

IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Through Hybrid Mode)

Item No.1
IA(IBC)(Dis)/1/2026 in
CP(IB)/07/7/AMR/2020
(Admitted on 09.11.2021)

IN THE MATTER OF:

PPG Asian Paints Pvt Ltd ... Petitioner/Financial Creditor
Versus
Coastal Automobiles Pvt Ltd ... Respondent/Corporate Debtor

Under Section: 7, 60(5) of IBC, 2016

Rules: 11 of the NCLT Rules, 2016

Order delivered on 08.07.2026

CORAM:

SHRI KISHORE VEMULAPALLI, HON'BLE MEMBER (JUDICIAL)
SHRI UMESH KUMAR SHUKLA, HON'BLE MEMBER (TECHNICAL)

PRESENT:

In CP

For the Petitioner/Financial Creditor :
For the Respondent/Corporate Debtor :

In IA(IBC)(Dis)/1/2026

For the Applicant/RP : Mr. R. Hari Prasad.

ORDER

IA(IBC)(Dis)/1/2026:

Order pronounced and recorded vide separate sheets. The IA(IBC)(Dis)/1/2026 filed by the Resolution Professional under Section 60 (5) of the IBC, 2016 read with Rule 11 of NCLT Rules, is allowed and stand disposed of. Consequently, the Company Petition bearing No. CP(IB)/07/7/AMR/2020 also stand disposed of.

Sd/-
(UMESH KUMAR SHUKLA)
MEMBER (TECHNICAL)

Sd/-
(KISHORE VEMULAPALLI)
MEMBER (JUDICIAL)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI**
*(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)*

**IA (IBC)(Dis)/1/2026 in
CP(IB)/07/7/AMR/2020**

**Application under Section 60(5) of
the Insolvency and Bankruptcy Code,
2016 read with Rule 11 of National
Company Law Tribunal Rules, 2016**

IN THE MATTER OF CP. (IB)/07/7/AMR/2020

PPG Asian Paints Private Limited
6-Ashanti Nagar, Santacruz (East)
Mumbai-400055, Maharashtra.

..... Financial Creditor

AND

Coastal Automobiles Private Limited
At 1-176, Hukumpet,
Rajamundry-533103, Andhra Pradesh.

..... Corporate Debtor

AND IN THE MATTER OF

IA(IBC)(Dis)/1/2026 in CP(IB)/07/7/AMR/2020

R. Hari Prasad Resolution Professional of
Coastal Automobiles Private Limited

..... Applicant

ORDER DELIVERED ON: 08.07.2026

**CORAM: HON'BLE SHRI KISHORE VEMULAPALLI, MEMBER (JUDICIAL)
HON'BLE SHRI UMESH KUMAR SHUKLA, MEMBER (TECHNICAL)**

Counsels/ Parties present in IA:

For the Applicant : R. Hari Prasad (Resolution Professional)

[ORDER]

[PER: BENCH]

This Interlocutory Application, bearing no. IA(IBC)(Dis)1/2026

(hereinafter referred to as the **"IA" or "Application"**), has been filed vide Diary No. 256 dated 10.02.2026 by R. Hari Prasad, Resolution Professional (hereinafter referred to as the **"RP" or "Applicant"**) of the Coastal Automobiles Private Limited (hereinafter referred to as the **"Corporate Debtor"**) under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the **"IBC" or "Code"**) read with Rule 11 of the National Company Law Tribunal Rules, 2016 (hereinafter referred to as the **"NCLT Rules"**), seeking following reliefs:

- (i) Pass orders for dissolution of the Corporate Debtor.
- (ii) Discharge the RP from the duties of carrying out Corporate Insolvency Resolution Process (hereinafter referred to as the **"CIRP"**)
- (iii) Any other order/s, as the Adjudicating Authority deems fit, in the interests of justice, equity and conscience.

Facts Of The Case:

2. The Facts as averred by the Applicant, in the present IA are as follows:

- (i) This Adjudicating Authority vide its Order dated 09.11.2021 in Company Petition bearing no. CP(IB)/07/7/AMR/2020 (hereinafter referred to as the **"CP 07/2020"** or **"Petition"**) filed under Section 7 of the Code by the PPG Asian Paints Private Limited (hereinafter referred to as the **"PPG"**) admitted the Corporate Debtor into CIRP and appointed Mr. K.K. Balasubramanian (IBBI/IPA-001/IP-P-01544/2018-2019/12401) as the Interim Resolution Professional

(hereinafter referred to as the “**IRP**”). However, upon finding that the IRP has not initiated the CIRP process, this Adjudicating Authority, vide Order dated 10.10.2025, appointed the Applicant (IBBI/IPA-001/IP-P-02690/2022-2023/14126) as Interim Resolution Professional to conduct the CIRP process.

- (ii) The Applicant as per section 15(1) of the IBC read with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as the “**CIRP Regulations**”) made a public announcement on 22.10.2025 in Indian Express (English) *and* Eenadu (Telugu) inviting claims from creditors and pursuant thereto received two claims from State Bank of India (hereinafter referred to as the “**SBI**”) and PPG, both being Financial Creditors, and three claims from EPFO, ESIC, and the Income Tax Office as Operational Creditors. The Applicant collated and admitted these claims.
- (iii) The Applicant found that the Corporate Debtor had been non-operational for past 10 years. The available information relating to the Corporate Debtor was downloaded from the MCA website, and audited financial statements were available only up to 31.03.2013.
- (iv) The Applicant, along with his team, visited the premises of the Corporate Debtor at the registered office address available in the MCA records at Rajahmundry on 12.11.2025 and 13.11.2025. However, no office or shop was found existing at the said premises. Upon enquiry with the neighbours regarding the whereabouts of the Directors, the Applicant was informed that the Directors had left the

place around ten years ago and their whereabouts were unknown. The Applicant also visited two locations, where the branches of the Corporate Debtor were stated to exist; however, no such branches were found at those addresses. Further, the Applicant visited the last known address of the Promoter Directors, but they were not available there. The neighbours informed the Applicant that the Directors had vacated the premises around 10 years ago without leaving any information regarding their whereabouts.

- (v) On 14.11.2025, the Applicant constituted the Committee of Creditors (hereinafter referred to as the **“CoC”**) comprising SBI and PPG as members and filed an IA before this Adjudicating Authority on 21.11.2025 reporting the constitution of the CoC in accordance with Regulation 17 of the CIRP Regulations.
- (vi) In the First meeting of the CoC held on 20.11.2025, the Applicant apprised the CoC of the CIRP progress and the expenses incurred by him, which were approved by the CoC. The CoC deferred the agenda regarding the appointment of the Resolution Professional (hereinafter referred to as the **“RP”**) to the next meeting.
- (vii) In the Second meeting of the CoC held on 18.12.2025, the CoC approved the appointment of the Applicant as RP till the completion of the CIRP. During the meeting, the Applicant informed that his enquiries revealed that the operations of the Corporate Debtor had been closed around 10 years ago; no office or unit was available at the last known address; no assets, records, or books of accounts were available, and even the Directors were untraceable to provide

any information or records relating to the Corporate Debtor and suggested that engaging an investigation agency to trace the assets and Directors of the Corporate Debtor may not be useful. However, the representative of SBI informed that SBI had already conducted an investigation, pursuant to which no assets of the Corporate Debtor were found to be available and further suggested pursuing early dissolution of the Corporate Debtor instead of undergoing the liquidation process, as no assets were available for realization. Upon further deliberations, the Applicant was advised to place a resolution for early dissolution of the Corporate Debtor. Accordingly, the Applicant placed the following resolution seeking approval for early dissolution of the Corporate Debtor and for filing an application before this Adjudicating Authority, which was approved by the member of the CoC with 100% voting share. The Applicant has also enclosed the minutes of the Second meeting of the CoC, the relevant extract of which are reproduced below:

Item No.3. To take note of progress of Corporate Insolvency Resolution Process:

The IRP informed that the IA of progress report of CIRP was filed by the IRP before the Hon'ble NCLT, Amaravati and the same was taken on record by the Hon'ble NCLT on 25th November 2025.

