

Explanatory Notes

First Meeting of Stakeholder Consultation Committee of SRS Limited to be held on 12.12.2019 at 11:30 A.M. at RBSA Restructuring Advisors LLP, 2nd Floor, IAPL House, 23, South Patel Nagar, New Delhi - 110008

The meeting has been called to discuss and advise the Liquidator on sale of SRS Limited under Section 230 of the Companies Act, 2013 and in accordance with Regulation 2B of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016:

Item No. 1

To discuss and take note of claims received and admitted during the Liquidation Process and constitution of Stakeholders Committee

SRS Limited was admitted in Corporate Insolvency Resolution Process under the provisions of Insolvency and Bankruptcy Code, 2016 (“IBC”) in the order of Hon’ble NCLT, Chandigarh Bench dated 21.08.2018. Since, no resolution plan was approved by Committee of Creditors, an application for liquidation of was filed under Section 33(1)(a) of IBC on 17.05.2019 which was admitted by Hon’ble NCLT, Chandigarh Bench on 15.10.2019.

In terms of Regulation 12 of IBBI (Liquidation Process) Regulations, 2016, public advertisement was made in Form B intimating about liquidation and inviting the stakeholders of the Company to submit their claims. Public advertisement was made in Financial Express (English) on 16.10.2019 and JanSatta (Hindi) on 17.10.2019, All India Edition. The last date for submitting the claim was 14.11.2019 i.e. thirty days from commencement of liquidation.

As on 14.11.2019, following claims were received from stakeholders that were verified from books of the Company and admitted:

SNO	Creditors	No. of Claimants	Amount Claimed during Liquidation (in INR)	Amount Claimed during Liquidation (in INR)
1	Banks/Financial Institutions	6	Rs 1280,47,73,269/-	Rs 1280,47,20,809.60/-
2	Deposit Holders	229	Rs 28,11,03,858/-	Rs 26,66,11,244/-
3	Employees/Workmen	7	Rs 14,32,140/-	Rs 14,23,875/-
4	Statutory Authorities	4	Rs 82,25,93,595/-	Rs 82,24,12,311/-
5	Operational Creditors (other than employees/workmen and statutory authorities)	5	Rs 1,07,61,729/-	Rs 90,55,838/-
6	Other Stakeholders	4	Rs 1,70,11,48,122/-	Rs 4,85,72,353/-
TOTAL		255	Rs 1562,18,12,712/-	Rs 1395,27,96,431/-

Stakeholders whose claims were received within 14.11.2019 were intimated about their admission or rejection of claims. The list of stakeholders whose claims were received and admitted during Liquidation Process was also uploaded at website of Company i.e. www.srsparivar.com. The same shall be filed with Adjudicating Authority i.e. Hon’ble NCLT, Chandigarh with preliminary report in accordance with provisions of IBBI (Liquidation Process) Regulations.

During CIRP, Resolution Professional and now the Liquidator received claims from creditors

of the Company, details of which are as under:

SNO	Creditors	No. of Claimant	Amount Claimed during CIRP (in INR)	Amount Admitted during CIRP (in INR)
1	Banks/Financial Institutions	6	Rs10,61,19,43,993/-	Rs 10,60,82,58,569/-
2	Deposit Holders	2183	Rs 82,47,31,910/-	Rs 82,03,56,599/-
3	Employees/Workmen	165	Rs 1,55,83,442/-	Rs 1,53,96,483/-
4	Statutory Authorities	5	Rs 1,57,82,83,551/-	Rs 1,49,84,69,047/-
5	Operational Creditors (other than employees/workmen and statutory authorities)	79	Rs 33,68,92,994/-	Rs 29,83,25,657/-
6	Other Stakeholders	-	-	-
TOTAL		2438	Rs 13,36,74,35,889/-	Rs 13,24,08,06,356/-

The claims received during Liquidation were very less in number as compared to claims received in CIRP. Also, there are many stakeholders including deposit holders and operational creditors who submitted their claim after 14.11.2019 i.e. last date of receipt of claims. The Liquidator is still receiving the claims from stakeholders of the Company.

Under IBC and IBBI (Liquidation Process) Regulations, there is no provision for Liquidator to accept claims that are received after last date of receipt of claims. Thus, an application has been filed with Hon'ble NCLT, Chandigarh Bench on 29.11.2019 for:

- allowing the Liquidator to consider and admit the claims of stakeholders that are received after 14.11.2019;
- allowing Liquidator to consider and admit the claims of stakeholder who submitted their claims during CIRP but did not submit their claims during liquidation; and
- allowing Liquidator to consider and admit the claims of depositors who submitted their claims during CIRP but did not submit their claims during liquidation and update their claims admitted during CIRP by adding interest @ 11.7% simple interest on principal outstanding for the period from CIRP commencement i.e. 21.08.2018 to 15.10.2019.

