NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

I.A. No. 5601 of 2026
in Company Appeal (AT) (Insolvency) No. 1366 of 2026

[Arising out of the Impugned Order dated 23.07.2026 passed by the National Company Law Tribunal, Mumbai Bench-VI in C.P.(IB) No. 898/MB/2025]

In the matter of:

Aayush Prashant Agarwal

Suspended Director of EPIC Yarns Private Limited

Resident of House No. 401, 4th Floor, Raj Mahal, H.B. Gawade Marg, Off Juhu Tara Road, Vile Parle West, Mumbai-400049.

... Appellant

Versus

1. Uma Export Limited

Having Registered Office at Ganga Jamuna Apartment 28/1 Shakespeare Sarani, 1st Floor, Kolkata West Bengal-700072.

2. Klass Insolvency Resolution Professionals Private Limited,

(IBBI/IPE-0024/IPA-12024-25/50083)
2/7 Sarat Bose Road, 2nd Floor, Vasundhara Apartment, Kolkata, West Bengal, India-700020.

... Respondents

Present:

For Appellant	:	Mr. Abhijit Sinha, Sr. Advocate with Mr. Shashank Pathak, Mr. Karan Grover, Mr. Ayush Puri, Mr. Paras Sharma, Mr. Harsh Chopra, Advocates.
For Respondents	:	Ms. Zeba Khan, Mr. Sourav Jain, Ms. Shreya Jain, Mr. Dripto Majumdar, Mr. Harshit Agrawal, Advocates for R2.

<u>O R D E R</u>
<u>(Hybrid Mode)</u>

<u>[Per: Ajai Das Mehrotra, Member (Technical)]</u>

Company Appeal (AT) (Insolvency) No. 1366 of 2026 is filed against the order under Section 9 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to the **'IBC, 2016'**) dated 23.07.2026 of Ld. NCLT, Mumbai Bench-VI in CP (IB) No. 898/MB/2025 wherein M/s Epic Yarns Pvt. Ltd. (hereinafter referred to the **'Corporate Debtor'** or **'CD'**) is admitted into Corporate Insolvency Resolution Process (hereinafter referred to the **'CIRP'**) and Klass Insolvency Resolution Professionals Pvt. Ltd. is appointed as the Interim Resolution Professional (hereinafter referred to the **'IRP'**).

2. On 30.07.2026, the Ld. Sr. Counsel for the Appellant informed this Tribunal that settlement talks are going on between the parties.

2.2 On 10.08.2026, this Tribunal was informed that an application being I.A. No. 5601 of 2026 has been filed for early listing of this appeal and to inform that the matter has been amicably settled and entire alleged dues have been paid. The Ld. Counsel for the Respondent-Creditor also affirmed this submission.

2.3 Since the entire payment was received by the Creditor who had filed an application under Section 9 before the Ld. NCLT, the impugned order was kept in abeyance till the next date of hearing and the IRP was asked to file status report.

2.4 The status report has been e-filed by the IRP on 12.08.2026. The IRP has submitted that public announcement in terms of Section 15(1)(c) of the IBC, 2016 regarding the commencement of the CIRP of the Corporate Debtor was made on 25.07.2026 and it was published in two newspapers based in Mumbai on 26.07.2026 as the registered office of the Corporate Debtor is situated in Vile parle West, Mumbai City, Mumbai. The public announcement was also uploaded on the designated website of Insolvency and Bankruptcy Board of India (hereinafter referred to the **'IBBI'**). The IRP submitted that the Corporate Debtor is a going concern and is engaged in the yarn manufacturing business and has approximately 600 workers. It is submitted that the Corporate Debtor filed its returns up to 31.03.2025. The IRP, however, stated that control and custody of the Corporate Debtor have not yet been handed over by the Suspended Board of Directors to the IRP. The IRP as on date has received only one claim, from a statutory authority, namely, Employees Provident Fund Organisation (EPFO) amounting to Rs. 1,28,58,295/-. He submitted that as per Regulation 12 of the CIRP Regulation, the last date for verification and admission of claims is 13.08.2026 and the report certifying the constitution of the Committee of Creditors (hereinafter referred to the **'CoC'**) is required to be submitted by 15.08.2026. It is stated that in the meantime the IRP has received Form-A dated 06.08.2026 as prescribed under Regulation 30A along with a memorandum of agreement from Uma Exports Limited on 08.08.2026 proposing settlement of the matter.

3. Through I.A. No. 5601 of 2026 filed on 06.08.2026, the Applicant/Appellant-Aayush Prashant Agarwal, suspended director of the Corporate Debtor has submitted that the Appellant and the Operational Creditor have amicably resolved all their disputes and differences and have entered into a comprehensive settlement agreement. It is pleaded that as no CoC has been constituted and even the claim of the sole financial creditor of the Corporate Debtor, namely State Bank of India has not been received, the continuation of the CIRP will serve no useful purpose. It was submitted that present appeal and the application be allowed, the impugned order be set aside and the CIRP initiated against the Corporate Debtor be terminated and the IRP discharged from further responsibilities.

4. We have heard the Ld. Sr. Counsel for the Appellant and the Ld. Counsel for the Respondent and with their able assistance have perused the records.