The IRP further informed that the IA after constituting the Committee of Creditors was filed by the IRP before the Hon'ble NCLT, Amaravati and the same was taken on record by the Hon'ble NCLT on 28th November 2025.

The IRP informed that he wrote letters to the HDFC Bank Limited on 9th November 2025, 21st November 2025 and on 8th December 2025 to furnish the Bank account statements of the CD and the account statement was received on 15th December 2025.

The IRP further informed that he wrote letters to the SBI, Rajahmundry Branch and SBI, SAMB on 22nd November 2025 to furnish the Bank account statements of the CD, which are yet to be received by the IRP. The representative of SBI informed that the same shall be shared soon.

After receipt of Bank account statements, the IRP shall examine them for PUF transactions, if any. Further IRP added that the account statement of CD with HDFC bank revealed that the CD has carried out the business and put through the transactions through this account.

The IRP further informed that he wrote to SBI, SAMB on 22nd November 2025 seeking decision on appointment of Asset Investigation agency, particulars of the CD's property and funding of CIRP cost, the response for which are yet to be received by the IRP.

The representative of SBI informed that as per the report of Asset Investigation Agency obtained by them, there were no assets in the name of the CD. They requested the IRP to submit the CIRP cost incurred and to be incurred so that they shall obtain their higher authorities approval and pay the CIRP cost to the CIRP account of the CD.

Item No.6. To deliberate on the future course of Corporate Insolvency Resolution Process:

The IRP informed that during his visit to Rajahmundry, Kakinada and Tadepalligudem to take custody and control of the books and assets of the CD, it was learnt that the CD had closed the business and no office is available, no assets are available, no books of accounts are available and even the directors are not traceable.

In these circumstances, none of the activity of the Corporate Insolvency Process / activity can be continued unless some investigation agency is engaged to trace the assets and directors.

The representative of SBI informed that as per the investigation carried out by them earlier, no assets of the CD were available and they informed to go for early dissolution of the CD.

In the light of above, IRP placed the following resolution for consideration and approval of the CoC

RESOLVED that the Committee of Creditors of M/s Coastal Automobiles Private Limited be and hereby accord approval for early dissolution of the Corporate Debtor and instruct the IRP to file an application before the Hon'ble NCLT for early dissolution of the Corporate Debtor.

CoC approved the resolution with 100% voting share.

- (viii) The Corporate Debtor is non-existent, as no assets are appearing in its name. Further, the investigation report obtained by SBI also did not reveal any assets standing in the name of the Corporate Debtor and the CoC opined that inviting Expression of Interest from Prospective Resolution Applicants or to carry out the liquidation process of the Corporate Debtor does not serve any purpose, especially when even the CIRP expenses are not expected to be realized. Accordingly, the CoC resolved to seek direct dissolution of the Corporate Debtor.
- (ix) Although the Section 54 of the Code provides for dissolution of the

Corporate Debtor only after complete liquidation of its assets and Regulation 14 of the IBBI (Liquidation Process) Regulations, 2016 (hereinafter referred to as the “**Liquidation Regulations**”) provides for early dissolution of Corporate Debtor, if the realizable properties of the Corporate Debtor are insufficient to cover the costs of the liquidation process and the affairs of the Corporate Debtor do not require further investigation, there are catena of judicial precedents that permitted the dissolution of the Corporate Debtor under similar circumstances. The Applicant has relied upon the following judgements:

(a) NCLT, Bengaluru Bench In the matter of Mr. Mandar Wagh, IRP of M/s Synew Steel Private Limited (IA No. 435 of 2020 in CP (IB) No. 96/BB/2020) vide its order dated 16.11.2020, ordered dissolution of the Corporate Debtor without going for the liquidation process. The relevant extract of the Order is as below:

“5. In terms of Section 60 of the Code, the AA shall be the NCLT having the territorial jurisdiction over the place. By conjointly reading the above provisions, the ultimate objective of Code is either to resolve the issue by way of Resolution Plan or to dissolve the Corporate Debtor, as expeditiously as possible. If the facts and circumstances of a case justify that no purpose would be served to keep the corporate debtor under regular CIRP proceedings, and thereafter under Liquidation proceedings, under the provisions of Code, the Adjudicating Authority, by exercising its inherent powers conferred under the Act, may pass appropriate order(s) in the interest of speedy justice.

6. The above facts and circumstances of the Case justify that there would be no useful purpose served, by placing the Corporate Debtor under a Liquidation process, under the extant provisions of Code. Since the Assets of Company were realized, the

liquidation process under the provisions of Code is deemed to have been completed under Chapter III of Part II of Code, and thus it would be just and proper for the Adjudicating Authority to dissolve the Company, as proposed by Resolution Professional. The instant Application is filed in accordance with law and the Resolution in question to dissolve the Corporate Debtor was approved by the Sole COC, as detailed supra. We are satisfied that this is a fit case for dissolving the Applicant Company and allowing the Petition filed by the RP praying for the same.”

(b) NCLT, New Delhi Bench in the matter of Mr. Naresh Kumar

Munjal, RP of M/s Laksh Foods Private Limited vs. M/s Laksh Foods Private Limited & Anr. (IA No. 6092 of 2022 in CP (IB) No. 1181/ND/2018) vide its order dated 05.04.2024, ordered dissolution of the Corporate Debtor, as no assets of the Corporate Debtor as well as its ex-management were traceable.

The relevant extract of the Order is as below:

“9. In view of the judgements as referred above, we are of the considered view that the circumstances of the present case also fully justified, that no useful purpose would be served, by placing the Corporate Debtor under Liquidation process, under the provisions of Code. Since no assets of the CD as well as the ex-management of the CD are traceable. Further, the Ex-Directors were declared as ‘Absconders’ under section 82 of CrPC by Hon’ble Metropolitan Magistrate Saket Court New Delhi vide order dated 26.05.2019. Thus, it would be just and proper for this Adjudicating Authority to dissolve the Corporate Debtor as prayed by the Resolution Professional.

10. We are of the view that the ultimate objective of Code is either to resolve the insolvency by way of Resolution Plan or to dissolve the Corporate Debtor, as expeditiously as possible so as to maximize the value of the assets. If the facts and circumstances of a case, justify, that it would not serve any purpose to keep the Corporate Debtor under regular CIRP proceedings, and thereafter under Liquidation proceedings, under the provisions of Code, the Adjudicating Authority, by exercising its inherent powers conferred under the Code read with Rule 11 of the NCLT, Rules, 2016, may pass appropriate order(s) in the interest of

speedy justice.

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14. It is clarified that dissolution of the Corporate Debtor would not in any way absolve the Promoters/Directors of the Corporate Debtor from any personal liability or guarantee given in respect of the Corporate Debtor, under any law for the time being in force.”