The above mentioned application is pending.

All the updates related to Liquidation are uploaded at website of SRS Limited i.e. www.srsparivar.com.

As per Regulation 32A of IBBI (Liquidation Process) Regulations, 2016, a consultation committee comprising of representative of stakeholders whose claims were received and admitted within timelines of Liquidation Process Regulations, has been constituted. The constitution of Consultation Committee is as under:

SNO	Class of Stakeholders	Representatives
1	Secured Financial Creditors	1. State Bank of India 2. Bank of India 3. Union Bank of India 4. Oriental Bank of Commerce
2	Unsecured Financial Creditors	1. Abhinav Garg 2. Baljit Kapoor
3	Employees and Workmen	1. Navneet Kwatra
4	Statutory Authorities	1. Excise and Taxation Department, Excise and Taxation Officer-Cum-Assessing Authority

5	Operational Creditors	1. Knight Watch Security Pvt Ltd
6	Shareholders	1. Dinesh Lodha

Basis for Selection of members of Stakeholder's Consultation Committee:

1. Email was sent to all the class of stakeholders (other than shareholders) whose claims were received till 14.11.2019 and admitted, for nominating their representatives for the consultation committee on 20.11.2019 and 21.11.2019.
2. Where no name was nominated by the class of stakeholders for their representative, the representatives with highest claim/stake has been included as representative of their class (subject to maximum no. of representatives as per Regulation 31A).
3. As per Regulation 31A, maximum 1 representative of shareholder can be included in the stakeholder consultation committee. An advertisement was given in Financial Express and JanSatta, All India Edition on 27.11.2019 requesting the shareholders to nominate their representative. The information was also uploaded at company's website i.e. www.srsprivar.com and both the stock exchanges. However, we received nomination from only one shareholder (having 0.12% voting share) nominating herself as the representative of shareholder. The shareholder with majority of shareholding was Parami Investments Pvt Ltd, however, it refused to be the representative of the Shareholder. Next shareholder was Union Bank of India who is already the representative of Secured Financial Creditors. Therefore, the next shareholder, Mr. Dinesh Lodha has been included as representative of shareholders.

Item No. 2

To discuss the sale of SRS Limited under Section 230 of Companies Act, 2013 and Regulation 2B of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016

SRS Limited is a going concern entity carrying out only cinema operations from 14 locations across India with more than 400 employees/workmen on its payroll. All other business of Company i.e. jewellery and value bazar closed by March, 2018. The intent of IBC is maximization of value of assets of Corporate Debtor and emphasize is laid on Insolvency Professional to endeavor to sell the Corporate Debtor as going concern.

IBBI (Liquidation Process) Regulations, 2016 has introduced Regulation 2B w.e.f. 25.07.2019 allowing the proposal to acquire the company through scheme of compromise and arrangement under Section 230 of the Companies Act, 2013. The proposal, received, if any, for compromise and arrangement, has to be completed within 90 days from Liquidation Order which in the present case is 13.01.2020 i.e. 90 days from Liquidation Order.

The Liquidator has been in constant touch with the potential buyers who may be interested to acquire the company as a whole or business as going concern. Liquidator is making all efforts to sell the company as going concern which can be done under Section 230 of the Companies Act 2013 or through e-auction under Regulation 32 of IBBI (Liquidation Process) Regulations. As mentioned above, 90 days available for the selling the company under scheme as per Section 230 which is expiring on 13.01.2020. Thus, it is considered to release a public advertisement inviting scheme of arrangement from the interest buyers. Since, the time lines are stringent, fifteen days shall be given to the interest buyers to submit the scheme along with detailed documents to the Liquidator. In case, no scheme is received within the timelines mentioned in the public advertisement, the Liquidator shall proceed with the e-

auction of the Company in terms of Regulation 32 of IBBI (Liquidation Process) Regulations. The Liquidator is also contacting the Applicants who submitted EOIs during CIRP.

The Agenda shall be put for consultation and advice of the stakeholder consultation committee. As per Regulation 31A(9), consultation committee shall advise the Liquidator, by a vote of not less than sixty-six percent of the representatives of the consultation committee, present and voting.

Sd/-

Ashok Kumar Gulla

Liquidator

SRS Limited (in Liquidation)

IP Registration no. IBBI/IPA-003/IP-N00024/2017-2018/10174

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Date: 10th December, 2019