



## **Casebook Issue 55:**

Insolvency Tale of VSP

Udyog Private Limited

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



**INSOLVENCY  
UNCOVERED**

## Index

<b>1. About M/s. VSP Udyog Private Limited.....</b>	<b>2</b>
<b>2. Major Operational Creditors.....</b>	<b>2</b>
<b>3. CIRP of M/s. VSP Udyog Private Limited.....</b>	<b>3-6</b>
▪ <i>Initiation of CIRP of M/s. VSP Udyog Private Limited</i>	
▪ <i>Appointment of IRP</i>	
▪ <i>Change of RP</i>	
▪ <i>Public Announcement</i>	
▪ <i>Invitation for Prospective Resolution Applicant and Acceptance of M/s. Amit Metaliks Limited as the eligible Resolution Applicant</i>	
▪ <i>Resolution Professional (RP) files an application for extension of CIRP</i>	
▪ <i>Highlights of the Resolution Plan</i>	
<b>4. Timeline .....</b>	<b>7</b>
<b>5. Bibliography.....</b>	<b>8</b>

### **About M/s. VSP Udyog Private Limited**

VSP Udyog Private Limited is a Non-govt company, incorporated on 30 Oct, 2002. It's a private unlisted company and is classified as ' company limited by shares'. Company's authorized capital stands at Rs 2775.0 lakhs and has 47.373478% paid-up capital which is Rs 2328.8 lakhs.

VSP Udyog Private Limited is majorly in Manufacturing (Metals & Chemicals, and products thereof) business. The directors are Mr. Amit Kumar Singh and Mr. Arvind Kumar Singh

Company is registered in Kolkata (West Bengal) Registrar Office. VSP Udyog Private Limited registered address is '238/B, A.J.C. Bose Road, 3rd Floor, FL-A3, Kolkata WB- 700020

### **Major Operational Creditor**

The major Operational creditor of VSP Udyog was M/s S Sen & Sons.

## **CIRP of M/s VSP Udyog Private Limited 3**

### **Initiation of CIRP of M/s VSP Udyog Private Limited**

Company Petition filed under Section 9 of the Insolvency & Bankruptcy Code, 2016 ("IBC") read with Rule 6 of Insolvency & Bankruptcy (AAA) Rules, 2016, by an Operational Creditor, (hereinafter referred as 'the Creditor')namely, M/s. S Sen & Sons, who supplied MS Billets and other items to M/s VSP Udyog Private Limited (hereinafter referred as 'the Debtor'). The Corporate Debtor, had committed a default in making payment of Rs. 192433.40/- .

### **Appointment of IRP**

On 07th August, 2019, the Operational creditor proposed the name of IRP to be appointed. The IRP was directed to do all the necessary actions in terms of announcements, publications and declarations in consonance with the Code.

### **Change of RP**

The Committee of Creditors (COC) constituted changed the IRP and appointed Mr. Raj Singhania, as Resolution Professional and the said appointment was approved by NCLT.

### **Public Announcement**

Public Announcement in terms of Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 was made in Financial Express (English) and Aajkal (Hindi) newspapers in Agra region on 10<sup>th</sup> August, 2019 inviting all the creditors of M/s VSP Udyog Private Limited to submit their claim.

The Resolution Professional had caused newspaper publications inviting Expression of interest, two times i.e. on 19-10-2019 and on 14-12-2019 and finally, received three Resolution Plans, within the prescribed time limit, which were placed for consideration before the COC in its meeting held on 20th March, 2020.

### **Invitation for Prospective Resolution Applicant and Acceptance of M/s. Amit Metaliks Limited as the eligible Resolution Applicant**

During lockdown period, one of the Resolution Applicants, namely, M/s. Amit Metaliks Limited, who had earlier submitted EOI along with three others, upon approval by this Tribunal, after the expiry of the last date for submission of the EOI, showed interest to submit the Resolution Plan, which the RP did not allow. Eventually, this Tribunal, vide Order dated 29th May, 2020, allowed the Resolution Applicant, M/s. Amit Metaliks Limited, to submit their Resolution Plan within three days and the Resolution Applicant, M/s. Amit Metaliks Limited, submitted Resolution Plan on 1<sup>st</sup> June, 2020. The COC in its meeting held on 29th June, 2020, after considering the revised offers of the respective Resolution Applicants and assessing the feasibility and viability of the Plans, declared M/s. Amit Metaliks Limited, as the H-1 bidder, successful H1 bidder submitted its revised Resolution Plan on 27th July, 2020 with the Resolution Professional, incorporating the changes/modifications suggested by the RP/COC and also revising the financial bids.

