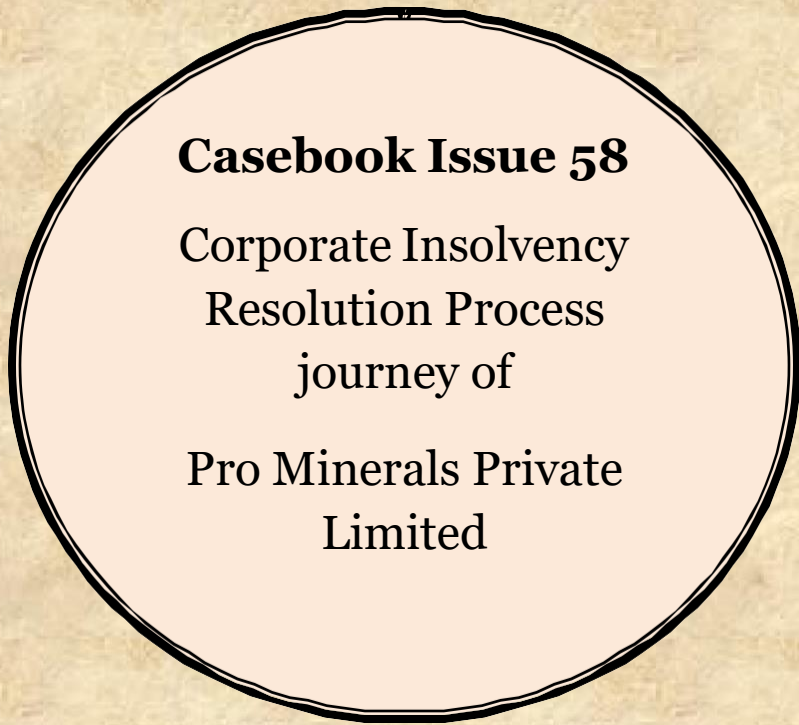




INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



Casebook Issue 58

Corporate Insolvency
Resolution Process
journey of

Pro Minerals Private
Limited



**INSOLVENCY
UNCOVERED**

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About M/s Pro Minerals Private Limited ¹

M/s Pro Minerals Private Limited is a Private Limited Company which was incorporated on 21st September 2010. It is classified as a Non-Government Company.

It is registered at Registrar of Companies, Kolkata. Its authorized share capital is Rs. 870.00 crores and its paid-up capital is Rs. 27.90 crores. It is involved in Mining of iron ores [includes mining of hematite, magnetite, limonite, siderite or taconite etc. which are valued chiefly for iron content. Production of sintered iron ores is also included].

The company, M/s Pro Minerals Private Limited, had three directors. They are Mr. Sanjay Kumar Baid, Mr. Arun Garg and Mr. Tuhin Kumar Mukherjee since 8th Marc, 2019. Now three more directors have joined in Mr. Uday Shankar Saha who joined the board on 2nd September, 2011, Mr. Ravindra Kumar Sahu on 7th February, 2020 and Mr. Sharad Bajaj on 5th February, 2021.

M/s Pro Minerals Private Limited's Corporate Identification Number is (CIN) U13100WB2010PTC153241. The registered address of Pro Minerals Private Limited is Ecospace Business Park, Block B, 6th Floor, Action Area-II, Plot No.II F/11, New Town, Rajarhat Kolkata WB 700156 - India.

Major Financial Creditors/Bankers²

The company has financial exposure majorly with Bank of Baroda, UCO Bank, Axis Bank Ltd., Union Bank of India and State Bank of India.

CIRP of M/s Pro Minerals Private Limited

CIRP initiation under Section 7 of I&B Code, 2016

Section 7 of I&B Code, 2016 allows a financial creditor of a defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority. Financial Creditor, Bank of Baroda, initiated the CIRP of M/s Pro Minerals Private Limited under section 7 of IBC, 2016.

Admission and Initiation of CIRP of M/s Pro Minerals Private Limited

The Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT of Kolkata Bench. The matter was presented by Adv. Mr. Abhrajit Mitra, Adv. Mr. Souvik Mazumdar and Adv. Mr. Arif Ali the Authorized representative of the Financial Creditor Bank of Baroda, Adv. Mr. Saumik Batham and Mr. Ankur Singhi was represented for M/s Pro Minerals Private Limited.

The corporate debtor M/s Pro Minerals Private Limited was enjoying fund based working capital facilities and the outstanding amounts of the bank guarantee issued under the Working Capital Consortium Agreement.

