



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

Casebook Issue 59

**Corporate Insolvency
Resolution Process**

journey of

**Propel Valves Private
Limited**

**INSOLVENCY
UNCOVERED**

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About M/s Propel Valves Private Limited ¹

M/s Propel Valves Private Limited is a Private Limited Company, incorporated on 9th January, 1995. It is classified as Non-Government Company and is registered at Registrar of Companies, Chennai. Its authorized share capital is Rs. 1.50 crores and its paid-up capital is Rs. 1.42 crores. The company was involved into manufacturing of Propel Valves. They were the leading manufacturer and exporter of various types industrial valves. They have extensive proficiency and expertise in valve design, development and production thereby ensuring that PROPEL brand valves are unmatched in quality, performance and reliability.

The current status of Propel Valves Private Limited is - Active.

The last reported AGM (Annual General Meeting) of Propel Valves Private Limited, per our records, was held on 30 December, 2020. Also, as per our records, its last balance sheet was prepared for the period ending on 31 March, 2020.

Propel Valves Private Limited has three directors - Muthukrishnan Swaminathan, Elapulli Sankar Narayanan and Mr. Vivek Jacob Simon.

The Corporate Identification Number (CIN) of Propel Valves Private Limited is U30007TN1995PTC029790. The registered office of Propel Valves Private Limited is at 32, 33, Spartan Avenue, Thiruvalluvar Nagar, Mogappair, Chennai, Tamil Nadu.

Major Creditors²

The only Operational creditor was M/s Mechanco Engineering Works with a credit exposure of Rs. 12.45 lakhs while the only financial creditor was State Bank of India (SBI).

CIRP of M/s Propel Valves Private Limited 3

CIRP initiation under Section 9 of I&B Code, 2016

While section 7 and 9 of I&B Code, allows creditors of the defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority. The Admission of CIRP of M/s Propel Valves Private Limited was under section 9 of IBC, 2016. Previously this case has been filed under Hon'ble Madras High Court u/s 433, 434 and 439 of the Companies Act, 1956 which has been transferred to NCLT, Chennai under Companies (Tribunal of Pending Proceedings) Rules, 2016. Later, pursuant to the Government Notification number GSR 119 (E) dated 07th December, 2017, the petition needed to be determined as per IBC Code, 2016.

Admission and Initiation of CIRP of M/s Propel Valves Private Limited

Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT of Chennai Bench. The matter was presented by Adv. Shri. Ramakrishnan Viraraghavan to represent for M/s Mechanco Engineering Works and Adv. A. K. Mysany to represent for M/s Propel Valves Private Limited.

Application was filed by M/s Mechanco Engineering Works as the Operational Creditor and the same was admitted for CIRP under Section 9 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 Propel Valves Private Limited on 11th August, 2017. Along with it, the moratorium under Section 13 & 14 of I&B Code, 2016 was also declared.

Appointment of Mr. S Rajendran as the IRP

On 11th August, 2017, vide order number TCP (IB)258/CB/2017 Mr. S Rajendran was appointed as the Interim Resolution Professional (IRP). The name of Mr. S. Rajendran was proposed by the operational creditor. The Interim Resolution Professional (IRP) Mr. S. Rajendran was directed to do all the necessary actions in terms of announcements, publications and declarations in consonance to the Code.

The CoC meeting was organized and there by the consent of the CoC Mr. Rajendran was approved and appointed as the Resolution Professional (RP) for the Corporate Debtor, in accordance to section 22 of IBC.

Resolution Plan

The Financial Creditor had waived the duty of RP under section 25 for inviting Resolution plan from general public announcement and an opportunity had been given to the Promoter Directors of the Corporate Debtor to submit a resolution plan and evaluate the same on the merits through public announcement.

The Resolution Plan was submitted by Mr. Elapulli Sankar Narayanan, Mr. Muthukrishnan Swaminathan and Mr. Vivek Jacob Simon and was approved by the sole member of the Committee of Creditors (SBI) after revision in the plan.

The Resolution applicants have brought the funds and paid the Resolution costs except the fee for Resolution Professional.

Payment Terms

The Resolution Plan was for an amount of Rs.12.45 lakhs, to be paid within 30 days of approval of the plan by the NCLT. Moratorium period was extended by 2 months.

Highlights of the Resolution Plan

The said Resolution Plan includes inter-alia:

- The additional funds were brought in as loan to the Corporate Debtor would be subject to a repayment holiday for 3 years for principal and cumulative interest.
- The interest rate of 10.95% p.a. on par with the rate of interest charged by bank
- The affairs of the company were managed by its Current Directors under the supervision of Resolution Professional.
- The claim was settled in full.

CIRP Timeline

- 
- 09th January, 1995
 - Date of incorporation of M/s Propel Valves Private Limited

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- 11th August, 2017
 - CIRP of M/s Propel Valves Private Limited *admitted*
 - Appointment of Mr. S Rajendran as IRP

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- 019th March, 2018
 - Resolution Plan Approved.

Bibliography

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

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

³https://nclt.gov.in/orderjudgements?field_bench_target_id=5374&field_search_date_value_1%5Bmin%5D%5Bdate%5D=&field_search_date_value_1%5Bmax%5D%5Bdate%5D=&title=258&field_search_date_value%5Bvalue%5D%5Byear%5D=&field_name_of_petitioner_value=&field_name_of_respondent_value=&advocate_name=&page=1