



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

## Casebook Issue

Corporate Insolvency  
Resolution Process

Journey of

**Hanung Toys and  
Textiles Limited**

**INSOLVENCY  
UNCOVERED**

## INDEX

<b>1. About Hanung Toys and Textiles Limited.....</b>	<b>3</b>
<b>2. Initiation of CIRP and Admission of Petition .....</b>	<b>3</b>
Admission of Petition and Appointment of IRP.....	3
Constitution of CoC and Appointment of RP.....	4
Public Announcement and Calls for Resolution Applications .....	5
List of Verified Claimants .....	6
Expression of Interest to invite Prospective Resolution Applicant(s) ..	6
Submission and Approval of Resolution Plan.....	7
<b>3. Resolution Plan – Key Features .....</b>	<b>8</b>
<b>4. Distribution Mechanism and Liquidation Comparison.....</b>	<b>10</b>
<b>5. Monitoring, Implementation and Special Directions.....</b>	<b>11</b>
<b>6. Observations and Legal Principles Applied .....</b>	<b>11</b>
<b>7. Bibliography.....</b>	<b>14</b>

## **About Hanung Toys and Textiles Limited**

Hanung Toys and Textiles Limited (HTTL) is a public limited company incorporated on 9 October 1990 under the Companies Act. The corporate debtor was engaged in the manufacture and export of stuffed toys and home furnishing products, catering primarily to overseas markets. The business model was export-driven and heavily dependent on stable global demand cycles and uninterrupted working capital support. Over the years, HTTL suffered sustained financial stress due to accumulation of slow-moving and obsolete inventory, distress sale of finished goods at steep discounts, blockage of working capital in unrealized export subsidies, and prolonged adverse global market conditions. These factors led to erosion of profitability and liquidity, resulting in defaults to lenders. Following declaration of the account as counterfeit, the company was delisted from NSE and BSE. By the year 2018, the corporate debtor had ceased business operations, culminating in initiation of insolvency proceedings.

## **Initiation of CIRP and Admission of Petition**

### **Admission of Petition and Appointment of IRP**

The Corporate Insolvency Resolution Process (CIRP) against Hanung Toys and Textiles Limited was initiated pursuant to an application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by Punjab National Bank, a secured financial creditor. The National Company Law Tribunal, Principal Bench, New Delhi admitted the petition vide order dated 28 March 2019. Upon admission, the Tribunal declared a moratorium under Section 14 of the Code, prohibiting institution or continuation of suits or proceedings, enforcement of security interests, and transfer or alienation of assets of the corporate debtor. The admission of the petition marked the formal commencement date of CIRP and resulted in suspension of the powers of the board of directors of the corporate debtor.

### **Constitution of CoC and Appointment of RP**

Pursuant to the admission order dated 28 March 2019, an Interim Resolution Professional (IRP) was appointed to manage the affairs of the corporate debtor and to discharge duties prescribed under the Code. In compliance with Regulation 6 of the CIRP Regulations, the IRP issued a public announcement on 31 March 2019 in Financial Express (English) and Jansatta (Hindi), inviting submission of claims from creditors.

Subsequently, in the second meeting of the Committee of Creditors held on 05 December 2019, the CoC resolved to appoint Mr. Ashok Kumar Gupta as the Resolution Professional with a voting share of 98.05%. The appointment of the RP was confirmed by the Adjudicating Authority vide order dated 16 December 2019, there by vesting him with full responsibility for management of CIRP, preservation of asset value, and facilitation of the resolution process.

### **CoC Meeting Timeline**

<b>Date</b>	<b>CoC Meeting No.</b>	<b>Major Decisions and Events</b>
05.12.2019	2nd CoC Meeting	Committee of Creditors resolved to appoint Mr. Ashok Kumar Gupta as Resolution Professional with 98.05% voting share, replacing the erstwhile IRP.
16.12.2019	3rd CoC Meeting	Appointment of Resolution Professional approved and confirmed by the NCLT, New Delhi Bench.
07.11.2022	4th CoC Meeting	Last date fixed by CoC for submission of Expressions of Interest (EOIs) pursuant to issuance of Form G.
28.11.2022	5th CoC Meeting	Provisional List of Prospective Resolution Applicants (PRAs) issued after preliminary scrutiny of EOIs.
29.12.2022	6th CoC Meeting	Request for Resolution Plan (RFRP) along with Information Memorandum and Evaluation Matrix issued to eligible PRAs.