4.2 Admittedly, the operational creditor and Corporate Debtor have settled the dispute and have entered into a settlement agreement dated 06.08.2026, which is placed on record. The settlement agreement is a tripartite agreement between the Appellant as suspended director of Corporate Debtor, Uma Exports Limited and the Corporate Debtor. As per the settlement agreement Rs. 50,00,000/- has been paid on 23.07.2026 and further sum of Rs. 2,57,05,145/- on 06.08.2026 by RTGS. It shall be relevant to consider para 6 and 7 of the settlement agreement, which records as under:

> *"6) It is acknowledged by the Parties that the Company of the First Party being Epic Yarns Pvt. Ltd is presently undergoing the Corporate Insolvency Resolution Process pursuant to the order dated 23.07.2026 passed by the Hon'ble Adjudicating Authority, whereby a moratorium under the provisions of the Insolvency and Bankruptcy Code, 2016 has come into effect. The Parties further acknowledge and agree that any withdrawal or closure of the CIRP shall be subject to due compliance with the applicable provisions of the IBC, the rules and regulations framed thereunder, including the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and such approvals or orders as may be required from the Hon'ble Adjudicating Authority or any other competent authority.*

> *7) The Second Party agrees and undertakes to extend its full cooperation for the submission and execution of Form FA and any other documents as may be required before the Interim Resolution Professional/Resolution Professional and/or the Hon'ble Adjudicating Authority which shall also include making submission or filing Affidavits or reply supporting this settlement agreement before NCLAT. It is further agreed that all fees, costs and expenses in connection with the CIRP, including the fees and expenses of the IRP/RP, CIRP costs, legal and litigation expenses, and all costs relating to the preparation, execution and filing of Form FA, applications and other documents required for giving effect to this Memorandum of Understanding, shall be borne exclusively by the First Party/Confirming party."*

4.3 The provisions contained in Section 12A of IBC, 2016 regarding withdrawal of an application admitted under Section 7, 9 and 10 have been amended by the IBC (Amendment Act, 2026, Act No. 6 of 2026) on 06.04.2026. The said amendment in Section 12A has been enforced w.e.f. 26.05.2026. The provisions of Section 12A as applicable to this case, after the enforcement of the said amendment, are as under:

> *"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.*
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> *(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 sub-section (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.".

4.4 We note that EPFO has also filed claim of Rs. 1,28,58,295/-.

4.5 The Ld. Sr. Counsel for the Appellant has relied upon the decision of this Tribunal dated 11.07.2025 in the case of *Basant Kumar Upadhyay, Ex-Director of Gardenia India Ltd. v. Kuber Shree Construction Company & Anr.* in *Company Appeal (AT) (Ins.) No. 957 of 2025* wherein the appeal was disposed of noting the settlement. The relevant para no. 6 of the said judgment is as under:

"6. Ld. Counsel for the Operational Creditor has filed an affidavit as noticed above where the settlement dated 28.06.2025 has already been referred and accepted, the reasons have given by the operational creditor as to why it could not be brought into the notice of Adjudicating Authority on 30.06.2025 when the orders was pronounced that the parties have settled. The present is a case where admittedly settlement took place prior to initiation of CIRP and the reason due to which the said settlement could not be informed to the court has already been mentioned by the Operational Creditor in his affidavit who has filed Section 9 application. Ld. Counsel for the IRP submits that IRP has already issued publication in pursuance of the order 30.06.2025. In the

facts of the present case, we are of the view that in view of the settlement between the parties on 28.06.2025 prior to order date 30.06.2025 there were no debt existing for admission of Section 9 application hence we close the CIRP. Ld. Counsel for the appellant has undertaken to pay the fee of the IRP and expenses incurred by the IRP within two weeks from today."

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.

4.7 The Ld. Sr. Counsel for the Appellant has also relied upon the judgment of this Tribunal in the case of *Jagmal v. Mangal Sales Corporation Through its Proprietor & Anr.* in *Company Appeal (AT) (Ins.) No. 687 of 2026* wherein this Tribunal has permitted withdrawal of CIRP in view of complete settlement of dues. In this context, we refer to para 3 and 4 of the said judgment which states as under:

"3. On 09.04.2026, the Adjudicating Authority pronounced the Order admitting the CD into CIRP. It is in these circumstances the present appeal has been preferred challenging the aforesaid order. Learned counsel for the appellant submitted that it was the sheer misfortune

> *of the CD that it was drawn into CIRP even though the entire claim of the first respondent had been paid in terms of the settlement deed even before the CD was admitted to CIRP. Indeed, even an application was promptly filed on 26.03.2026, but because some defects were notified, the same could not be brought on record before the final order was passed. Indeed, according to both the parties herein, before the pronouncement of order on 09.04.2026, this aspect was brought to the notice of the learned Adjudicating Authority but the same was not considered.*
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> *4. Appearing for the first respondent Shri. Raunak Satpathy, the learned counsel for the operational creditor, endorsed every statement of the counsel for the appellant. He submitted that the entire amount had been received even before the order under Sec. 9 was pronounced and, hence, on 26.03.2026, the first respondent had even taken out an application."*

4.8 The facts of this above case are also not pari materia with the facts of the present case. In the cited case, the entire claim was paid and settlement deed was drawn even before the Corporate Debtor was admitted to CIRP. In fact, even an application was filed before the Ld. NCLT prior to pronouncement of order. In the present case, the settlement was made on 06.08.2026 whereas the order for admission under CIRP was pronounced on 23.07.2026.

4.9 We also note that the settlement agreement dated 06.08.2026 in para 6 and 7 duly acknowledges that the closure of CIRP shall be subject to due compliance with the applicable provisions of the IBC and such approvals or orders as may be required from the Adjudicating Authority and that the operational creditor shall extend cooperation in submission and execution of Form F-A.

5. 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. Company Appeal (AT) (Insolvency) No. 1366 of 2026 and I.A. No. 5601 of 2026 are disposed accordingly. All pending IAs, if any are closed. No order as to costs.

[Justice Yogesh Khanna]
Officiating Chairperson

[Mr. Barun Mitra]
Member (Technical)

[Mr. Ajai Das Mehrotra]
Member (Technical)

Place: New Delhi
Dated: 24.08.2026
Ram N.