IN THE NATIONAL COMPANY LAW TRIBUNAL: NEW DELHI
PRINCIPAL BENCH

IA-3840/2026
and
IA-3891/2026
In
(IB)-176(PB)/2026

IN THE MATTER OF:

M/s Bhagwati Trading Co. Through its Proprietor Mr. Pradeep Kumar Bansal .... Applicant

Vs.

M/s Premium Laminators Private Limited ....Respondent

And

IN THE MATTER OF:

Mr. Gopal Garg Interim Resolution Professional of M/s Premium Laminators Private Limited .... Applicant

And

IN THE MATTER OF:

M/s Bhagwati Trading Co. Through its Proprietor Mr. Pradeep Kumar Bansal .... Petitioner

Vs.

M/s Premium Laminators Private Limited .... Respondent

Order under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the NCLT Rules, 2016

Order pronounced on:15.10.2026

CORAM:
JUSTICE ANUPINDER SINGH GREWAL
HON'BLE PRESIDENT

SHRI RAVINDRA CHATURVEDI
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Mr. Samit Khosla, Advocate
For the IRP : Mr. Kushal Bansal, Advocate
For the Respondent(s) : Ms. Monica Goel, Advocate

ORDER

1. The instant application bearing IA No. 3840/2026 has been filed on 31.07.2026 under Rule 11 of NCLT Rules, 2016 seeking recall of the order dated 05.08.2026 and consequent disposal of the Company Petition (IB) No. 176/PB/2026 in terms of the settlement arrived at between the parties on 29.07.2026.

2. Ld. counsel for the applicant submits that, as the settlement had been arrived at between the parties on 29.07.2026 therefore the order dated 05.08.2026 be recalled in the interest of justice.

3. Ld. counsel for the respondent submits that on 29.07.2026, after the matter had been passed over, she had to return to the court with regard to the settlement. However, due to the ill health of her mother, she could not appear before this Court. She also submits that after the parties had arrived at a settlement, an application was preferred on behalf of the applicant on 31.07.2026 for bringing the memorandum of understanding dated 29.07.2026 on record, but the application could not be listed for hearing as it was lying under defects.

4. Ld. Counsel for the applicant submits that the settlement has been duly arrived at between the parties on 29.07.2026 on volition and without any coercion and duress. He also submits that the order dated 05.08.2026 be recalled, and the petition preferred by the applicant/operational creditor under Section 9 of the Insolvency and Bankruptcy Code 2016 (**IBC**) for initiation of Corporate Insolvency Resolution Process (**CIRP**) against the Respondent/Corporate Debtor, be disposed of in terms of the settlement.

5. It is pertinent to mention that this Court had suggested the parties to explore the possibility of an amicable settlement on 25.05.2026. Thereafter, the matter had been adjourned on a few occasions, including on 07.07.2026, as the parties were working out the modalities of the settlement.

6. The matter had come up for hearing on 29.07.2026, and the counsel for the respondent had sought some time to inform the court about the progress towards the settlement. The counsel was informed that the court will await till rising of the court and in case the settlement is not arrived at, the case would be decided on merits, as it had been heard at length. Since the counsel for the respondent did not appear for reporting the settlement before the rising of the court, the order was reserved. The case was put up for pronouncement on 05.08.2026 and the order was pronounced.

7. It is manifest that the parties had indeed arrived at an amicable settlement on 29.07.2026.

8. The application bearing IA No. 3840/2026 had been filed on 31.07.2026, but it remained under defects, and therefore this court was not aware of the factum of the settlement even at the time of pronouncement of order on 05.08.2026. No one had appeared on behalf of the parties to inform this Court about the settlement. The above-noted application was first listed on 17.08.2026, and this Court was informed that the order dated 05.08.2026 admitting the petition and initiation of CIRP, has been challenged in Appeal before the National Company Law Appellate Tribunal (NCLAT) bearing CA (AT) (Ins) No. 1465 of 2026. Notice in the application was issued on 19.08.2026.

9. However, the NCLAT, vide order dated 08.09.2026, has disposed of the appeal with liberty to the parties to pursue the instant application.