<b>Date</b>	<b>CoC Meeting No.</b>	<b>Major Decisions and Events</b>
23.01.2023	7th CoC Meeting	Initial last date for submission of Resolution Plans by eligible PRAs.
09.02.2023	8th CoC Meeting	The Resolution Plans submitted by eligible applicants were duly opened and presented before the Committee of Creditors for their initial examination and deliberation.
24.03.2023 to 15.05.2023	10th to 13th CoC Meetings	Detailed discussions and negotiations held on Resolution Plans, including feasibility, viability, funding structure and compliance with the Code.
16.05.2023	14th CoC Meeting	Challenge Mechanism conducted; M/s Cyfuture India Private Limited emerged as the H-1 (Successful Resolution Applicant).
03.07.2023	16th CoC Meeting	Final Resolution Plans placed for voting; Resolution Plan submitted by Cyfuture India Private Limited approved by CoC with 87.88% voting share.
04.08.2023	17th CoC Meeting	E-voting concluded, confirming approval of the Resolution Plan by the requisite majority of CoC members.
08.08.2023	18th CoC Meeting	Successful Resolution Applicant submitted unconditional acceptance of Letter of Intent (LoI) to the Resolution Professional

### **Public Announcement and Calls for Resolution Applications**

In accordance with Regulation 6 of the CIRP Regulations, the IRP issued a public announcement (Form- A) on 31 March 2019 inviting claims from financial creditors, operational creditors and other stakeholders. Claims received were verified and collated in accordance with the provisions of the Code. The RP thereafter periodically updated the list of creditors upon receipt of additional claims during CIRP. This exercise ensured transparency and accuracy in determination of liabilities and formed the basis for distribution under the resolution plan.

### List of Verified Claimants

Sl. No.	Name of Creditor	Amount Claimed (₹)	Amount Admitted (₹)	CoC Voting Share (%)
1	Punjab National Bank	14,72,64,35,806	14,72,64,35,806	35.46%
	Punjab National Bank (OBC)	2,83,80,22,273	2,83,80,22,273	—
2	Union Bank of India (Andhra Bank)	96,08,28,716	96,08,28,716	4.86%
3	Union Bank of India	1,44,67,09,015	1,44,67,09,015	0.00%
4	Bank of Baroda	3,14,25,57,349	3,14,25,57,349	6.34%
5	Bank of India	2,25,12,76,390	2,25,12,76,390	4.54%
6	Bank of Maharashtra	67,13,81,280	67,13,81,280	1.36%
7	EXIM Bank	1,15,01,00,000	1,15,01,00,000	2.32%
8	Karnataka Bank	55,67,19,801	55,67,19,801	1.12%
9	Central Bank of India	4,21,48,35,221	4,21,48,35,221	8.51%
10	Canara Bank (Syndicate Bank)	2,19,14,97,792	2,19,14,97,792	4.42%
11	UCO Bank	1,78,03,78,733	1,78,03,78,733	3.59%
12	Edelweiss Asset Reconstruction Co. Ltd.	9,06,09,553	9,06,09,553	18.29%
13	JM Financial	63,63,60,065	63,63,60,065	1.28%
14	ICICI Bank	2,92,41,43,145	2,56,20,03,061	5.17%
15	Standard Chartered Bank	58,25,14,364	58,25,14,364	1.18%
16	SICOM Ltd.	37,92,54,697	37,92,54,697	0.77%
17	Hongkong & Shanghai Banking Corp. Ltd. (HSBC)	2,38,51,886	—	0.00%
18	DBS Bank Ltd.	38,25,00,780	38,25,00,780	0.77%
<b>Total</b>		<b>49,92,03,22,670</b>	<b>49,53,43,30,700</b>	<b>100.00%</b>

### Expression of Interest to invite Prospective Resolution Applicant(s)

In the second meeting of the CoC, it was resolved to invite Expressions of Interest (EOIs) from prospective resolution applicants by issuance of Form G, with the last date for submission of EOIs fixed as 07 November 2022. A provisional list of prospective resolution applicants was issued on 28 November 2022. The Resolution Professional

received eleven (11) Expressions of Interest (EOIs) from prospective resolution applicants. The Successful Resolution Applicant M/s Cyfuture India Private Limited proposed a total resolution amount of ₹78.15 Crores, inclusive of CIRP costs. After due diligence and verification of eligibility criteria including compliance with Section 29A of the Code, the final list of prospective resolution applicants was published on 03 January 2023.

