) No.6452/2021*** decided by Hon'ble Supreme Court of India on 28.03.2023 that amount of such wrongful transactions could be recovered U/s.66 of IBC, 2016 by the IRP/RP in any other proceedings where CIRP is initiated against the Corporate Debtor.

9. We are given to understand that another Petition against the Corporate Debtor was pending before this Authority which got disposed of on it being admitted to CIRP in the present proceedings.

10. In view of above, the **Application for withdrawal of CIRP, U/s.12A of IBC, 2016 is allowed** by highlighting the over-reaching conduct of suspended management of Corporate Debtor.

11. Consequently, the moratorium is lifted. The quantified CIRP costs including remuneration of the IRP, be discharged under the Bank guarantee dated 23.06.2026. The IRP is discharged of his responsibilities in this case. He shall return the custody, management and control over the assets, properties and records of Corporate Debtor to its suspended management, which stands revived.

12. File be consigned to record room.

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

SS