NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P3.

IA.(IB)/2912(MB)/2026

IN

C.P. (IB)/43(MB)2026

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **18.08.2026**

NAME OF THE PARTIES:

SHRI KARVIR NIVASINI MAHALAXMI ISPAT PRIVATE LIMITED

Vs

BANK OF INDIA

Under Rule 11 of NCLT, 2016.

ORDER

The case is fixed for pronouncement of the order. The order is pronounced in the open court, *vide* separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)

//S.DUBEY//

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH – VI

<u>INTERLOCUTORY APPLICATION NO. 2912 OF 2026</u>

<u>IN</u>

<u>COMPANY PETTTTON (IB) NO. 43 OF 2026</u>

(Application under Rule 11 of National Company Law Tribunal Rules, 2016)

Shri Karvir Nivasini Mahalaxmi Ispat

Private Limited

A-6, MIDC, Gokul Shirgoan,

Kolhapur, Maharashtra – 416234.

…Applicant/ Corporate Debtor

V/s

Bank of India

Star House, C - 5, G - Block,

Bandra Kurla Complex, Bandra (E),

Mumbai 400051.

...Respondent/ Financial Creditor

Pronounced: 18.08.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

<u>Appearances: Hybrid</u>

For Applicant : Adv. Mr. Avinash Khanolkar a/w Adv. Mr. Maheshkumar

Nulolu Adv. Ms. Khushboo Bhanushali.

For Respondent: Not Present.

ORDER

[PER: CORAM]

1. **<u>The IA has been filed by the Applicant seeking the following prayers:</u>**

   a. *Admit and Allow the Present Application;*

   b. *Recall an Order dated 24th June, 2026 passed in CP(IB) 43 / MB / 2026;*

   c. *Relist the CP (IB) 43 / MB / 2026 for Further Consideration amid the efforts to arrive at One Time Settlement of Debt Amount;*

   d. *In alternative to Reliefs being sought through Clauses(b) & (c) herein - above, be pleased to Defer the Pronouncement of Final Order on Admissibility of CP(IB) 43 / MB / 2026 till the One Time Settlement between the Parties reaches final conclusion;*

   e. *Pass any other order in the interest of justice, equity and good conscience as the Hon'ble Tribunal may think fit.*

2. **<u>FACTS OF THE CASE</u>**

   2.1. The present Interlocutory Application has been filed by Shri Karvir Nivasini Mahalaxmi Ispat Private Limited, the Corporate Debtor/Applicant, under Rule 11 of NCLT,2016, inter alia seeking recall of the order dated 24.06.2026, re-listing of C.P.(IB) NO. 43/MB/2026 for further consideration and, in the alternative, deferment of pronouncement of the final order in the Company Petition till conclusion of the One Time Settlement (OTS) negotiations between the parties.

   2.2. The Respondent herein, i.e. Bank of India has filed the underlying Company Petition under section 7 of code,2016 seeking initiation of CIRP against the Applicant/Corporate Debtor. The Applicant filed its

Affidavit of Reply on 26.03.2026, whereafter the Financial Creditor filed its Rejoinder on 09.04.2026. Upon completion of pleading, the matter was fixed for hearing and, after hearing the parties on 24.06.2026, this Tribunal reserved the Company Petition for orders. Thereafter, in the interregnum period, there are parallel proceedings going ahead between the Parties before the Hon'ble Debt Recovery Tribunal, Pune Bench, Pune, Maharashtra wherein the Applicant has challenged the actions taken by the Respondent under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred as the SARFAESI Act) by way of Securitisation Application 389 / 2025 (hereinafter referred as the SA).

