IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

IA(IBC)/313/KOB/2026
IN
CP(IB)/33/KOB/2023
(Under Rule 11 of the NCLT Rules, 2016)
Date of Institution: 14.07.2026
Order delivered on: 21.07.2026

In the matter of: -
M/s Air Travel Enterprises India Ltd.

Memo of Parties: -
UNION BANK OF INDIA
239, Vidhan Bhavan Marg Nariman Point
Mumbai 400 021
And also at UNION BANK OF INDIA
TC 38/438-2, Gouri Plaza, Near Chenthitta Junction, Chalai PO, Thiruvananthapuram PIN 695 036

... Applicant

Vs.

M/s. AIR TRAVEL ENTERPRISES INDIA LTD.
1st Floor, New Corporation Building: Palayam,
Thiruvananthapuram 695 033

... Respondent

Coram:
HON'BLE MEMBER (JUDICIAL) : SHRI. VINAY GOEL

HON'BLE MEMBER (TECHNICAL) : SHRI. RAVICHANDRAN RAMASAMY

Appearances:

For the Applicant	: Mr. A.S.P. Kurup, Advocate.
For the Respondent	: Mr. A C Venugopal, Advocate
	: Mr. R Rajmohan, RP
For the Personal Guarantor	: Mr. K S Ravichandran, PCS
in IA(IBC)/312/KOB/2026	: Ms. Manjula Devi, Advocate.

ORDER

Per Coram

1. The present Application has been filed by Union Bank of India, the Applicant/Financial Creditor, against M/s Air Travel Enterprises India Ltd. (the Corporate Debtor), under Rule 11 of the National Company Law Tribunal Rules, 2016, seeking the following reliefs: –

   a. *allow the applicant to withdraw the proceedings in CP (IBC)/33/KOB/2023 as the account was closed under OTS.*
   b. *pass any other order as the Hon'ble Tribunal may deem fit in the facts and circumstances of the case.*

2. The Particulars of the parties in the Application are as given as under:

I PARTICULARS OF PARTIES
1. PARTICULARS OF APPLICANT
Union Bank of India
Chalai Bazar Branch
Chalai, Thiruvananthapuram
PIN 695 036
Ph: 0471-2471789
Email: ubin0539589@unionbankofindia.bank
2. ***PARTICULARS OF RESPONDENT***
Dr. Sahadulla M.I
69, Rastanura, RPD Marg
Kuravankonam, Kowdiar
Thiruvananthapuram 695003

3. The Applicant has filed the application with the synopsis as under:

SYNOPSIS

1. The present application is being filed by Union Bank of India, Chalai Bazar Branch, Thiruvananthapuram (hereinafter referred to as "the applicant) under ***Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) rules, 2016 (Application to Adjudicating Authority for Insolvency Resolution Process for Corporate Guarantors to Corporate Debtors Rules, 2019 against the respondent herein who is the Corporate guarantor to the Corporate Debtor M/s. Green Gateway Leisure Ltd.***

2. During the pendency of the proceedings, on the basis of the OTS granted by the financial creditor, the financial creditor as well as the guarantors paid the entire OTS amount of Rs. 6.95 Crores whereby the account with the bank was closed. Under that circumstance the applicant filed the present application for withdrawal of the company petition CP(IBC)/33/KOB/2023 as matter settled.

3.In the circumstances it is respectfully prayed that this Honorable Tribunal may be pleased to allow the applicant to withdraw the proceedings in CP (IBC)/33/KOB/2023 as the account was closed under OTS. Hence the present application.

4. Whereas the Applicant in the facts of the case submits as under:

IV. FACTS OF THE CASE
1. The Applicant, Union Bank of India, is the financial creditor filed the above ***CP (IB) No. 33/2023 under Section 95(1) of the Insolvency and Bankruptcy Code, 2016 read with Rule 7(2) of Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors Rules, 2019 against the respondent herein who is one of the personal guarantors to the Corporate Debtor M/s. Green Gateway Leisure Ltd.***

2.During the pendency of the proceedings, on the basis of the OTS granted by the financial creditor the corporate debtor paid the entire OTS amount of Rs. 6.95 Crores whereby the account with the bank was closed. Under that circumstance the applicant filed the present application for withdrawal of the company petition CP(IBC) No. 33/KOB/2023 as matter settled.

