



**INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Casebook Issue 51:

**Insolvency Tale of
Mondal and Manna
Coldstore Private Limited**



**INSOLVENCY
UNCOVERED**

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About M/s Mondal and Manna Coldstore Private Limited 1

Mondal and Manna Coldstore Private Limited is a Non-government Company, incorporated on 29th October,2010. It's a private unlisted company and is classified as 'company limited by shares'. Its authorized share capital is Rs. 45 lakhs and its paid up capital is Rs. 36.4 lakhs.

Company is registered with the Registrar of Companies, Kolkata, Registrar Office address is Vill- Ratanpur P. O. Singur, P. S. Singur, Singur WB 712409. Company's registration number is 154357 and its Corporate Identification Number(CIN) is U63020WB2010PTC154357.

Directors of the Company are Mr. Probir Kumar Mondal and Mr. Manjushri Mandal. Mondal & Manna Coldstore Private Limited is majorly in Transport, storage and Communications business from last 11 years

Major Financial Creditors/Bankers

The major financial creditor was United Bank of India (Now merger with PNB)

CIRP of M/s Mondal and Manna Coldstore Private Limited

Initiation of CIRP under Section 7 of I&B Code, 20162

United Bank of India filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rule, 2016 against Mondal and Manna Coldstore Pvt. Ltd.. The Mondal and Manna Coldstore Pvt. Ltd. herein the Corporate Debtor (CD) owed a sum of Rs. 7, 06,69,767.95/- to United Bank of India, herein the Financial Creditor (OC). The application was accepted by the NCLT Kolkata bench on 23.09.2019.

Appointment of IRP2

On 23.09.2019, vide order number CP (IB)/78/NCLT/KB/2019 the Interim Resolution Professional (IRP) was appointed. The name of IRP was proposed by the financial creditors United Bank of India. The IRP was directed to do all the necessary actions in terms of announcements, publications and declarations in consonance with the Code.

Order of Moratorium & Public Announcement2

Moratorium shall have effect from 23.09.2019 till the completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under sub-section (1) of section 31 of IBC or passes an order for liquidation of corporate debtor under section 33 of IBC, as the case may be.

Public announcement of the Corporate Insolvency Resolution Process was made immediately as per section 15 of the IBC, 2016

Invitation for Prospective Resolution Applicants3

IRP invited the Resolution plan from Prospective Resolution Applicants. Public Announcement in terms of Regulation 4 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 was made in Local and English Newspaper on 24.09.2019 inviting all the creditors of M/s Mondal and Manna Coldstore Private Limited to submit their claim.

In the course of continuing the process two Registered Valuers were appointed to ascertain the estimated realizable values of the assets of the Corporate Debtor. The liquidated value of one pond which is the only asset in possession of the Corporate Debtor, was assessed at Rs. 28,90,500. Publishing the announcement on Form G was done on 26.12.2019 in the newspapers and on the website of IBBI as required under regulation 36A (1) of IBBI Regulations.

Two applications were received in response to the publication of EOI. The RP presented the provisional list of prospective Resolution Applicants in terms of regulation 36A(10) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 which was approved by the CoC and duly conveyed to the Prospective Resolution Applicants by way of email on 17.01.2020. The Resolution Plan submitted by one of the Resolution Applicants namely, Ma Tara Projects, was compliant as per provisions of the Code, 2016.

M/s Ma Tara Projects submitted their resolution plan with changes as suggested by CoC on 16.03.2020. Out of the Rs. 10,00,000 upfront payment to be made by them, an amount of Rs. 4,75,105 would be provided towards CIRP costs. The Resolution Plan was approved by CoC with 100% of vote share.

After evaluation of the proposal and approval by the Committee of Creditors of the Resolution Plan submitted by Maa Tara Projects, an application was filed and the matter was listed for hearing on 19.03.2020 when the final report along with the resolution plan was to be submitted before this Tribunal for final adjudication. The

hearing was postponed to 22.04.2020 due to the situation of Covid 19. The matter could not be heard on 22.04.2020 due to the nation-wide lockdown in view of the pandemic and hence filed this application for urgent hearing of the matter through video conference.

Highlights of the Resolution Plan3

The said Resolution Plan includes the financial outlay as certified by the Resolution Professional including inter –alia:

- The necessary repairs and maintenance work to prepare the cold storage ready for the upcoming season will have to be done. The working capital requirements will be for paying electricity bills, salary, labour charges, chemical consumption and periodical maintenance and repair work. The working capital requirement will not be significant and the RA will mop up this fund as loan from Shareholders and others.
- Payment of past dues and Term plan for acquisition of Mondal & Manna Coldstore Pvt. Ltd., have been taken into account bearing in mind the interest of all stakeholders while devising the Resolution Plan.
- The upfront payment proposed is Rs. 10 lakhs within 30 days of NCLT Order.
- Funds required will be raised by RA from their own sources.
- Entire CIRP costs will be paid on priority over all other dues. CIRP expenses are not to be paid by the RA.
- The dues totaling to Rs. 2.00 Crores payable to Secured Financial Creditors will be paid irrespective of whether they support the Resolution Plan or not.
- Security – United Bank of India / RP will execute sale deed for the sale of pond upon full payment of Rs. 10 .00 lakhs by the RA. UBI also agrees to remove / vacate the charge on the pond immediately on realization of payments from Resolution Applicants.
- Prepayment charges are not applicable. RP has not received any claim with respect to dues on account of workmen & employees and hence no amount is


payable on this Creditors, Operational Creditors and Statutory Dues and therefore, no payment is to be made on these counts too.

- Value payable to equity shareholders of the Corporate Debtor is Nil.
- The plan is binding on the Corporate Debtor, M/s Mondal & Manna Cold store Pvt. Ltd., its employees, members, creditors, guarantors, the Central Government, any State Government or any local authority and other stakeholders involved in the Resolution Plan.


Acceptance of Resolution Plan by NCLT 3


NCLT via order dated 13.07.2020, accepted the resolution plan submitted by M/s Ma Tara Projects. The NCLT approved Resolution plan under provisions of sub-section(1) of Section 31 of the Insolvency and Bankruptcy Code, 2016, which shall be binding on the Corporate Debtor, M/s Mondal & Manna Coldstore Pvt. Ltd., its employees, members, creditors, guarantors, the Central Government, any State Government or any local authority and other stakeholders involved in the Resolution Plan.

Timeline

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- 29.10.2010
 - Date of incorporation of M/s Mondal & Manna Coldstore Private Limited*

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- 23.09.2019
 - CIRP of M/s Mondal & Manna Coldstore Private Limited*
 - Appointment of IRP*

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- 16.03.2020
 - Resolution plan approved by COC

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- 13.07.2020
 - NCLT approved Resolution Plan

Bibliography

1. <https://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>
2. <https://ibbi.gov.in/orders/nclt?title=mondal&date=&nclt=>
3. <https://ibbi.gov.in/uploads/order/e94fe243d985a08e051663c62boeafc2.pdf>