



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

**Casebook Issue 37:**

**Insolvency Tale of  
Hwashin Industries  
Private Limited**

**INSOLVENCY  
UNCOVERED**

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### **About M/s Hwashin Industries Private Limited**

M/s Hwashin Industries is a Private Limited Company which was incorporated on 10<sup>th</sup> May, 2006. It is classified as Non-Government Company and is registered with the Registrar of Companies, Kanpur.

Its authorized share capital is Rs. 2.25 crores and its paid-up capital is Rs. 45 lakhs. It is involved in manufacturing of PU, TPR Sole for shoe Industry and its plant is situated at Sikandra, Agra

The Directors of M/s Hwashin Industries Private Limited are Mr. Saurabh Bhalla and Mr. Nitin Batra.

Its registered address is Khasra No. 12/2, Moja Kalwari Bodla Bichpuri Road, Agra, UP - 282007, India.

### **Major Operational Creditor 2**

The major Operational creditor is M/s K.B. Tradeexim Pvt. Ltd with a accredit exposure of Rs. 21,37,704/-.

## **CIRP of M/s Hwashin Industries Private Limited 3**

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

Insolvency and Bankruptcy Code, prior to the latest amendment, allowed initiation of CIRP on a default of Rs. 1 lakh and above which is now Rs. 1 crore and above by the operational creditors under Section 9 of IBC.

### **Admission and Initiation of CIRP of M/s Hwashin Industries Private Limited**

Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Hon'ble National Company Law Tribunal (NCLT), Allahabad Bench, Prayagraj. The bench was represented by Adv. Mr. Shailendra Kumar to represent M/s K.B. Tradeexim Pvt. Ltd and Adv. Shri. Kashif Zaidi to represent for M/s Hwashin Industries Private Limited.

Application was filed under Section 9 of the IBC read with Rule 6 of Insolvency & Bankruptcy (Application to AA) Rules, 2016 by M/s K.B. Tradeexim Pvt. Ltd who was one of the Operational Creditor seeking initiation of CIRP of M/s Hwashin Industries Private Limited ("Corporate Debtor") on 10th Jan, 2019.

### **Appointment of Mr. Devendra Singh as the IRP**

On 16th July, 2018, vide order number CP (IB)/239/NCLT/ALD/2018 Mr. *Devendra Singh* was appointed as the Interim Resolution Professional (IRP). The IRP Mr. Devendra Singh was directed to do all the necessary actions in terms of announcements, publications, and declarations in consonance with the Code.

## **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 Times of India (English) and Dainik Jagran (Hindi) newspapers in Agra region on 14<sup>th</sup> Jan, 2019 inviting all the creditors of M/s Hwashin Industries Private Limited (HIPL) to submit their claim. There is no Financial Creditor in the Company.

## **Invitation for Prospective Resolution Applicant and Acceptance of M/s K B Polychem India Ltd as the eligible Resolution Applicant**

Mr. Devendra Singh invited the Resolution plan from Prospective Resolution Applicants. To this invitation 1 applicant submitted their Expression of Interest (EOI). After analysing all the credentials and parameters of eligibility, the Resolution plan of M/s K B Polychem India Ltd was found to be impressive.

The COC meeting was called and the resolution plan was presented to the COC who approved it 91.16% of voting. The Resolution applicant was deposited amount equivalent to 25% of the Resolution bid in terms of RFRP within 3 days.

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.

## **Extension**

The Extension for 90 days was approved on 02nd July, 2019.


## **Highlights of the Resolution Plan**

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





- Provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the Corporate debtor;
- Provides for the repayment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of a liquidation of the corporate debtor under section 53,
- Provides for the management of the affairs of the corporate debtor after approval of the resolution plan;
- The resolution plan is for Rs.45 lakh which will be mobilized from the own sources of the Resolution applicant.
- The amount of 45 lakh is proposed for making the payment of unpaid CIRP cost in full and out of the total resolution plan amount of Rs. 45 lakh shall be paid to the operational creditor in equal proportion against the admitted claim of Rs.11.60 lakhs within 60 days from the date of approval of resolution plan.
- Further besides the amount of 45 lakhs, the resolution applicant proposes to infuse further fund of Rs. 60 lakhs in form unsecured interest free loan for meeting the requirement of the working capital and improvement, upgradation and renovation of the plant as detailed in the financial projections submitted by him from own sources after 60 days from the effective date and the entire resolution plan amount of Rs. 105 lakh shall be brought in by the Resolution applicant from its own sources.
- The time limit for completion CIRP is going has expired on 07<sup>TH</sup> oct, 2019 but as the COC has approved the resolution plan on 26<sup>th</sup> July, 2019 therefore the resolution plan stand approved by COC within the stipulated time limit of 270 days.
- It is binding on Corporate Debtor and its employees, creditors, guarantors and other stakeholders.


## CIRP Timeline

- 
- 10th May, 2006
  - Date of incorporation of M/s Hwashin Industries Private Limited .

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- 10th Jan, 2019
  - CIRP of M/s Hwashin Industries Private Limited .
  - Appointment of Mr. Devendra Singh as IRP

- 
- 02nd July, 2019
  - Extension of 90 days approved

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- 20th July, 2019
  - Resolution Applicant submitted Letter of Intent

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- 30th July, 2019
  - Letter of Intent

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- 07th Jan, 2020
  - Resolution Plan Accepted

## **Bibliography**

1. <http://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>
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3. <https://nclt.gov.in/interim-order/480522>
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