2.3. It is stated that, during the hearing scheduled on 30.06.2026 over the SA the Applicant, through its Ld. Counsel, submitted an Undertaking to Deposit an amount of Rs. 1,00,00,000/- by 01.07.2026. The copy of said submission is annexed as Annexure 2. Further, it is contented that the premise of the afore-mentioned submission lies with the One Time Settlement Offer (OTS Offer) proposed by the Applicant to the Respondent dated 21.06.2026. The copy of said OTS offer is annexed as Annexure 3. In this regard it is also pertinent to note that the efforts to arrive at Settlement of dues is being undertaken by the Applicant since very long, as being depicted in the Affidavit in Reply. Since the Affidavit in Reply of the Applicant to the Petition is already part of the record the same submissions are not being repeated herein for the sake of brevity. However, the Applicant would like to crave leave of this Bench to refer & rely over those submissions, as and when required. And owing to afore-mentioned facts the Applicant has already deposited an amount of Rs.1,00,00,000/- with the Respondent in two tranches viz. Rs. 30,00,000/- on 30.06.2026 itself and Rs.70,00,000/- on 01.06.2026. The copies of payment advise qua the said payments are, collectively, annexed as Annexure 4.

2.4. Further, the Respondent through its letter dated 01.07.2026 has also acknowledged the afore-mentioned payment and also given its counter offer against the OTS offer made by the Applicant. The copy of said letter is annexed as Annexure 5. It is stated that in the proceedings before the Hon'ble DRT, Pune the Applicant has also handed over the possession of one of the Secured Asset in favour of the Respondent. The Applicant has proposed OTS of Rs.17 Crores and against the same; the Respondent has proposed counter offer of Rs. 19.50 Crores. Accordingly, from the afore-mentioned factual matrices, one thing gets amply clear that the Respondent is also actively considering the OTS offer and therefore, it would be expedient that the Final Order over the Petition be not passed immediately and some time for negotiation be granted to the parties.

2.5. It is further submitted that, in an event this Bench rejects the contentions of the Applicant raised through its Reply to the Petition; then a natural consequence will follow for initiation of the CIRP against the Applicant. And accordingly, if the CIRP against the Applicant gets initiated at this juncture then the Applicant would be highly Pre-judiced and will lose all the advantages of the OTS Offer. Hence, by way of present Application, the Applicant prays mercy of this Hon'ble Bench by seeking re-listing of the Petition by recalling Order dated 24.06.2026. It is pertinent to note that the Applicant is a MSME Entity and as stated herein above, the Applicant is attempting its revival by its own. And therefore, at this juncture the probable initiation of the CIRP would adversely affect the interests of the Applicant. In this regard, the Applicant would like to refer & rely over the provisions of Rule 11 of the NCLT Rules which permits this Hon'ble Bench to exercise its Inherent Powers to meet the end of justice.

2.6. It is submitted that the initiation of the CIRP would have serious consequences upon the Applicant and also upon its Stakeholders; as it is being submitted that the Applicant is able to resolve its Debts. .1t is also pertinent to note that beside the Petition there is no other Petition / Application has been filed against the Applicant by any other Stakeholder seeking an initiation of the Insolvency Process. And this fact itself evident about the Solvency of the Applicant. And therefore, it is again being reiterated that, this Application be adjudicated meticulously and a mercy be shown to the Applicant by relisting the Petition for consideration.

3. <u>Analysis and Findings: -</u>

3.1. We have heard the Ld. Counsel for the applicant in this IA and have perused the record.

3.2. At the outset, it is an admitted position that the main Company Petition was finally heard by this Tribunal on 24.06.2026 and reserved for orders. The present Application has admittedly been instituted thereafter. Therefore, the Applicant seeks re-listing the CP(IB) 43/MB/2026 for the further consideration of a matter, in which the entire adjudicatory hearings already stand concluded.

3.3. We are conscious of the subsequent developments relied upon by the Applicant, namely, the deposit of Rs.1 Crore, handing over possession of one of the secured assets and continuation of OTS negotiations. However, none of these developments demonstrates that the liability forming the subject matter of the Section 7 Petition has been extinguished or that a binding settlement has been concluded between the parties.