Application was moved by Bank of Baroda, the Financial Creditor and the same was admitted for CIRP under Section 7 of the Insolvency & Bankruptcy Code, 2016 read with Rule 4 of Insolvency & Bankruptcy (Application to AA) Rules, 2016 seeking initiation of CIRP against M/s Pro Minerals Private Limited on 09th May, 2018. Along with it, the moratorium under Section 13 & 14 of I&B Code, 2016 was also declared.

Appointment of Mr. Bijay Murmuria as the IRP

The Financial Creditor had proposed the name of Mr. Bijay Murmuria as the Interim Resolution Professional (IRP) for conducting the Corporate Insolvency Resolution Process (CIRP), vide order number CP No.524/IBC/NCLT/KB/2017 dated 09th May 2018, Mr. Bijay Murmuria was appointed as the Interim Resolution Professional (IRP). The IRP Mr. Bijay Murmuria was directed to do all the necessary actions in terms of announcements, publications and declarations in consonance to the Code.

1stCoC Meeting and Appointment of the RP in the case of M/s Pro Minerals Private Limited

Mr. Bijay Murmuria in the capacity of an IRP had made the necessary public announcements under Section 15 as per IBC, 2016. He had also invited for claims from operational creditors, other financial creditors, employees and workmen on 11th May 2018, received claims from five financial creditors and six operational creditors. However, claims of operational creditor were received without any proof, hence could not be admitted.

On 15th June 2018, the 1st meeting of Committee of Creditors (CoC) was organized. Mr. Bijay Murmuria was confirmed as RP with 77.68% votes and appointed as the Resolution Professional for the Corporate Debtor, in accordance with Section 22 of IBC.

Expression of Interest in response to Form G

On 26th July, 2018, the Resolution Professional had published notice of invitation for invitation of prospective applicants to submit Expression of Interest (EOI)/Resolution Plan on or before 07th August, 2018. RP received EOI from 9(nine) prospective applicants. However, none amongst them submitted the resolution plan.

Subsequently RP published one more notice of invitation of RP and received 2(two) plans – (1) Essel Mining & Industries Ltd. and (2) AIC Steels Private Ltd.

M/s Essel Mining & Industries Ltd. was identified as the best Resolution Applicant and its resolution plan is approved by CoC

On 10th January, 2019, the 9th CoC Meeting was called, wherein the Resolution Plan of the Resolution Applicant M/s Essel Mining & Industries Ltd. was placed and was approved by CoC with a voting share of 69.08%.

Abiding by the terms under section 30(6), the Resolution Professional submitted the Resolution Plan seeking an approval under section 31(1) of the Code.


Highlights of the Resolution Plan


- A provision of amount of Rs. 5.00 crores was made to meet expenses towards resolution fees and costs.
- The revival plan of the company in accordance with Resolution plan.


Concluding Notes


The preamble of Insolvency & Bankruptcy Code, 2016 aims to promote resolution over liquidation. The first objective is “Resolution”. The purpose of resolution is to maximize the value of the assets of the Corporate Debtor and thereby of all creditors, which forms the second objective of IBC. The third objective is to promote entrepreneurship, availability of credit and balancing the interest of all stakeholders. The Code mentions Resolution Plan as a plan for the insolvency resolution of the CD as a going concern without strictly defining the Resolution Plan. Rather it leaves it open for RA to maximize the scope and value of the assets and balance the interest of all the stake holders.


CIRP Timeline


- 
- 21st September, 2010
 - Date of incorporation M/s Pro Minerals Private Limited

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- 09th May, 2019
 - CIRP of M/s Pro Minerals Private Limited admitted
 - Appointment of Mr. Bijay Murmuria as IRP

- 
- 11th May, 2018
 - Public Announcements

- 
- 15th June, 2018
 - 1st CoC Meeting
 - Appointment of Mr. Bijay Murmuria as RP

- 
- 9th meeting
 - 15th January, 2019
 - COC approved Resolution Plan

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- 22nd Feb, 2019
 - Resolution plan approved

Bibliography

1<http://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>

2<https://ibbi.gov.in/orders/nclt?title=pro+min&date=&nclt=>

3https://nclt.gov.in/orderjudgements?field_bench_target_id=5377&field_search_date_value_1%5Bmin%5D%5Bdate%5D=&field_search_date_value_1%5Bmax%5D%5Bdate%5D=&title=524&field_search_date_value%5Bvalue%5D%5Byear%5D=&field_name_of_petitioner_value=&field_name_of_respondent_value=&field_search_date_value%5Bvalue%5D%5Byear%5D=&advocate_name=&field_search_date_value%5Bvalue%5D%5Byear%5D=