- (x) No assets are standing in the name of the Corporate Debtor, and the whereabouts of its promoters/ directors are also not known. Therefore, it would be just and expedient to dissolve the Corporate Debtor without any further CIRP process and without undergoing the process of liquidation.

3. During the course of hearing dated 16.02.2026, it was observed that the CP 07/2020 was admitted into the CIRP by this Adjudicating Authority vide order dated 09.11.2021, while the last Balance Sheet of the Corporate Debtor available with the RP was as at 31.03.2013. It was observed that as per the Master Data of the Corporate Debtor on the website of the MCA, there are six open charges and the RP sought time to clarify the above and also to file application under Section 19(2) against the Suspended Board Director.

4. Pursuant to this Adjudicating Authority Order dated 16.02.2026, the RP vide Diary No. 398 dated 04.03.2026. filed Memo submitted the clarifications as below:

(i) Balance Sheet:

- (a) As per the MCA website, the date of the balance sheet is reflected as 31.03.2015, however, the balance sheet available

in the website is for the financial year 2012-13.

- (b) The RP sent letters to the suspended director to submit the books of accounts and updated financials up to 22.10.2025, however, all the postal covers were returned undelivered with postal endorsement '*No such person in this Address*'.
- (c) The RP has sent letter to Shri Jalluri Praveen, Chartered Accountant, the then auditor of the Corporate Debtor, on 31.10.2025 to provide information and updated books of accounts and financials of the Corporate Debtor, but there was no response from the Auditor.
- (d) During the CoC meeting, the Income Tax department informed that the last income tax return by the Corporate Debtor was for the Assessment year 2012-13.
- (e) SBI, one of the CoC, member, informed the CoC meeting that they do not have updated financials, other than those available in the MCA portal for the financial year 2012-13.

(ii) Open charges in the MCA website

- (a) As per the MCA website, the following charges are open pending satisfaction:

Sn	Charge ID	Charge Holder Name	Date of Creation	Date of Modification	Amount (INR)
01	10354418	State Bank of Hyderabad	30.03.2012	-	1,00,00,000
02	10356210	Indusind Bank	27.03.2012	-	2,00,00,000
03	10344340	State Bank of India	21.03.2012	-	2,50,00,000
04	10339786	State Bank of Hyderabad	22.08.2011	-	1,00,00,000
05	10244360	State Bank of Hyderabad	29.09.2010	-	1,25,00,000
06	10230196	State Bank of Hyderabad	24.06.2009	27.11.2014	14,12,14,000

- (b) The RP sent intimation to the charge holders on 22.10.2025 to submit claims, if any, against the Corporate Debtor.
 - (c) IndusInd Bank vide their Gmail dated 12.12.2025, informed that the Corporate Debtor is not maintaining any account/relationship with them and did not submit any claim.
 - (d) SBI, SAM branch, submitted a consolidated claim of Rs.37,53,65,283.74 for both SBI and State Bank of Hyderabad.
 - (e) The RP requested IndusInd Bank and SBI to provide 'No Due or No Objection Certificate', to file satisfaction of charges in the MCA portal.
 - (f) The IndusInd Bank did not submit the 'No Due Certificate' and reiterated that they do not have any account/relationship with the Corporate Debtor.
 - (g) The SBI informed that they cannot provide a 'No Due Certificate' for the purpose of satisfaction of charges in MCA portal, as the Corporate Debtor owes Rs.37,53,65,283.74/- to the SBI.
 - (h) In the light of above facts and circumstances, the RP submits his inability to file the form for satisfaction of charges with the MCA portal.
- (iii) Section 19(2) Application against the Suspended Board
- (a) All the letters sent to the registered office of the Corporate Debtor and to the residential address of the Directors were returned undelivered with endorsement '*No such person at this address*'.

- (b) During the personal visit of the RP to the registered office of the Corporate Debtor at Rajahmundry, it is learnt that the Corporate Debtor has vacated the premises 10 years back and one office 'Vishnu Carriers' was operating from that address.
- (c) During the visit of the IRP to the branch of the Corporate Debtor at Tanuku Road, Tadepalli Gudem, it is learnt that the Corporate Debtor has vacated the place 10 years back, and one Mahindra and Mahindra showroom was operating from that address.
- (d) During the visit of the IRP to the branch of the Corporate Debtor at Rayudu Palem, near Acchampet junction, Kakinada, it is learnt that the Corporate Debtor has vacated the place 10 years back and 'My Home Sofas' was operating from that address.
- (e) During the visit of the RP to the residential address of the erstwhile Managing Director and Director (husband and wife) at Rajahmundry, it is learnt that they have vacated the house 14 years back and one Smt. Vijayalakshmi, Advocate was staying in the address at present.
- (f) The SBI with 99.74% voting share informed that they do not have updated contact details of the Directors.
- (g) In the light of above facts and circumstances, filing of an application under Section 19(2) of the IBC before this Adjudicating Authority against the suspended board, who are not traceable, may not be a practical solution.
- (iv) The RP also relied upon the additional judgements of the Hon'ble

NCLAT and other Coordinate Benches:

(a) NCLT, Bengaluru Bench in the matter of Mr. Mandar Wagh, IRP of M/s Synew Steel Private Limited in IA No.435/2020 in CP(IB) NO.96/BB/2020 vide order dated 16.11.2020

Para.5. In terms of Section 60 of the code, the Adjudicating Authority shall be the NCLT having territorial jurisdiction over the place, where the registered office of corporate persons is located. By conjointly reading the above provisions, the ultimate objective of Code is either to resolve the issue by way of Resolution Plan or to dissolve the Corporate Debtor, as expeditiously as possible. If the facts and circumstances of a case justify that no purpose would be served to keep the Corporate Debtor under regular CIRP proceedings, and thereafter under Liquidation proceedings, under the provisions of Code, the Adjudicating authority, by exercising its inherent powers conferred under the Act, may pass appropriate order(s) in the interest of speedy justice.

Para.6. The above facts and circumstances of the Case justify that there would be no useful purpose served, by placing the Corporate Debtor under a Liquidation process, under the extant provisions of Code. Since the Assets of Company were realized, the liquidation process under the provisions of Code is deemed to have been completed under Chapter III of Part II of Code and thus it would be just and proper for the Adjudicating Authority to dissolve the Company, as proposed by Resolution Professional. The instant Application is filed in accordance with law and the Resolution in question to dissolve the Corporate Debtor was approved by the Sole COC, as detailed supra. We are satisfied that this is a fit case for dissolving the Applicant Company and allowing the Petition filed by the RP praying for the same.

Para. 7. In the result, by exercising powers conferred on the Adjudicating authority, under Section 54 and other relevant and connected Provisions of Code, and the Rules made thereunder, C.P.(IB) No.96/BB/2020 and I.A.No.435/2020, are hereby disposed of with the following directions.

- i) The Applicant Company, M/s Synew Steel Private Limited is ordered to be dissolved with immediate effect.*

(b) NCLAT, Chennai in the matter of Syson Thomas Vs Mr.