#### **Final List of Prospective Resolution Applicants**

<b>S.no.</b>	<b>Name of Prospective Resolution Applicant</b>
1.	Accumen Laminators LLP
2.	Chinar Steel Segment Centre Pvt. Ltd. (Consortium)
3.	Cyfuture India Private Limited
4.	Ganpati Overseas & Partner
5.	Hynite Farms Private Limited
6.	One City Infrastructure Private Limited
7.	Shanti G.D. Ispat and Power Private Limited
8.	Sherisha Technologies Private Limited
9.	Trueguard Realcon Private Limited
10.	United Biotech Private Limited (with Noida Holdings Pvt. Ltd.)

#### **Submission and Approval of Resolution Plan**

The Request for Resolution Plans (RFRP) along with the Information Memorandum was issued to eligible prospective resolution applicants on 29 December 2022, with the initial last date for submission of resolution plans fixed as 23 January 2023. Resolution plans received were opened in the CoC meeting held on 09 February 2023. Detailed discussions were held across multiple CoC meetings between 24 March 2023 and 15 May 2023 to evaluate feasibility, viability, funding structure and value maximisation. A structured challenge mechanism was conducted in the CoC meeting held on 16 May 2023, pursuant to which M/s Cyfuture India Private Limited emerged as the highest-ranked (H-1) bidder.

The resolution plan submitted by M/s Cyfuture India Private Limited, after incorporating addendums and clarifications, was placed for voting in the 16th meeting of the CoC held on 03 July 2023. E-voting concluded on 04 August 2023, and the resolution plan was approved with 87.88% voting share, thereby meeting the statutory requirement under Section 30(4) of the Code. The Resolution Professional filed an application under Sections 30(6) and 31 of the Code seeking approval of the resolution plan.

### **Resolution Plan – Key Features**

The approved resolution plan proposed a total resolution amount of ₹78.15 Crores inclusive of CIRP costs. The plan provided for payment of CIRP costs in priority, settlement of secured financial creditors, payment to operational creditors and statutory authorities, and infusion of additional working capital. The resolution applicant also furnished a performance security equivalent to 10% of the plan value.

The CIRP expenses and priority payments under the resolution plan included settlement of statutory EPF dues and expenses incurred by the Official Liquidator (OL), in compliance with directions of the Hon'ble High Court of Delhi. The Corporate Debtor had been under winding-up proceedings, pursuant to which the Official Liquidator took charge of the assets of the Corporate Debtor on **12 July 2018** by order of the Hon'ble Delhi High Court. Although the CIRP was admitted on **28 March 2019**, further proceedings were stayed by the Hon'ble NCLAT on **30 April 2019**, and subsequently by the Hon'ble Supreme Court on **18 December 2019**, resulting in the Adjudicating Authority declaring the matter *sine die* on **8 January 2020**. Upon vacation of the stay by the Hon'ble Supreme Court in **July 2022**, the CIRP was revived by the Adjudicating Authority vide order dated **22 September 2022**. Thereafter, the Hon'ble High Court directed transfer of the Corporate Debtor from the Official Liquidator to the Resolution Professional vide order dated **28 September 2022**, and physical handover of assets was completed in **October 2022**. Owing to these intervening judicial proceedings and revival of CIRP, the timelines for issuance of Form G were extended, resulting in

corresponding changes in the dates for publication of the provisional and final lists of prospective resolution applicants.

**CIRP Cost:** CIRP costs estimated at approximately **₹6.25 Crores**, to be paid **in priority to all other payments**, immediately upon the Effective Date or within the timeline stipulated in the resolution plan, in compliance with Section 30(2)(a) of the IBC.

**Operational Creditors (Other than Related Parties):** Operational creditors are proposed to be paid an aggregate amount of approximately **₹0.25 Crores**, ensuring that they receive not less than the amount payable to them under liquidation in terms of Section 30(2)(b) read with Regulation 38 of the CIRP Regulations.

**Secured Financial Creditor (OBC):** An aggregate amount of **₹71.50 Crores** is proposed to be paid to secured financial creditors. Payments are to be made in accordance with the implementation schedule provided in the resolution plan, forming the principal consideration under the plan.

**Unsecured Financial Creditors (Related Parties & CIRP Applicants):** There are **no unsecured financial creditors** provided for separately under the resolution plan, as the admitted claims predominantly comprise secured financial creditors.