10. Heard.

11. The question which has arisen for adjudication before this Court is as to whether in the afore-noted facts and circumstances, the inherent powers under Rule 11 of the NCLT Rules, 2016 can be invoked to recall the order dated 05.08.2026, in view of the settlement arrived at between the parties on 29.07.2026.

12. It is manifest that the parties had indeed arrived at a settlement on 29.07.2026 and at the same time there was an inadvertent omission or default on the part of the counsel in failing to bring the factum of the settlement to the notice of this Court. The explanation furnished by the Counsel for the Respondent that she could not inform the Court about the settlement as she had to leave due to the ill health of her mother, appears to be bona fide, especially when the application had been preferred to bring the settlement on record on 31.07.2026.

13. The above-noted application could not be listed as defects had not been cured, but the same by itself should not be construed as an obstacle in invoking the inherent power under Rule 11 of the National Company Law Tribunal Rules 2016. The fact remains that the parties had indeed arrived at an amicable settlement on 29.07.2026, which is prior to the admission of the petition under Section 9 and initiation of CIRP on 05.08.2026.

14. We are conscious of the fact that after amendment of Section 12A of the IBC, settlement after admission of the petition can only be arrived at after the constitution of the COC and before the invitation of expression of interest. However, in the instant case, amended Section 12A would not be applicable for the reason that the settlement had been arrived at on 29.07.2026 while the petition was admitted on 05.08.2026.

15. Therefore, the settlement had admittedly preceded the order of admission and the application seeking to bring the settlement on record had also been instituted before the admission order.

16. Therefore, it would be in the interest of justice if the order of admission dated 05.08.2026 is recalled and the petition is disposed of in terms of the settlement which had been arrived at before the petition was admitted.

17. It is trite that this Court has the inherent power to recall an order when the order has been passed as a result of fraud practiced upon the Court or without notice or opportunity of hearing to the affected party. The power of recall can also be exercised if the order is passed due to the misrepresentation or non-disclosure of material facts or where there is procedural error while passing the order.

18. Reference can be made to the judgment of the Supreme Court in the case of ***Greater Noida Industrial Development Authority v. Prabhjit Singh Soni*** (2024) 6 SCC 767, where the power of recall by the NCLT has been delineated. The relevant extract thereof is reproduced hereunder:

> *49. In a recent decision i.e. Union Bank of India v. Dinkar T. Venkatasubramanian), a five-member Full Bench of NCLAT held that though the power to review is not conferred upon the Tribunal but power to recall its judgment is inherent in the Tribunal and is preserved by Rule 1I of the NCLT Rules, 2016. It was held that power of recall of a judgment can be exercised when any procedural error is committed in delivering the earlier judgment; for example, necessary party has not been served or necessary party was not before the Tribunal when judgment was delivered adverse to a party. It was observed that there may be other grounds for recall of a judgment one of them being where fraud is played on the court in obtaining a judgment. This decision of NCLAT was upheld by two-Judge Bench of this Court vide Order dated 31-7-2023 in Union Bank of India v. Amtek Auto Ltd. (Financial Creditors).*

50. In light of the discussion above, what emerges is, a court or a tribunal, in absence of any provision to the contrary, has inherent power to recall an order to secure the ends of justice and/or to prevent abuse of the process of the court. Neither the IBC nor the Regulations framed thereunder, in any way prohibit, exercise of such inherent power. Rather, Section 60(5)(c) IBC, which opens with a non obstante clause, empowers NCLT (the adjudicating authority) to entertain or dispose of 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 the IBC. Further, Rule 11 of the NCLT Rules, 2016 preserves the inherent power of the Tribunal. Therefore, even in absence of a specific provision empowering the Tribunal to recall its order, the Tribunal has power to recall its order. However, such power is to be exercised sparingly, and not as a tool to rehear the matter. Ordinarily, an application for recall of an order is maintainable on limited grounds, inter-alia, where:

(a) the order is without jurisdiction;

(b) the party aggrieved with the order is not served with notice of the proceedings in which the order under recall has been passed; and

(c) the order has been obtained by misrepresentation of fact or by playing fraud upon the court/tribunal resulting in gross failure of justice.