Madhugiri Venkatarayappa Sudarshan & others in TA (AT) No.8 of 2021 in Company Appeal (AT)(CH)(INS) No. 925 of 2020 vide order dated 01.06.2023:

This is an appeal filed by the MD of the CD challenging the order of Hon'ble NCLT, Bengaluru in IA No.198/2020 in CP (IB) No.180/BB/2018 dated 24th June 2020

Para. 38. Before the 'Adjudicating Authority' ('National Company Law Tribunal', Bengaluru Bench), the '1st Respondent/Resolution Professional', had preferred an IA No. 198 of 2020 in CP (IB) No. 180/BB/2018 (under Section 54 of the I & B Code, 2016), praying for an 'Order of Dissolution' of the 'Corporate Debtor'/'M/s. Air Pegasus Private Limited', with immediate effect, in permitting the 'Resolution Professional', to complete further 'intimation' of 'Dissolution Order', and to close all the 'Accounts' of the 'Corporate Debtor'.

Para.43. It cannot be lost sight off that the 'Corporate Debtor', had 'No Realisable Financial Assets', and the only 'Valuable Asset', was of 'Intangible' in nature of the 'Air Operator Permit', a 'License', issued by the 'DGCA' and the 'Validity' of the said 'License', had lapsed on 23.03.2020

Para.44. It cannot be brushed aside that the 'Dissolution' of the 'Corporate Debtor', was approved by the 'Financial Creditor' with '100% Voting Rights', and in IA No. 198 of 2020, filed by the 1st Respondent/Resolution Professional (under Section 54 of the I & B Code, 2016), an 'Order', dissolving the 'Corporate Debtor'/'M/s. Air Pegasus Private Limited' (Applicant Company), was passed with an immediate effect, etc.

Para.45. At this juncture, this 'Tribunal', pertinently points out that there is no fetter that the 'Corporate Debtor', cannot be 'Dissolved', without undergoing the 'Process of Liquidation'.

Para.46. It is to be noted that the 'Account of the Corporate Debtor', was classified as 'Non Performing Asset', by the '2nd Respondent/ Bank', on 18.09.2016. There is no two opinion of the primordial fact that in the absence of any Resolution Plan(s) or Saleable Assets of the Company, the Ist Respondent/ Resolution Professional, had no option, but to seek a 'Relief', for the 'Dissolution' of the 'Corporate Debtor', and the fact of the matter is that the same was 'approved', by the 'Committee of Creditors'.

Para.53. Suffice it for this 'Tribunal', to make a pertinent mention

that in the absence of any 'Asset(s)' / the 'Resolution Plan(s)', the Resolution Professional, had no other go, but to pray for an 'Order of Dissolution', to be passed by the 'Adjudicating Authority'. Afterall, the end of 'Liquidation', requires complete 'Dissolution' of an 'Entity'.

Para.55. In the light of the foregoing detailed upshot, considering the rival submissions, this 'Tribunal', taking note of the facts and circumstances of the instant case, in a conspectus fashion, comes to a consequent conclusion that the 'impugned order', dated 24.06.2020 in IA No. 198 of 2020 in CP (IB) No. 180/BB/2018, passed by the Adjudicating Authority' ('National Company Law Tribunal', Bengaluru Bench), in passing an 'Order of Dissolution' of the 'Corporate Debtor' / 'Company' (M/s. Air Pegasus Private Limited), with immediate effect, is free from any 'Legal Infirmities'. Resultantly, the 'Appeal' fails.

Conclusion:

In fine, the instant TA (AT) No. 8 of 2021 in Comp. App (AT) (CH) (INS.) No. 925 of 2020 is dismissed. No costs. The connected pending IA No. 2510 of 2020 (seeking Exemption from filing True Typed Copies of DIM/ Single Space Document etc.) and IA No. 2511 of 2020 (for 'Stay') are Closed.

(c) Hon'ble NCLT Kolkata in the matter of Kanchan Dutta RP of Bihar E-Governance Services & Technologies Ltd.. in I.A. (IB) (Liq) No. 32/KB/2024 In Company Petition (IB) No. 236/KB/2023 vide order dated 08.11.2024

Para.I4. It is well-settled position of law that the objective of the Code is to resolve the insolvency of the debtor in a time bound manner though CIRP or to liquidate the corporate debtor, as expeditiously as possible to maximize the value of the assets and balancing the interest of all the stakeholders. In the present case, we would discern that there is no possibility of resolution of the corporate debtor as no stakeholders having interest in the CIRP of the corporate debtor has shown any positive willingness to cooperate with the RP and proceed further to complete the process. Thus, we find no reason to order for liquidation of the corporate debtor as the same non-cooperation will continue again and will erode the bank balance and value of the scrapped assets of the corporate debtor further to negative.

Para. I7. In the present case in hand, we would discern that the

CoC, which is constituted by only a single member being an operational creditor, is not willing and interested to continue with the CIRP of the corporate debtor and also is not intending to get back their own money admitted by the RP. We have noted that total assets of the corporate debtor as identified by the RP is Rs.3,77,000/- which includes Rs.3,52,000/- kept in the bank account of the corporate debtor with Indian Overseas Bank.

Para.18. Thus, we are of the considered opinion that no useful purpose would be served by putting the corporate debtor under liquidation process and accordingly we deem it fit to invoke our inherent powers conferred under Rule 11 of the NCLT Rules, 2016, to meet the ends of justice or to prevent abuse of the process, and order for dissolution of the corporate debtor and direct the RP to liquidate the fund available with the bank account of the corporate debtor by allocating the same to the IT Department in respect of their outstanding demand pending for recovery and towards other statutory dues, if any. After distribution of funds towards the IT Authorities and other statutory dues if any fund remains in the bank account, that would be paid to the National Defence Fund, Government of India.

Para. 19. In view above, by exercising the power conferred under Rule 11 of the NCLT Rules, 2016, we dispose of the present application with the following directions: a. Delay is condoned. b. The corporate debtor Bihar E-Governance Services & Technologies Limited is ordered to be dissolved with an immediate effect after appropriating the fund available with the bank account as directed above.

Para.20. In view above, the application being I.A. (IB) (Liq) No. 32/KB/2024 along with the Company Petition (IB) No. 236/KB/2023 is disposed of accordingly

- (v) In the conspectus of the above facts and circumstances and judicial observations, the appropriate orders for the dissolution of the Corporate Debtor may be passed.

5. During the course of hearing dated 04.03.2026, the RP submitted that the Suspended Directors of the Corporate Debtor are not traceable and this Adjudicating Authority directed the Registry to issue Bailable

Warrants against them.

6. In compliance of the above Order, the Registry issued Bailable Warrants on 11.03.2026 against Mr. Suresh Babu Battineedi and Mrs. Vara Lakshmi Battineedi and sent the same to the Commissioner of Police/ Superintendent of Police with the request to ensure the execution of the warrant against them and produce them before this Adjudicating Authority and in case of non-execution of the warrant, the Arresting Officer would report stating the reasons for non-execution.

7. The RP vide Diary No. 472 dated 13.03.2026. filed Memo submitted further clarifications as below:

- (i) The PPG on 19.12.2019, initiated CIRP against the Corporate Debtor under Section 7 of IBC for default of Rs.4,00,000/-, when the threshold limit was Rs.1,00,000/- in the year 2019.
- (ii) This Adjudicating Authority ordered notices to the Corporate Debtor on 21.01.2020 and 05.02.2020, which were returned with endorsement '*No such addressee in this door number*'.
- (iii) Thereafter, this Adjudicating Authority ordered fresh notice and paper publication on 20.02.2020, but the Corporate Debtor did not appear before this Adjudicating Authority during the listing of Petition on 13.10.2020 and 11.11.2020 and hence the Corporate Debtor was set ex-parte on 03.12.2020.
- (iv) The Corporate Debtor was admitted into CIRP on 09.11.2021 and Shri K.K. Balasubramanian was appointed as IRP.