5. We have carefully considered the pleadings and the documents placed on record. At the very outset, this Adjudicating Authority is constrained to observe that the present Application has been drafted in a wholly casual, contradictory and careless manner. The Application has been preferred under Rule 11 of the National Company Law Tribunal Rules, 2016, seeking withdrawal of the proceedings, without disclosing the correct statutory provision governing such withdrawal or the factual foundation necessary for invoking the jurisdiction of this Adjudicating Authority.

6. A bare reading of the Application reveals glaring and fundamental inconsistencies. The present Application has been filed in proceedings arising out of CP(IB)/33/KOB/2023 against M/s. Air Travel Enterprises India Ltd., the Corporate Debtor. However, the particulars of the Respondent furnished in the present Application describe Dr. Sahadulla M.I., who is not the Respondent in the present Company Petition. However, owing to the mistakes committed by the Applicant in the preparation of the present Application and which were also reflected in the cause list, the learned authorised representative appearing for the Personal Guarantor in IA(IBC)/312/KOB/2026 entered appearance and made submissions before this Adjudicating Authority. Further, the synopsis states that the original petition was filed under Section 7 of the Insolvency and Bankruptcy Code, 2016; the statement of facts incorrectly refers to it as having been filed under Section 95(1) of the Code against a personal guarantor. The contents of the Application unmistakably indicate that pleadings relating to an entirely different case have been reproduced in the present matter without due verification. Such a wholly casual, negligent, and reckless approach in the preparation and filing of pleadings before this Adjudicating Authority cannot be countenanced.
7. The proceedings sought to be withdrawn arise out of an application admitted under Section 7 of the Insolvency and Bankruptcy Code, 2016. Despite the existence of a specific statutory mechanism governing withdrawal of such proceedings, the Applicant has not invoked the relevant provision and has instead sought withdrawal solely by invoking Rule 11 of the National Company Law Tribunal Rules, 2016. The inherent powers under Rule 11 cannot ordinarily be invoked to circumvent or substitute an express statutory mechanism provided under the Insolvency and Bankruptcy Code.

It is well settled that where the statute provides a specific procedure, the inherent powers of the Tribunal cannot be exercised in derogation thereof.

8. Moreover, the Application is completely silent regarding the stage of the Corporate Insolvency Resolution Process, including whether the Committee of Creditors had been constituted, whether the statutory requirements applicable to withdrawal had been complied with, and whether the requisite approval, if mandated by law, had been obtained. In the absence of these foundational pleadings, this Adjudicating Authority is unable to examine the maintainability of the Application or grant the relief sought.
9. During the course of the hearing, the authorised representative for the Personal Guarantor in IA(IBC)/312/KOB/2026 referred to one order of the Hon'ble National Company Law Appellate Tribunal, stated to have been rendered in proceedings arising out of the same cause of action. However, the said judgment was neither found place in the pleadings nor produced on record. The Resolution Professional has submitted that, apart from the Applicant, there is another Financial Creditor forming part of the Committee of Creditors, holding more than 60% of the voting share in the Committee of Creditors.
10. At this juncture, it is necessary to observe that the present Application appears to have been filed solely on the basis of an alleged settlement arrived at between the Applicant/Financial Creditor and the Corporate Debtor, without demonstrating compliance with the mandatory statutory procedure governing withdrawal of insolvency proceedings. The Application does not disclose that the settlement proposal was ever placed before the Committee of Creditors for its consideration. There is nothing on record to indicate that the Committee of Creditors deliberated upon the proposal, considered its commercial implications, or took any decision thereon in accordance with

law. The filing of the present Application, merely to give effect to a bilateral settlement between the Financial Creditor and the Corporate Debtor, while completely bypassing the statutory role assigned to the Committee of Creditors, raises serious concerns regarding the manner in which the provisions of the Insolvency and Bankruptcy Code have been sought to be circumvented.