3.4. We have carefully considered the subsequent developments relied upon by the Applicant, namely, the undertaking given before the Hon'ble DRT on 30.06.2026, deposit of an aggregate amount of Rs.1 Crore, handing over of peaceful and vacant possession of one of the secured assets, and the subsequent correspondence dated 01.07.2026 relating to the OTS negotiations. It is pertinent to note that the Applicant had initially submitted an OTS proposal of Rs.17 Crores, which was subsequently enhanced to Rs.18 Crores during the discussions held on 27.06.2026. The Financial Creditor/Bank, on its part, revised its earlier expectation from Rs.25 Crores to Rs.22 Crores and thereafter to Rs.19.50 Crores. The Bank further called upon the Applicant to submit a revised OTS proposal of Rs.19.50 Crores, along with the prescribed upfront amount equivalent to 30% of the proposed OTS amount, for consideration by its Competent Authority.

3.5. However, the aforesaid developments merely demonstrate that negotiations towards settlement were continuing between the parties and do not establish a concluded or binding OTS. Significantly, the Bank itself clarified in its communication dated 01.07.2026 that the said communication shall **not be construed as sanction or acceptance of the OTS proposal**, and that any revised proposal would be considered strictly in accordance with the Bank's extant OTS Guidelines and subject to approval of the Competent Authority. Thus, neither the deposit of Rs.1 Crore nor the ongoing negotiations or revised OTS proposal has the effect of curing the **debt and default** forming the basis of the main Company Petition.

3.6. Mere pendency of an OTS proposal or negotiations between a Financial Creditor and a Corporate Debtor does not, by itself, extinguish the underlying financial debt or the default. Unless the settlement culminates into a binding arrangement and the debt/default forming the foundation of the Section 7 proceedings stands appropriately dealt with, the mere possibility of settlement cannot constitute sufficient ground to reopen a matter which has already been finally heard and reserved for orders.

3.7. This Tribunal places reliance on the judgment of Hon'ble NCLAT in ***Loramitra Rath v. JM Financial Asset Reconstruction Company Ltd., Company Appeal (AT) (Ins.) Nos. 1359 & 1360 of 2023, decided on 01.11.2023***, wherein the Hon'ble NCLAT observed, inter alia, that the stages of reserving judgment and pronouncement thereof are in a continuum with no hiatus or gap between them and that, as a matter of procedural propriety, subsequent pleadings by way of an Interlocutory Application after judgment has been reserved are normally not entertained. The relevant abstract of the Judgment is reproduced below: -

> *"**2.** ……………. The Respondent No.1-Financial Creditor filed a Section 7 petition under the IBC for initiation of CIRP of the Corporate Debtor. The matter was heard by the Adjudicating Authority and reserved for orders on 07.08.2023. The orders were pronounced on 25.09.2023. In the interregnum between the conclusion of hearing and the pronouncement of the order on 25.09.2023, the Corporate Debtor filed IA No. 253/CB/2023 seeking recall of the order which had been reserved on 07.08.2023 and to rehear the matter on the basis of additional objections contained in the IA No. 253/2023 filed by them. The IA No.253/2023 was dismissed by the Adjudicating Authority on 25.09.2023 on the ground that it had been filed after the final arguments in the main company petition had been heard and matter reserved for orders. On the same date, the Adjudicating Authority also passed the orders in the main company petition directing initiation of CIRP of the Corporate Debtor. Aggrieved by the said impugned orders, the appeal has been preferred by the suspended director of the Corporate Debtor.*
>
> *………………………………………………….*

*13. **<u>It is a well settled proposition of law that the two stages of reserving of judgment and pronouncement of judgment are in a continuum with no hiatus or gap as such in the two stages. That being the well accepted and time-tested practice in court proceedings, subsequent pleadings filed by way of an I.A. after the judgement is reserved is normally not entertained for reasons of procedural propriety.</u>** The Adjudicating Authority while dismissing the I.A. has applied the same settled position of law that when a matter is reserved for orders, there is no scope for entertaining application from parties to re-hear the matter. The Adjudicating Authority has relied on the judgment of the Hon'ble Supreme Court in Arjun Singh v. Mohindra Kumar & Ors. 1964 5 SCR 946 and Hon'ble Rajasthan High Court in Rajasthan Financial Corporation v. Pukhraj Jain & Ors. in AIR 2001 Raj 71 **<u>to hold that no application could be moved after the final arguments were heard and the case was closed for judgment. Hence, we find that the Adjudicating Authority had committed no error in not entertaining the I.A. particularly so when the I.A. contained facts which were already in existence at the time of filing of reply and at the time of making pleadings in the main company petition</u>**. Neither do we find any cogent grounds having been cited to explain what had impeded the Appellant from flagging these issues during the hearing of the main company petition.*