- (v) Since CIRP was not carried out by the IRP, this Adjudicating Authority directed the Registry to issue notice on 11.06.2025 to the IRP calling for a report on the status of CIRP and on 04.07.2025 to the IRP and to the PPG to appear before this Adjudicating Authority on the next date of hearing .i.e. 18.07.2025.
- (vi) Since the PPG did not appear on 18.07.2025, this Adjudicating Authority directed the Registry to issue bailable warrants to the Authorized signatories of the PPG.
- (vii) On 25.08.2025, this Adjudicating Authority recalled the bailable warrants against the PPG after hearing the submissions of its Counsel, but did not allow the submission of the PPG to withdraw the CIRP Petition, in view of several charges subsisting against the Corporate Debtor in the MCA portal.
- (viii) On 10.10.2025, this Adjudicating Authority, to carry out the CIRP process, appointed the Applicant as IRP, who carried out CIRP by inviting claims, constituting the CoC and conducting CoC meetings.
- (ix) It is learnt during the CIRP process that the Corporate Debtor has no assets and the directors are not traceable.
- (x) During the Second CoC meeting on 18.12.2025, the CoC passed a resolution with 100% voting share to go for direct dissolution of the Corporate Debtor without undergoing liquidation process, since the Corporate Debtor has no assets and the directors are not traceable.
- (xi) Thereafter, the RP filed this IA for dissolution of the Corporate Debtor and thereafter, also filed a Memo submitting clarifications.

(xii) In the conspectus of the above facts and circumstances and submissions made in the IA, Memo filed on 02.03.2026 and the present Memo, this Adjudicating Authority may pass appropriate orders for the dissolution of the Corporate Debtor.

8. During the course of hearing dated 06.04.2026. it was observed that no report, whatsoever, on the fate of the bailable warrant has been submitted by the police and therefore, the Registry was directed to send a copy of the order dated 06.04.2026 along with a copy of the order dated 04.03.2026 and the bailable warrants to the concerned SHO through the Director General of Police, Andhra Pradesh, with a direction that the SHO shall execute warrants and submit a report well before the next hearing date i.e. 15.05.2026.

9. The Superintendent of Police, East Godavari District, Rajamahendravaram, vide Diary No. 624 dated 09.04.2026, submitted response bearing C.No.111/DCRB-C3/2024 dated 06.04.2026 stating that on receipt of Warrant of Arrest against Mr. Suresh Babu and Vara Lakshmi, the same was forwarded to the Inspector of Police, Bommuru P.S., Rajamahendravaram for execution, who deputed PC-1463 S.V.V.S.N. Murthy and WPC-1352 Y. Poornima Raj of Bommuru P.S. to make an enquiry regarding the accused and execute the warrant and they reported that the aforesaid accused were not residents of the given address and their whereabouts were not known. The VRO enquiry report attached with the response states that upon visiting Hukkumpeta and its surrounding areas, the enquiry revealed that no such persons have

resided or been present at the given address for the last 10 years. Presently, Nexa, Tata Motors, and Volkswagen automobile showrooms exist at the given address, i.e., D. No. 84-1-3/1 and 84-1-2, ONGC Base Complex Area, under Ward No. 10. Enquiries were made with the staff working in the automobile showrooms and the caretaker of the land regarding the current address and identification of the warrantees, but they all denied any knowledge of the warrantees, stating that no such persons reside there. The relevant extracts of the aforesaid response and VRO enquiry report are reproduced below:

//BY REGD POST//

**GOVERNMENT OF ANDHRAPRADESH
A.P.POLICE DEPARTMENT**

From: The Superintendent of Police,
East Godavari District,
Rajamahendravaram.

To: The Hon'ble National Company Law Tribunal
Amaravati Bench
Mangalagiri



C.NO.111/DCRB-C3/2024, Dt: 08-03-2024

Sir,

Sub:- POLICE - E.G. DISTRICT - RAJAMAHENDRAVARAM - Return of Non-executed Warrant in IA (IBC)(DIS)/1/2026 in CP(IB)/07/7/AMR/2020 - MR Suresh Babu & Vara Lakshmi ONGC Complex, Hukumpeta, RJVM -by the Hon'ble National Company Law Tribunal Amaravati Bench at Mangalagiri - Regarding.

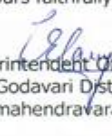
Ref:- 1) Warrant in IA (IBC)(DIS)/1/2026 in CP(IB)/07/7/AMR/2020, by Hon'ble National Company Law Tribunal Amaravati Bench at Mangalagiri
2) Enquiry report of the Inspector of Police, Bommuru PS E.G. District, Rajamahendravaram, Dt.04-04-2026

With reference to the above subject, it is to submit that on receipt of the Warrant of Arrest from the Hon'ble National Company Law Tribunal Amaravati Bench at Mangalagiri received vide ref cited, issued against MR Suresh Babu & Vara Lakshmi ONGC Complex, Hukumpeta, RJVM the same was forwarded to the Inspector of Police, Bommuru PS, RJVM for execution.

Accordingly, the Inspector of Police, Bommuru PS., Rajamahendravaram for execution of Non Bailable Warrant and to return. The Inspector of Police, Bommuru P.S has deputed PC-1463 S.V.V.S.N.Murthy and WPC-1352 Y.Poornima Raj of Bommuru PS to enquire about the accused and to execute the Warrant, they returned and reported that the above said accused person was not residents said address and where about not known. Then obtained VRO enquiry report enclosed herewith.

We are herewith sending original Non Bailable Warrant against the above noted accused for taking further proceedings.

Yours faithfully,

12

For Superintendent of Police,
East Godavari District,
Rajamahendravaram.

Encls: Copies of
1. Report of Inspector of Police, Bommuru P.S, E.G. District, RJVM.
2. Original Warrant
3. Copy of VRO enquiry report
4. Written Report of PC-1463 and WPC-1352 of Bommuru PS, Rajamahendravaram.

To

The Superintendent of Police,
East Godavari District,
Rajamahendravaram.

Sir,

Sub: - BOMMURU P.S. – Execution of Non-Bailable Warrant in IA (IBC) (DIS)/1/2026 in CP (IB)/07/7/AMR/2020 – Suresh Babu and Vara Lakshmi, ONGC Complex, Hukkumpeta, Rajamahendravaram – Warrants issued by the Hon'ble National Company Law Tribunal, Amaravati Bench at Mangalagiri – Warrantees not traced - All possible efforts made - Submission of – Regarding.

Ref: - 1. Warrant in IA (IBC) (DIS)/1/2026 in CP (IB)/07/7/AMR/2020, by the Hon'ble National Company Law Tribunal, Amaravati Bench at Mangalagiri dt:11.03.2026.

2. Memorandum vide C.No.111/C3/DCRB/2026 dt:17.03.2026 of the Superintendent of Police, East Godavari District, Rajamahendravaram.

I humbly submit that the Hon'ble National Company Law Tribunal, Amaravati Bench at Mangalagiri has been issued Non-bailable warrants against Mr.Suresh Babu Battineedi and Mrs.Vara Lakshmi Battineedi, Dr.No.84-1-3/1, Near ONGC Base Complex, Rajahmundry and Dr.No.84-1-2, Near ONGC Base Complex, NH-5 Road, Rajahmundry, East Godavari District and Registered Office 1-176, Hukkumpeta, Rajahmundry, Andhra Pradesh in the ref. cited above and forwarded the same to the SHO, Bommuru PS through the Superintendent of Police, East Godavari District, Rajamahendravaram vide ref. 2nd cited above with instructions to execute the Warrants against the respondents and report compliance. The case stands posted to 06.04.2026 for appearance of the warrantees.