**Equity Shareholders:** No payout is proposed to existing equity shareholders under the resolution plan, as the resolution amount is insufficient to cover dues beyond the priority prescribed under the Code.

**Additional Working Capital Infusion:** The Successful Resolution Applicant has committed to infuse **₹70 Crores as additional working capital** over a period of **four years from the Effective Date**, aimed at revival and sustainable operations of the Corporate Debtor. This infusion is over and above the resolution amount.

**Performance Security:** The Resolution Applicant has furnished a **Performance Security Deposit of ₹7.82 Crores**, equivalent to **10% of the resolution plan value**, in the form of a bank guarantee, to secure due and timely implementation of the resolution plan.

Tables of distribution and schedule are attached under, demonstrating priority to CIRP costs, operational creditors, and secured creditor, with deferred payment for related/unsecured creditors and shareholders.

Sr. No.	Particulars	Amount (₹ Crores)	Timelines
1	CIRP Costs	6.25	In priority, on/after Effective Date
2	Secured Financial Creditors	71.50	As per implementation schedule
3	Operational Creditors	0.25	As per Resolution Plan
4	Statutory Dues	Included above	As per applicable law
5	Additional Working Capital Infusion	70.00	Over 4 years from Effective Date
6	Performance Security	7.82	Submitted upfront

### **Distribution Mechanism and Liquidation Comparison**

The resolution plan ensured compliance with Section 30(2) of the Code and Regulation 38 of the CIRP Regulations by providing that no stakeholder would receive less than what was payable in liquidation. The average fair value and liquidation value as determined by registered valuers were placed before the CoC prior to approval of the plan.

#### **Resolution Value vis-à-vis Liquidation Value**

Particulars	Amount (₹ Crores)
Average Fair Value	83.45
Liquidation Value	59.87
Resolution Plan Value	78.15

## **Monitoring, Implementation and Special Directions**

The resolution plan envisaged constitution of a Monitoring Committee comprising representatives of secured financial creditors, the successful resolution applicant and an insolvency professional. The Monitoring Committee was entrusted with supervision of implementation milestones and resolution of operational issues during the post-approval phase.

The resolution plan expressly provided for continuation of proceedings relating to preferential, undervalued, fraudulent and wrongful transactions, if any, identified during CIRP. Any recoveries from such proceedings were directed to be distributed in accordance with the waterfall mechanism prescribed under Section 53 of the Code.

## **Observations and Legal Principles Applied**

While considering the application filed under Sections 30(6) and 31 of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority first examined whether the Resolution Plan approved by the Committee of Creditors complied with the mandatory requirements of **Section 30(2) of the Code** and the **IBBI (CIRP) Regulations, 2016**. The Tribunal recorded that the Resolution Plan provided for payment of **CIRP costs in priority**, appropriate treatment of **operational creditors**, management and control of the Corporate Debtor post-approval, and a clear mechanism for implementation and supervision through a Monitoring Committee. It was further noted that the Resolution Professional had filed the **Form-H compliance certificate** under Regulation 39(4), certifying adherence to the statutory framework, and that the Successful Resolution Applicant had submitted the requisite affidavit confirming eligibility under Section 29A.

The Adjudicating Authority took note of the prolonged procedural history of the case, including the fact that the Corporate Debtor had earlier been under winding-up proceedings before the Hon'ble Delhi High Court, that the CIRP was subjected to multiple judicial stays by the Hon'ble NCLAT and the Hon'ble Supreme Court, and that the CIRP was ultimately revived after dismissal of the proceedings before the Apex

Court and exclusion of the intervening period. Despite these delays, the Tribunal observed that the Committee of Creditors had conducted a structured and transparent resolution process, including invitation of Expressions of Interest, issuance and re-issuance of Form G, opening and evaluation of multiple resolution plans, conduct of a challenge mechanism, and approval of the Resolution Plan by a **requisite majority of 87.88% voting share.**

