



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

Casebook Issue

15:

**Corporate Insolvency
Resolution Process of
Shreem Wires Pvt.
Limited**

**INSOLVENCY
UNCOVERED**

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About Shreom Wires Pvt. Ltd¹

Shreom Wires Private Limited was incorporated on 24th February, 2011. The Shreom Wires is listed in the class of Private limited company and classified as Non Government Company. It is known as the foremost manufacturer of a high-quality range of Bare Copper Wire, PVC Cable, Battery Offered Bare Copper Wire, which offer long working life, high functionality, and low maintenance of Batteries.

With the support of their experienced indian suppliers & professionals, they have been able to offer Bare Copper Wire, PVC Cable Battery in various ranges and models which is well positioned in the international market.

The registered office of the company is situated at B-59, 3RD Floor, Mansarover Park Shahdara, Delhi -110032. Their company registration number is 214742 and its Corporate Identification Number(CIN) provided from MCA is U28939DL2011PTC214742. This company is registered at Registrar of Companies(ROC), Delhi with an Authorized Share Capital of Rs. 8 crores and its paid-up capital is Rs. 8 crores. The company has 2 directors named Pankaj Jain and Mander Das Jain .

Major Operational Creditors/Bankers

The Operational creditor for Corporate Debtor(“CD ”) was **BLS Polymers Limited** and the major Financial Creditors of the Company were State Bank of India (“SBI”), and Axis Bank.

CIRP of Shreem Wires Pvt. Ltd.

BLS Polymers Limited (“BLS”) files an application for initiating CIRP under section 9 of the Insolvency and Bankruptcy Code, 2016²

BLS , is an Operational Creditor(OC) filed an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 (“Code”)The total amount of default was Rs. 14,34, 933/- . Notice under section 8 of the Code was issued in the required format which was not replied to. National Company Law Tribunal (“NCLT”) on 10thAugust, 2018 admitted the Corporate Insolvency Resolution Process (“CIRP”) and Mr. Brijender Singh Dewalwas appointed as an IRP. The OC was directed to deposit a sum of Rs. 2,00,000 to meet the immediate expenses of IRP.

Resolution Professional (“RP”) files application for extension of CIRP³:

Resolution Professional (RP), Mr. Brijender Singh Dewal, filed an application in NCLT for extension of CIRP under section 12 of Code. The initial 180 days ended on 04th February, 2019. Therefore, in context of the same the RP filed application for an extension by 90 days. Prayer was made to Bench to exclude the period of 48 days on account of delay in appointing the IRP. NCLT through its order dated 06th February, 2019 allowed the extension of CIRP.

Reluctance by State Bank of India to meet Interim CIRP cost⁴

State Bank of India holding 70.17% of the voting share in the Committee of Creditors was reluctant to meet the Interim CIRP cost incurred by the IRP/ Operational Creditor.

RP moves an Application to NCLT for Non- Cooperation by Ex-Directors⁵

After several reminders to the Ex- Board of Directors of the Corporate Debtor (CD), RP Mr.Brijender Singh Dewal filed application in NCLT under section 19(2) read with section 60 (5) of the Code for non-cooperation by the erstwhile directors of the Company.

Reimbursement of Cost to Operational Creditor⁶

The cost incurred by the Operational Creditor for initiating the process of CIRP has not been reimbursed to him. The Court directed the CoC to reimburse the amount expeditiously. This amount forms part of the CIRP cost. On 10th June, 2019, members of the CoC agreed to pay the CIRP cost proportionately incurred within 1 one week from 10th June, 2019.

NCLT passes the Liquidation Order⁷

Even after several attempts, no Resolution Plan was submitted by Resolution Applicant. The period of 270 days even after exclusion of 40 days , also lapsed. The CoC in it's meeting held on 28th My, 2019 directed the RP to file the petition for liquidating the assets of the Corporate Debtor. NCLT on 11th July, 2019 ordered for Liquidation of the CD, appointing the RP Mr. Brijender Singh Dewal as the Liquidator under section 33(1) of the Code.

RP moves application to NCLT under section 33 of the Code⁸

RP filed an application to NCLT under section 33 of the Code. The respondents were given time to file reply on the matter. The matter is still pending before the NCLT.

RP moves application for issuance of Bailable Warrants⁹


RP through it's Ld counsel requested for the disposal of application filed under section 19(2) read with 60(5) of the code. After non-receipt of reply from ex-Directors , RP


requested for issuance of Bailable warrants for the sum of Rs. 25,000/- against Ex-Directors.


Concluding Notes


Despite several notices, Ex-Directors of the Shreeom Wires Pvt. Ltd. did not appear in person before the court. Bailable warrants were issued against them for a sum of Rs, 20, 000/- against them. State Bank of India is reluctant to accept the claims of the IRP and reimburse the amount. The matter is pending with NCLT to be heard in the next date.


Timeline


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- 10.08.2018
 - NCLT admitted application for CIRP.


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- 06.02.2019
 - NCLT allowed extension of CIRP by 90 days


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- 27.02.2019
 - Non-reimbursement of Interim CIRP Cost

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- 16.04.2019
 - The application for Non- Cooperation filed.

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- 11.07.019
 - Application for reimbursement of Cost to OC.

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- 11.07.2019
 - Liquidation Order passed by NCLT.

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- 11.07.2019
 - Application to NCLT under section 33 of the Code.

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- 12.07.2019
 - Application for issuance of Bailable Warrants

Bibliography

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

<https://connect2india.com/SHREEOM-WIRES-PRIVATE-LIMITED/2257626>

²<https://nclt.gov.in/sites/default/files/Interim-order>

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³<https://nclt.gov.in/sites/default/files/Interim-order>

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⁴<https://nclt.gov.in/sites/default/files/Interim-order->

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⁵<https://nclt.gov.in/sites/default/files/Interim-order->

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⁶<https://nclt.gov.in/sites/default/files/Interim-order-pdf/BLS%20Polymers.pdf>

⁷<https://nclt.gov.in/sites/default/files/Interim-order->

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⁸<https://nclt.gov.in/sites/default/files/Interim-order->

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