In this connection, I submit that soon after receipt of the Warrants, I have deputed PC 1463 S.V.V.S.N.Murthy and WPC 1352, Y.Poornima Raj of my P.S. with instructions to trace out the warrantees at the given address and execute the warrants issued by the Hon'ble NCLT.

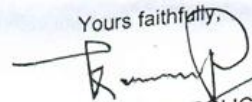
Accordingly, the special party made efforts to trace out the warrantees at the given address. They visited Hukkumpeta and surrounding areas and enquired about the respondents. Their enquiries revealed that no such persons has been present or living in the given address since 10 years. Presently, NEXA, TATA Motors and Volkswagen Automobile showrooms are existed in the given address in Dr.No. 84-1-3/1 and 84-1-2 at ONGC Base Complex Area, under Ward No.10. The party further caused enquiries with the staff working in the Automobile Showrooms and Care taker of the land about the current address and identity of warrantees. But they all denied their knowledge about the warrantees stating that no such persons are living

in the said address since 10 years. Then the party approached the concerned Ward Revenue Secretary, Rajamahendravaram who in turn caused enquiries along with PCs at all probable places, but got no clues. Finally, the Ward Revenue Secretary (VRO) issued a report in Telugu stating his efforts, but to no avail. I have also obtained a report from the PC 1463 and WPC 1352 and it is herewith enclosed for favor of perusal.

I further submit that despite our best efforts, the respondents are not traced. So far, no useful clues have come forth about their present address. Hence, I am herewith returned the BWs issued by the NCLT for the time being.

However, I instructed my staff to continue their efforts to trace out the warrantees. If the present address of the respondents is traced, the same may be brought to the notice of kind authority.

Yours faithfully,


INSPECTOR OF POLICE,
BOMMURU P.S.
Inspector of Police
BOMMURU POLICE STATION
Rajamahendravaram. T.G

Encls: 1. Original reference including BWs
2. Original Enquiry report of WRS (VRO) dated:02.04.2026
3. Original Enquiry report of PC 1463 and WPC 1352.

10. During the course of hearing dated 15.05.2026. it was observed that some documents including the Petition is not available on the DMS and the Registry is directed to take effective steps to see all the pleadings are there in the DMS.

Analysis And Findings:

11. We have heard the submissions of the RP and perused the records carefully.

12. It is noted that the claims have been filed by two financial creditors (SBI and PPG) and three operational creditors (EPFO, ITO and ESIC) as shown below:

1. Financial Creditors (Unsecured)					
(Amt in Rs)					
Sl No	Name of the Stakeholder	Amount of Claim	Amount Admitted	Amount Not Admitted	Secured / Unsecured
01	State Bank of India	375365283.74	375365283.74	-	Unsecured
02	PPG Asian Paints Private Limited	1718080.00	996789.00	721291.00	Unsecured
	TOTAL	377083363.74	376362072.74	721291.00	

2. Operational Creditors (Government dues)					
(Amt in Rs)					
Sl No	Name of the Stakeholder	Amount of Claim	Amount Admitted	Amount Not admitted	Secured / Unsecured
01	EPFO	172248	172248	-	Unsecured
02	ITO	161441055	161441055	-	Unsecured
03	ESIC	6172271	162575	6009696	Unsecured
	Total	167785574	161775878	6009696	

13. It is noted that the representative of SBI in the second meeting of the CoC held on 18.12.2025 informed that as per the investigation carried out by them earlier, no assets of the Corporate Debtor were available and informed to go for early dissolution of the Corporate Debtor.

14. It is also noted that the latest balance sheet as on 31.03.2013 filed by the RP shows the total assets of the Corporate Debtor amounting to Rs.27.82 crores as on 31.03.2013 comprising of Fixed Assets- Rs.3.87 crores, Inventories- Rs.19.38 crores, Trade Receivables- Rs.3.82 crore, Cash & Cash Equivalents-Rs.0.25 crore, Short-Term Loans & Advances- Rs.0.17 crore and Other Current Assets- Rs.0.33 crore. The relevant extract of the balance sheet is reproduced below:

COASTAL AUTOMOBILES PRIVATE LIMITED RAJAHMUNDRY			
Balance Sheet as at 31st March, 2013			
Particulars	Note No	Figures as at the end of 31st March 2013	Figures as at the end of 31st March 2012
II.Assets			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		3,86,99,610	4,76,58,962
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	11	-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	12	-	-
(e) Other non-current assets		-	-
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	13	19,38,72,493	19,99,62,474
(c) Trade receivables	14	3,81,64,652	4,40,10,423
(d) Cash and cash equivalents	15	24,93,904	18,94,028
(e) Short-term loans and advances	16	17,26,352	23,42,870
(f) Other current assets	16	32,52,643	28,39,638
Total		27,82,09,654	29,87,08,295

15. From the above facts that it appears that there is enough possibility of filing the Applications for avoidance and fraudulent transactions. During the course of hearing dated 16.02.2026, the RP sought time to file application under Section 19(2) against the Suspended Board Director. However, subsequently, the RP vide Memo filed on 04.03.2026, submitted that filing of an application under Section 19(2) of the IBC against the suspended board, who are not traceable, may not be a practical solution and requested for the dissolution of the Corporate Debtor.

16. This Adjudicating Authority also issued Bailable Warrants against the suspended directors, which returned stating that despite best efforts, the respondents are not traced, as no useful clues so far have come forth about their present address, however, instructions have been issued to continue efforts to trace out the warrantees and if the present address of the respondents is traced, the same may be brought to the notice of this Adjudicating Authority. In view of the above, if the Suspended Directors have been traced, the same needs to be intimated to the Financial Creditors (SBI and PPG) for initiating the appropriate action against them.

17. In view of the above, the liberty needs to be given to the SBI to file applications against the Suspended Directors for avoidance and fraudulent transactions, after they are traced.

18. This Adjudicating Authority, prior to ordering the dissolution of the Corporate Debtor, must verify whether the CIRP expenses have been fully paid and the CIRP bank account has been closed. As per the report

filed by the RP for dissolution of the Corporate Debtor, the CIRP costs incurred up to the filing of the present IA amount to ₹4,58,609/-, out of which Rs.3,79,480/- remains to be paid. The relevant extract is as follows:

22. CIRP COST (INCURRED / TO BE INCURRED)

Sn	Particulars	Amt	Amount	Paid / To be paid	Approved by CoC in
01	Public Announcement		51,870	Paid	1 st CoC
02	Expenses o/a visit of IRP to CD's place		26,659	Paid	1 st CoC
03	Misc.Exp (Postage etc)		600	Paid	1 st CoC
04	Advocate Fee (4 IA's @ 17,370/- each		69,480	To be paid	1 st CoC
	i) IA on constitution of CoC	17,370			
	ii) IA on progress of CIRP	17,370			
	iii) IA on appointment of RP	17,370			
	iv) IA on Early Dissolution	17,370			
05	Auditor Fee (Receipts & Payments)		10,000	To be paid	2 nd CoC
06	IRP/RP fee (From 10.10.2025 upto 10.01.2026) @1,00,000/- p.m		3,00,000	To be paid	2 nd CoC
	TOTAL		4,58,609		

Contribution by CoC members:

Sn	Name of the CoC member	% of voting share	Amount to be contributed
01	State Bank of India	99.74%	4,57,417
02	PPG Asian Private Limited	0.26%	1,192
		100%	4,58,609

19. Furthermore, a perusal of the minutes of the second CoC meeting held on 18.12.2025 (Item Nos. 7 and 8) reveals that the RP requested the SBI to deposit the requisite funds into the CIRP account of the Corporate Debtor maintained with Standard Chartered Bank. However, it remains unclear, whether the CIRP expenses have been completely liquidated by the CoC, whether the proportionate amount has been adjusted between the two CoC members and whether the CIRP bank

account has been closed.