**Event and Timeline of CIRP**

Date	Event
12.07.2018	Official Liquidator (OL) appointed by the Hon'ble High Court of Delhi under the Companies Act.
28.03.2019	Insolvency Resolution Process (CIRP) admitted by Hon'ble Adjudicating Authority (NCLT, Principal Bench, New Delhi).
29.04.2019	First Meeting of Committee of Creditors (CoC) was called by the erstwhile IRP and expenses were ratified.
30.04.2019	CIRP stayed by Hon'ble NCLAT (Appellate Tribunal).
30.09.2019	Hon'ble High Court continued Official Liquidator in the matter against appeal of PNB.
25.11.2019	Stay on CIRP vacated by Hon'ble NCLAT.
27.11.2019	Hon'ble High Court (Division Bench, Delhi) allowed the appeal of PNB and directed the OL to transfer records and assets to NCLT (IBC).
05.12.2019	IRP convened 2nd CoC meeting in which CoC appointed Mr. Ashok Kumar Gupta as Resolution Professional with full majority.
16.12.2019	Appointment of Mr. Ashok Kumar Gupta as Resolution Professional approved and confirmed by Hon'ble NCLT.
18.12.2019	Ex-promoter filed SLP and Civil Appeal before Hon'ble Supreme Court; proceedings stayed.
08.01.2020	Hon'ble NCLT adjourned the matter sine die on account of stay granted by Hon'ble Supreme Court.
18.05.2022	Hon'ble Supreme Court dismissed the SLP filed by the ex-promoter.
21.07.2022	Hon'ble Supreme Court dismissed the Civil Appeal, finally clearing litigation.
09.09.2022	Hon'ble NCLT revived CIRP and allowed exclusion of time lost during pendency of appeals.

<b>Date</b>	<b>Event</b>
<b>14.10.2022</b>	Resolution Professional took possession of factory premises at Plot No. 108, NSEZ, Noida.
<b>15.10.2022</b>	Resolution Professional took possession of factory premises at Lakeshri, Bhagwanpur, Roorkee.
<b>19.10.2022</b>	RP convened 3rd CoC meeting to discuss resolution process.
<b>07.11.2022</b>	RP convened 4th CoC meeting; Form G approved and published to invite EOIs.
<b>15.12.2022</b>	Form G re-issued extending time for submission of EOIs.
<b>28.12.2022</b>	Provisional List of Prospective Resolution Applicants (PRAs) issued.
<b>29.12.2022</b>	Access to VDR granted to PRAs and Request for Resolution Plan (RFRP) issued.
<b>02.01.2023</b>	Last date to submit objections to provisional list of PRAs.
<b>03.01.2023</b>	Final List of Prospective Resolution Applicants (PRAs) issued.
<b>09.02.2023</b>	8th CoC Meeting held; Resolution Plans opened.
<b>16.05.2023</b>	14th CoC Meeting held; Challenge Mechanism conducted and H-1 bidder identified.
<b>03.07.2023</b>	16th CoC Meeting held; Resolution Plans put to vote.
<b>04.08.2023</b>	E-Voting on Resolution Plans concluded.
<b>08.08.2023</b>	Receipt of unconditional acceptance of Letter of Intent (LoI) from Successful Resolution Applicant.
<b>28.02.2024</b>	Resolution Plan approved by Hon'ble NCLT under Section 31 of the IBC.

## Bibliography

1. **NCLT Order approving Resolution Plan – Hanung Toys and Textiles Limited**  
<https://ibbi.gov.in/uploads/order/hanung-toys-and-textiles-limited-nclt-order.pdf>
2. **IBBI – Order & Process Page (Corporate Debtor Records)**  
<https://www.ibbi.gov.in/en/claims/order-process>
3. **NCLT New Delhi Bench – I.A. 4441/2023 in C.P. (IB) No. 953/PB/2018**  
<https://nclt.gov.in/henclt/ib-953-pb-2018>
4. **NCLT New Delhi Bench – I.A. 4441/2023 in C.P. (IB) No. 953/PB/2018**  
<https://nclt.gov.in/henclt/ib-953-pb-2018>
5. **IBC Law – Case Analysis on Hanung Toys and Textiles Limited**  
<https://ibclaw.in/hanung-toys-and-textiles-limited-nclt-new-delhi>
6. **CaseMine – Hanung Toys and Textiles Limited Judgment**  
<https://www.casemine.com/judgement/in/hanung-toys-and-textiles-limited>
7. **LexForti – Insolvency Resolution and Commercial Wisdom of CoC**  
<https://lexforti.com/legal-news/commercial-wisdom-of-coc-ibc>
8. **Taxmann – Insolvency and Bankruptcy Code, 2016 (Bare Act & Commentary)**  
<https://www.taxmann.com/bookstore/product/insolvency-and-bankruptcy-code>
9. **IBBI (CIRP) Regulations, 2016 – Official Text**  
<https://ibbi.gov.in/legal-framework/ibbi-cirp-regulations-2016>