It also does not stand to any logical reasoning as to why the issues raised in the I.A. could not have been raised in the Company Appeal (AT) (Insolvency) No. 1359 & 1360 of 2023 9 main company petition. Raising such technical issues and that too after detailed hearing in the main petition was concluded clearly shows that the Appellant was merely trying to raise feeble grounds in the I.A. to somehow delay and derail the admission of CIRP. Hence in our considered opinion, the Adjudicating Authority had rightly rejected the I.A. 253/2023."

3.8. Applying the aforesaid settled legal position to the present case, we find that the Applicant cannot seek relisting of the Company Petition merely because an OTS proposal remains under consideration. Rule 11 of the NCLT Rules, 2016 preserves the inherent powers of this Tribunal to secure the ends of justice or prevent abuse of process; however, such inherent jurisdiction cannot ordinarily be invoked to reopen or relist a matter after final arguments have concluded merely to accommodate negotiations which have not culminated into a concluded settlement.

3.9. We also find it significant that the Applicant's OTS proposal itself is not a development originating entirely after reservation of the matter. The Applicant's revised OTS proposal is dated **21.06.2026**, whereas the Company Petition was finally heard and reserved on **24.06.2026**. Therefore, the process of settlement had already commenced before the matter came to be reserved. What occurred subsequently is the continuation of those negotiations, deposit of certain amount pursuant to proceedings before the DRT and further correspondence between the parties. The subsequent deposit of **Rs.1 Crore** and handing over possession of the secured property may undoubtedly be relevant developments between the parties in their recovery/settlement proceedings. However, for the limited purpose of the present Application, these developments neither establish extinguishment of the financial debt nor demonstrate that the Financial Creditor has accepted a settlement in full and final satisfaction of its claim. The Bank has expressly reserved its right to consider the proposal in accordance with its OTS Guidelines and subject to approval of its Competent Authority.

3.10. The Applicant has also pleaded that it is an MSME and that initiation of CIRP may adversely affect its independent revival efforts. The consequences that may flow from an order under Section 7 cannot, however, constitute a ground by themselves for reopening or relisting the concluded hearing. The question of admission or otherwise of the main Company Petition has to be determined independently on the basis of the pleadings, evidence and statutory requirements under the Code. The proceedings under the Insolvency and Bankruptcy Code, 2016 are intended to be time-bound. Permitting a party to reopen or relist a matter after completion of pleadings and final arguments merely because settlement negotiations are continuing, without there being any concluded settlement extinguishing the underlying debt and default, would defeat procedural finality and permit indefinite prolongation of proceedings.

3.11. We therefore find no sufficient ground for exercise of the inherent jurisdiction under Rule 11 of the NCLT Rules, 2016 either to recall the order dated 24.06.2026, to re-list the Company Petition for further hearing or to defer pronouncement of the order merely awaiting the uncertain outcome of the OTS negotiations.

3.12. In view of the foregoing discussion and the settled legal position laid down by the Hon'ble NCLAT in ***Loramitra Rath v. JM Financial Asset Reconstruction Company Ltd., Company Appeal (AT) (Ins.) Nos. 1359 & 1360 of 2023***, we are of the considered view that the present Application is devoid of merit and is not maintainable at this stage.

3.13. Accordingly, **I.A. No. 2912/2026 in C.P. (IB) No. 43/MB/2026 is hereby dismissed.**

Sd/-	**Sd/-**
NILESH SHARMA	**SAMEER KAKAR**
MEMBER (JUDICIAL)	MEMBER (TECHNICAL)

(S.Dubey)