Item No.7. To take note of CIRP cost incurred and to be deposited into the CIRP account of the Corporate Debtor:

The IRP placed the particulars of CIRP cost incurred as under:

Particulars	Incurred (In Rs)	Approval
Public Announcement Charges	51,870	Approved in 1 st CoC
IRP's Rajahmundry visit bills	26,659	Approved in 1 st CoC
Advocate Fee for filing 2 (Two) IAs before the Hon'ble NCLT	34,740	Approved in 1 st CoC
TOTAL	1,13,269	

Sharing of CIRP cost by the CoC members:

Name of the CoC member	% of voting	Amount to be deposited (In Rs)	Remarks
SBI	99.74%	1,12,975	To be deposited
PPG Asian Paints Private Limited	0.26%	294	Advance of Rs.1,00,000 was paid on 24.11.2025
TOTAL	100%	1,13,269	

IRP requested the SBI to deposit Rs. 1,12,975/- (Rupees One lakh twelve thousand nine hundred seventy five only) into the CIRP account of the Corporate Debtor maintained with Standard Chartered Bank for smooth continuance of CIRP process.

Item No.8. To take note of CIRP cost to be incurred and to contribute funds into the CIRP account of the Corporate Debtor:

Particulars	Incurred (In Rs)	Approval
Advocate Fee for filing IA for Dissolution before the Hon'ble NCLT	17,370	Approved in 1 st CoC
IRP fee from 10.10.2025 to 31.10.2025	70,968	Approved in the present CoC meeting
IRP fee for November 2025	1,00,000	Approved in the present CoC meeting
TOTAL	1,88,338	

Payment of CIRP cost by the CoC members:

Name of the CoC member	% of voting	Amount to be contributed (In Rs)	Remarks
SBI	99.74%	1,87,848	To be contributed
PPG Asian Paints Private Limited	0.26%	490	Advance of Rs.1,00,000 was paid on 24.11.2025
TOTAL	100%	1,88,338	

IRP requested the SBI to contribute Rs.1,87,848/- (Rupees One lakh eighty seven thousand eight hundred forty eight only) into the CIRP account of the Corporate Debtor maintained with Standard Chartered Bank for smooth continuance of CIRP process.

The advance amount paid by PPG Asian Paints Private Limited shall be refunded after appropriating their contribution.

IRP requested SBI to pay their contribution of CIRP cost into CIRP account of the CD as per the particulars given below:

Account Name : M/s Coastal Automobiles Private Limited (In CIRP)
Account Number: 44605193064
IFSC Code : SCBL0036075
Bank & Branch : Standard Chartered Bank, Somaji Guda, Hyderabad

SBI informed the IRP to submit the statement of CIRP cost incurred / to be incurred to enable them to take approval of their higher authorities and to pay the amount into the CIRP account of the CD. Accordingly, the statement of CIRP expenses incurred / to be incurred submitted to SBI is attached herewith.

20. The Applicant relying on various judgments of the Hon'ble NCLAT and Coordinate Benches of NCLT, has prayed for exercise of the powers conferred on this Adjudicating Authority under Section 60(5) of the Code read with Rule 11 of the NCLT Rules to order for the dissolution of the Corporate Debtor.

21. Subsequent to the filing of the present IA, the Ministry of Corporate Affairs, vide Notification No. S.O.2625(E) dated 22.05.2026, notified 26.05.2026 as the commencement date for the amendment to various sections, which include Section 33 and Section 54, of the "The Insolvency and Bankruptcy Code (Amendment) Act, 2026" (hereinafter referred to as the "**IBC Amendment 2026**"), Therefore the present Application needs to be adjudicated in accordance with the Section 33 and Section

54 as amended vide IBC 2026.

22. Section 33 provides that where the RP, at any time during the CIRP but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the CoC approved by not less than sixty-six per cent of the voting share to dissolve the Corporate Debtor, the Adjudicating Authority shall pass a dissolution order under sub-section (2A) of section 54 of the IBC. Sub-section (2A) of section 54 of the IBC provides that the Adjudicating Authority may, on receipt of the decision of the CoC to dissolve the Corporate Debtor under sub-section (2) of section 33, order that the Corporate Debtor shall be dissolved from the date of that order. Provided that if, on the passing of an order, any asset of the Corporate Debtor remains with it, such asset may be disposed of in such manner as may be specified, and the proceeds thereof shall be distributed for payment of the insolvency resolution process costs and any surplus remaining after payment of such costs shall be credited to the Insolvency and Bankruptcy Fund formed under section 224 of the IBC. The relevant extracts of Section 33 and 54 are reproduced below:

“Section 33: Initiation of liquidation.

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(2) Where the resolution professional, at any time during the corporate insolvency resolution process but before confirmation of resolution plan, intimates the Adjudicating Authority of the decision of the committee of creditors approved by not less than sixty-six per cent. of the voting share to liquidate or dissolve the corporate debtor, the Adjudicating Authority shall pass a liquidation order as referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (b) of sub-section (1) or a dissolution order under sub section (2A) of section 54, as the case may be:

Provided that the committee of creditors shall, before taking the

decision to dissolve the corporate debtor, comply with such conditions, as may be specified.

Explanation. – For the purpose of this sub-section, it is hereby declared that the committee of creditors may take the decision to liquidate or dissolve the corporate debtor, any time after its constitution under sub-section (1) of section 21 and before the confirmation of the resolution plan, including at any time before the preparation of the information memorandum.

.....”

“Section 54: Dissolution of corporate debtor.

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(1A) Where a proceeding in respect of an avoidance transaction or fraudulent or wrongful trading or under section 47 is pending before an application is made under sub-section (1) or a decision is made to dissolve the corporate debtor under sub-section (2) of section 33, the committee of creditors shall determine the manner of pursuing such proceedings and the distribution of the proceeds arising out of such proceedings, in such manner and subject to such conditions as may be specified.

(1B) Where any suit or other legal proceeding against the corporate debtor in respect of any proceeds to be distributed under section 53 is pending before application is made under sub-section (1) or a decision is made to dissolve the corporate debtor under sub-section (2) of section 33, the committee of creditors shall make appropriate arrangements for pursuing such suit or proceeding, and distribution of proceeds to the parties in such suit or proceedings, in such manner and subject to such conditions as may be specified.

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(2A) Without prejudice to the provisions of sub-section (2), the Adjudicating Authority may, on receipt of the decision of the committee of creditors to dissolve the corporate debtor under sub-section (2) of section 33, order that the corporate debtor shall be dissolved from the date of that order and the corporate debtor shall be dissolved accordingly:

Provided that if, on the passing of an order under this sub-section, any asset of the corporate debtor remains with it, such asset may be disposed of in such manner as may be specified, and the proceeds thereof shall be distributed for payment of the insolvency resolution process costs and any surplus remaining after payment of such costs

shall be credited to the Insolvency and Bankruptcy Fund formed under section 224.