11. The Insolvency and Bankruptcy Code does not permit a Financial Creditor, after commencement of the Corporate Insolvency Resolution Process, to unilaterally seek withdrawal of the insolvency proceedings merely because it has entered into a settlement with the Corporate Debtor. Once the insolvency process is initiated, the proceedings cease to remain a matter exclusively between the original applicant and the corporate debtor. The process becomes a collective insolvency proceeding conducted in the interests of all stakeholders under the supervision of the Committee of Creditors. Consequently, any proposal for withdrawal must necessarily conform to the statutory mechanism prescribed under the Code and cannot be founded upon a private arrangement between two parties.

12. The Insolvency and Bankruptcy Code (Amendment) Act, 2026, makes it abundantly clear that, after admission of an application and constitution of the Committee of Creditors, withdrawal can be considered only upon strict compliance with the statutory requirements prescribed under the Code. Section 12A[*] (1) provides that the Adjudicating Authority may permit

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[*] *Section 12A: Withdrawal of application admitted under section 7, 9 or 10.*
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 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:

withdrawal of an application admitted under Sections 7, 9 or 10 only on an application made by the Resolution Professional with the approval of not less than ninety per cent voting share of the Committee of Creditors. Further, Section 12A (2) expressly prohibits withdrawal of an application admitted under Sections 7, 9 or 10 both before the constitution of the Committee of Creditors and after the Resolution Professional has issued the first invitation for submission of a resolution plan. The legislative scheme recognises the Committee of Creditors as the sole commercial decision-making body in the Corporate Insolvency Resolution Process. It requires that any proposal for withdrawal be placed before it for consideration and approval in the manner contemplated by law. The jurisdiction of the Adjudicating Authority to permit withdrawal is therefore conditioned upon satisfaction of these statutory requirements and cannot be invoked merely on the basis of a settlement between the applicant and the corporate debtor.

13. In the present case, the Application is conspicuously silent as to whether the settlement was placed before the Committee of Creditors, whether the Committee considered the proposal, whether any voting process was undertaken, or whether the requisite approval contemplated under the amended statutory framework was obtained. The complete absence of these foundational pleadings renders the Application fundamentally defective. Entertaining such an application would amount to permitting parties to bypass the mandatory statutory safeguards enacted by Parliament, thereby defeating the collective insolvency framework which forms the cornerstone of the Insolvency and Bankruptcy Code.

Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.

14. It is also a matter of serious concern that the Application has been filed by a nationalised bank, which is expected to act with due diligence and to ensure that pleadings placed before a judicial forum are accurate, complete and legally sustainable. Financial institutions maintain dedicated legal departments and engage legal professionals for conducting litigation. In such circumstances, the filing of such applications reflects a disturbing lack of diligence and responsibility. Such a casual approach unnecessarily consumes judicial time and cannot be countenanced.
15. Judicial proceedings under the Insolvency and Bankruptcy Code are intended to be conducted in a time-bound and disciplined manner. Applications filed without due care, containing material inconsistencies and omitting essential statutory particulars, impede the effective administration of justice. This Adjudicating Authority expects all litigants, particularly institutional creditors, to exercise a far higher degree of diligence while invoking the jurisdiction of this Adjudicating Authority.
16. In view of the foregoing discussion, **IA(IBC)/313/KOB/2026** IN CP(IB)/33/KOB/2023 is **dismissed with costs of Rs. 1,00,000/-** (Rupees One Lakh only), payable by the Applicant to the National Defence Fund within five (5) days from the date of this Order. The Applicant shall place on record, in the main Company Petition, a compliance memo along with proof of payment within five (5) days thereafter.
17. It is further clarified that the aforesaid costs are imposed personally upon the Applicant/Financial Creditor for filing the present Application in a wholly casual and legally unsustainable manner. Under no circumstances shall the said amount be recovered, directly or indirectly, from the Corporate Debtor, any Personal Guarantor, or any other stakeholder connected with the Corporate Insolvency Resolution Process. The Applicant shall bear the said

costs from its own funds without passing on the burden to any other person or entity.

18. The Registry is directed to send e-mail copies of this order forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.
19. A Certified Copy of this Order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-	**Sd/-**
RAVICHANDRAN RAMASAMY	**VINAY GOEL**
(MEMBER TECHNICAL)	**(MEMBER JUDICIAL)**

Signed on this the 21st day of July, 2026.

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