The said revised Resolution Plan of M/s. Amit Metaliks Limited, was put for voting in the 14th COC meeting held on 31st July, 2020 for approval, which had fulfilled the requirements, as prescribed in Sub-Section 2 of Section 30 of the Insolvency & Bankruptcy Code, 2016. The final Resolution Plan, submitted by M/s. Amit Metaliks Limited, incorporating the amendments proposed by it in the Addendum, was approved by the COC through e-voting on 13th August, 2020, with 95.35% voting share, being found feasible and viable.

It is stated that the Resolution Professional has satisfied himself with the contents of the Resolution Plan as contemplated under the Code and its Resolution and has submitted the compliance certificate in Form 'H' as prescribed.

It would be seen from Form H, Compliance Certificate, submitted by RP in the present matter concerning the Resolution process of the Corporate Debtor, M/s. VSP Udyog Private Limited that he has examined the Resolution Plan received from the Resolution Applicant, M/s. Amit Metalic Limited, and the same has been approved by the CoC.

The COC meeting was called and the resolution plan was presented to the COC and was approved with 95.35% voting shares.

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.

**Resolution Professional (RP) files an application for extension of CIRP:**

Resolution Professional (RP), filed an application in NCLT for extension of CIRP under Section 12 of the Code. Therefore, in context of the same the RP filed application for an extension by 90 days. NCLT through its order dated 28<sup>th</sup> January, 2020 allowed the extension of CIRP.

### **Highlights of the Resolution Plan**

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

- The average Fair Value and the Liquidation Value, obtained from the appointed IBBI Registered Valuer, are Rs. 69,24,16,000/- and Rs. 50,85,07,000/-, respectively. The Resolution Applicant, herein, has offered a total Resolution Plan amount of Rs. 52.74 Crores to discharge the liabilities of the Corporate Debtor, which includes 14.98 % to the Secured Financial Creditors and 0.025% to Operational Creditors and the employees will be paid 14.42 %, and further infusion of Rs. 60 Crores towards Working Capital requirement, to revive the Corporate Debtor Company and make its units operational.
  
- It makes provision for the payment of the Insolvency Resolution Process, payment of the debts of Operational Creditors, Management of the affairs of the Corporate Debtor, and also provision for implementation and supervision of the Resolution Plan.
  
- It is binding on Corporate Debtor and its employees, creditors, guarantors and other stakeholders.

## Timeline

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- 30th October, 2002
  - Date of incorporation of M/s VSP Udyog Private Limited .*

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- 07th August, 2019
  - CIRP of M/s VSP Udyog Private Limited .*
  - Appointment of IRP*

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- 28th January, 2020
  - Extension of 90 days approved

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- 13th August, 2020
  - COC Approved Resolution plan

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- 20th October, 2020
  - Resolution Plan Accepted by NCLT

## **Bibliography**

1. <https://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>
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3. [https://nclt.gov.in/order-judgements?field\\_bench\\_target\\_id=5377&field\\_search\\_date\\_value\\_1%5Bmin%5D%5Bdate%5D=&field\\_search\\_date\\_value\\_1%5Bmax%5D%5Bdate%5D=&title=1221&field\\_search\\_date\\_value\\_1%5Bvalue%5D%5Byear%5D=&field\\_name\\_of\\_petitioner\\_value=&field\\_name\\_of\\_respondent\\_value=&field\\_search\\_date\\_value\\_1%5Bvalue%5D%5Byear%5D=&advocate\\_name=&field\\_search\\_date\\_value\\_1%5Bvalue%5D%5Byear%5D=](https://nclt.gov.in/order-judgements?field_bench_target_id=5377&field_search_date_value_1%5Bmin%5D%5Bdate%5D=&field_search_date_value_1%5Bmax%5D%5Bdate%5D=&title=1221&field_search_date_value_1%5Bvalue%5D%5Byear%5D=&field_name_of_petitioner_value=&field_name_of_respondent_value=&field_search_date_value_1%5Bvalue%5D%5Byear%5D=&advocate_name=&field_search_date_value_1%5Bvalue%5D%5Byear%5D=)