(2B) Notwithstanding anything contained in sub-section (2) and sub-section (2A), the passing of the dissolution order shall not affect the continuation of proceedings referred to in sub-sections (1A) and (1B).

(3) A copy of an order under sub-section (2) or sub-section (2A) shall within seven days from the date of such order, be forwarded to the authority with which the corporate debtor is registered.

.....”

23. Pursuant to the IBC Amendment 2026, the Insolvency and Bankruptcy Board of India (hereinafter referred to as the “IBBI”) by Notification No. IBBI/2026-27/GN/REG152, dated 01.06.2026 (w.e.f. 02.06.2026) inserted Regulation 40E to the CIRP Regulations, which provides that the CoC may, by a vote of not less than sixty-six per cent, of the voting share, resolve to seek dissolution of the Corporate Debtor, if the assets of the Corporate Debtor are insufficient to meet the CIRP costs & likely liquidation costs; or not capable of being effectively realised in the ordinary course of liquidation. The relevant extract of Regulation 40E is reproduced below:

“40E. Dissolution of Corporate Debtor during corporate insolvency resolution process.

(1) Where the committee is satisfied that-

(a) the assets of the Corporate Debtor are insufficient to meet the insolvency resolution process costs and likely liquidation costs; or

(b) the assets available with the Corporate Debtor are not capable of being effectively realised in the ordinary course of liquidation;

the committee may, by a vote of not less than sixty-six per cent of the voting share, resolve to seek dissolution of the Corporate Debtor.

(2) Upon passing of the resolution under sub-regulation (1), the resolution professional shall, within ten days, intimate the

Adjudicating Authority of the decision of the committee by filing an application enclosing-

- (a) a copy of the resolution passed by the committee;
- (b) details of assets of the Corporate Debtor, including movable, immovable, financial and intangible assets;
- (c) details of claims, avoidance transactions and contingent assets, if any; and
- (d) a statement demonstrating that continuation of the corporate insolvency resolution process or commencement of liquidation would not be economically beneficial for the stakeholders, having regard to the factors considered by the committee of creditors under sub-regulation (1).”

24. In the peculiar facts of the present case, we are of the considered view that continuation of the CIRP or liquidation would amount to wastage of time, professional effort and Financial Creditor’s resources, that to the Corporate Debtor, which is non-functional, would run contrary to the spirit and objectives of the Code. Therefore, in exercise of its powers under the Code and NCLT Rules permit dissolution to prevent futile proceedings.

25. It is further noted that this Adjudicating Authority vide its order dated 09.11.2021, admitted the Corporate Debtor into CIRP and appointed Mr. K.K. Balasubramanian (IBBI/IPA-001/IP-P-01544/2018-2019/12401) as the IRP with the direction to file his written consent forthwith. Since no progress reports or IAs were filed indicating the status of the CIRP, the matter was listed and in compliance of direction of this Adjudicating Authority Order dated 11.06.2025, 04.07.2025, and 18.07.2025 the Registry issued notices to the IRP, calling for a report on the current status of the CIRP. During the course of hearing dated 25.08.2025, It was observed that Mr. K.K. Balasubramanian was having a valid AFA at the

time of his appointment and therefore not accepting the assignment of the IRP and also not communicating to this Adjudicating Authority amounts to serious dereliction of statutory duty on the part of IRP and therefore, the Registry was again directed to issue notice to Mr. K.K. Balasubramanian, IRP, to file his explanation as to why appropriate action should not be taken against him and also to appear on the next date of hearing. However, no report, has been filed by him so far. It is noted that Mr. K.K. Balasubramanian failed to file either his consent affidavit or refusal to accept the assignment affidavit to act as IRP. This failure and non-compliance have directly led to the present situation of CIRP of the Corporate Debtor. In view of the above, the copy of the Order needs to be sent to IBBI for information and necessary action, if any.

26. As a sequel to the discussion above, the Corporate Debtor, i.e., Coastal Automobiles Private Limited, is hereby dissolved with the following directions:

- (i) The Financial Creditors (SBI and PPG) would reimburse the CIRP cost in the ratio of their voting share in the CoC (after adjusting the amount already paid). The RP shall file a Memo before the Registry of this NCLT, Amaravati Bench, within seven days from the date of this Order, confirming the receipt of the CIRP cost from the SBI and PPG and closure of the Corporate Debtor's bank account, bearing Account No. 44605193064, maintained with Standard Chartered Bank, Somajiguda, Hyderabad.

- (ii) Consequently, upon the filing of the aforesaid Memo before the Registry, NCLT, Amaravati Bench, Mr. Ravuru Hari Prasad will be discharged from his duties and responsibilities, as the RP of the Corporate Debtor,.
- (iii) The liberty is granted to the SBI to file appropriate applications for avoidance and fraudulent transactions against the Suspended Directors, after they are traced.
- (iv) If, after the dissolution of the Corporate Debtor, any assets of the Corporate Debtor are found/ traced, such assets shall be dealt in accordance with proviso to sub-section (2A) of Section 54 of the IBC.
- (v) If, after the dissolution of the Corporate Debtor, it is found that any suit or other legal proceeding against the Corporate Debtor is pending, the Financial Creditors (SBI and PPG) shall make appropriate arrangements for pursuing such suit or proceeding, and distribution of proceeds to the parties in such suit or proceedings, in accordance with the Code, Liquidation Regulations and other applicable laws.
- (vi) However, at any event, the liability of the corporate or personal guarantors of the Corporate Debtor, if any, shall not be absolved by the virtue of this order for dissolution of the corporate debtor. Aggrieved party(ies) shall be at liberty to continue or take appropriate legal recourse against them before appropriate forum.

- (vii) The dissolution of the Corporate Debtor would not in any way absolve the promoters or suspended directors of the Corporate Debtor from their liabilities in respect of the Corporate Debtor, under any law for the time being in force.
 - (viii) The RP is directed to serve a copy of this order upon the Registrar of Companies, Andhra Pradesh, within seven days of receipt of this Order. The Registrar shall take necessary action upon receipt of copy of this order.
 - (ix) The RP is further directed to forward a copy of this order to the members of the CoC, IBBI and all other statutory authorities concerned with the affairs of the Corporate Debtor.
 - (x) The Registry will forward a copy of the Order to IBBI for taking a note of the conduct of Mr. KK Balasubramanian (Registration No.IBBI/IPA-001/IP-P-01544/2018-2019/12401) and necessary action, if any.
 - (xi) The RP shall preserve physical or electronic copy of the reports, registers, and books of accounts referred to in Regulations 45A of the Liquidation Regulations for at least eight years after the dissolution of the Corporate Debtor, either with himself or with an information utility.
 - (xii) The RP shall also ensure all other compliances as mandated under IBC, CIRP Regulations, Liquidation Regulations, and any other law.
27. With the aforesaid directions, the Interlocutory Application bearing

No. IA (IBC) (Dis.)/1/2026 is allowed and disposed of. Consequently, the Company Petition bearing CP (IB)/07/7/AMR/2020 also stands disposed of.

28. A copy of this Order shall immediately be communicated to the RP and IBBI by the Court Officer/ Registry of this Adjudicating Authority.

Sd/-
(Umesh Kumar Shukla)
Member (Technical)

Sd/-
(Kishore Vemulapalli)
Member (Judicial)

Sankar