19. Reference can also be made to the judgment of the Supreme Court in the matter of ***Swiss Ribbons Pvt. Ltd. v. Union of India***, (2019) 4 SCC 17, wherein it was observed that NCLT can exercise its power under Rule 11 of the NCLT Rules 2016, to allow the settlement before constitution of CoC. The relevant extract of the judgment is reproduced hereunder:

"82. It is clear that once the Code gets triggered by admission of a creditor's petition under Sections 7 to 9, the proceeding that is before the adjudicating authority, being a collective proceeding, is a proceeding in rem. Being proceeding in rem, it is necessary that the body which is to oversee the resolution process must be consulted before any individual corporate debtor is allowed to settle its claim. A question arises as to what is to happen before a Committee of Creditors is constituted (as per the timelines that are specified, a Committee of Creditors can be appointed at any time within 30 days from the date of appointment of the interim resolution professional). We make it clear that at any stage where the Committee of Creditors is not yet constituted, a party can approach NCLT directly, which Tribunal may, in exercise of its inherent powers under Rule 11 of NCLT Rules, 2016, allow or disallow an application for withdrawal or settlement. This will be decided after hearing all the parties concerned and considering all relevant factors on the facts of each case."

20. Further, reference can also be made to the judgment of the Supreme Court in the matter of ***Abhishek Singh v. Huhtamaki PPL Ltd.,*** (2025) 5 SCC 465, wherein it was held that as the settlement therein occurred immediately after admission of the application under Section 9 but before constitution of CoC, the inherent power under Rule, 11 ought to be invoked and the withdrawal application ought to have been dealt with expeditiously rather than allowing other creditors to enter the process. The relevant extract of the judgment is reproduced hereunder:

"39. In Ashok G. Rajani, the settlement had been arrived at between the parties on 8-8-2021, after NCLT had admitted the application under Section 7 IBC vide order dated 3-8-2021, On appeal, NCLAT vide order dated 18-8-2021 stayed the formation of CoC but declined to exercise its powers under Rule 11 of the NCLAT Rules. The said order was challenged before this Court. This Court in its order in paras 27 and 28 gave reasons as to why the applications for withdrawal

cannot be stifled before the constitution of CoC by third parties. The said paragraphs are reproduced below:

"27. Considering the investments made by the corporate debtor and considering the number of people dependent on the corporate debtor for their survival and livelihood, there is no reason why the applicant for the CIRP, should not be allowed to withdraw its application once its disputes have been settled.

28. The settlement cannot be stifled before the constitution of the Committee of Creditors in anticipation of claims against the corporate debtor from third persons. The withdrawal of an application for CIRP by the applicant would not prevent any other financial creditor from taking recourse to a proceeding under IBC. The urgency to abide by the timelines for completion of the resolution process is not a reason to stifle the settlement."

42. Both the parties have relied upon para 82 of the judgment in Swiss Ribbons. According to the appellant, NCLT ought to have exercised its inherent powers under Rule 11 of the NCLT Rules whereas for the interveners it is submitted that this Court had observed that power under Rule 11 would be exercised after hearing all parties concerned. It may be noted that at the time when the application for withdrawal of the proceedings was filed the CoC was not constituted as such there could not have been any other parties concerned except the OC, CD and IRP. It was only because of the delay caused by NCLT in disposing of the applications under Section 12-A IBC and Regulation 30-A of the IBBI Regulations that large number of creditors filed their claims. The inherent powers are to be invoked in order to meet the ends of justice which, in our opinion, NCLT failed to invoke.

21. Accordingly, the **Admission Order dated 05.08.2026 is recalled. IA No. 3840/2026** reporting the settlement under the Memorandum of Understanding dated 29.07.2026 **is taken on record and allowed**.

22. Consequently, **CP (IB) No. 176/PB/2026 stands dismissed as withdrawn.** Further, **IA-3891/2026** for placing on record the consent form of the IRP, is **disposed of as infructuous**.

23. We place on record our appreciation for the valuable assistance rendered by Mr. Rishav Banerjee, Amicus Curiae.

Sd/-
(ANUPINDER SINGH GREWAL)
PRESIDENT

Sd/-
(RAVINDRA CHATURVEDI)
MEMBER (TECHNICAL)