

Minutes of Tenth Stakeholder Consultation Committee (SCC)
of SRS LIMITED
(Undergoing Liquidation)
(Liquidation Commencement Date 15th October, 2019)
(CIN: L74999HR2000PLC040183)

The Tenth Meeting of Stakeholder Consultation Committee of “SRS LIMITED” was held on Wednesday, the 28th day of July, 2021 from 03:30 P.M. at Office of RBSA Restructuring Advisors LLP, 2nd Floor, IAPL House, 23, South Patel Nagar, New Delhi - 110008. In the wake of covid-19 so as to adhere to the social distancing norms, the meeting was conducted through video conferencing platform (google meet). Following persons were present and attended the meeting:

Liquidator and Team

1. Mr. Ashok Kumar Gulla, Liquidator
2. Mr. Dheeraj Madan, Chartered Accountant
3. Ms Prerna Jain, Chartered Accountant

Representative of Secured Financial Creditors

4. Mr. Sunil Dixit, Chief Manager, State Bank of India
5. Mr. Alok Shankar, Chief Manager, Bank of India
6. Ms. Anubha Mathur, Senior Manager, Bank of India
7. Ms. Rajesh Gupta, Assistant Manager, Union Bank of India (present in person)
8. Ms Anita Darya, Chief Manager (Law), Punjab National Bank
9. Ms. Sapna Gupta, Manager, Punjab National Bank

Representative of Unsecured Financial Creditors (Deposit Holders)

10. Mr. Abhinav Garg
11. Mr. Baljit Kapoor

Mr. Ashok Kumar Gulla, Liquidator welcomed representatives from Banks, Deposit holders (unsecured Financial Creditors). Representative from Bank of India were present in person at office of Liquidator along with Liquidator and his team whereas all the members attended the meeting through video conferencing. Representatives from statutory authorities, employees/workmen, operational creditors and Shareholders were invited but were not present in the meeting.

The Liquidator informed that the meeting had been called to discuss the recovery of amount from debtor of Company and extension of time to Successful bidder to make balance payment towards sales consideration for assets sold through e-auction including waiver of interest

Mr. Baljit Kapoor attended the last meeting held on 08.07.2021 though his name was inadvertently not mentioned in the list of attendees in the minutes of meeting.

Agenda Item No. 1

To discuss on settlement of recovery of entertainment tax w.r.t. establishing cinema at Bareilly, UP

- Mr. Ashok Kumar Gulla, Liquidator informed the members about cinema operated by SRS Limited from Bareilly that was sold to PVR, a nationalized cinema chain in 2018. SRS Limited



had entered into a lease agreement dated 05.07.2013 for the operating cinema business from Bareilly. The Company had operated the cinema business from the said location till 2018 (prior to commencement of CIRP) when it sold its assets to another nationalized cinema chain. The Company was granted Entertainment Tax exemption for establishing cinemas in UP. As per the general procedure, the amount was first to be credited in the account of Cinema License Holder which in the present case is the owner of Mall (who was also the Lessor) Blackwood Developers Private Limited (BDPL) and thereafter the same to be remitted to the account of SRS Limited, the Lessee.

- Liquidator mentioned that matter w.r.t. recovery of entertainment tax was taken up with the Lessor who was the Developer of the Mall at Bareilly. As per the Clause XI (5) of the lease agreement dated 05.07.2013, the entertainment tax exemption amount if granted would be paid on to the Lessee after adjusting any outstanding dues payable to the Lessor. As per the same agreement, refundable security deposit already held with Lessor shall also be adjusted against the pending dues. The total entertainment tax exemption amount received was Rs 3.79 Crores. As on the termination of the lease deed in 2018, SRS Limited was liable to pay total of Rs 2.82 Crs towards Revenue share, CAM, electricity, water charges and TDS deducted but not deposited for 2017 and 2018 till the termination of lease deed. The amount of security deposit held with the Lessor was Rs 34.50 Lakhs. The Lessor had informed that as per the terms of the agreement they had already adjusted the outstanding payment against entertainment tax and security deposit. The Lessor had also agreed to refund the remaining amount of Rs 1.35 Crs to SRS Limited. The Lessor has shared the details of pending payments including copies of invoices against which said payments have been pending. Liquidator further mentioned that he has also sought legal opinion on the settlement. As per the opinion also, the said settlement is in the ordinary course of business and can be possible in terms of Section 36(4)(e) of IBC read with Regulation 29 of IBBI (Liquidation Process) Regulations where mutual set off is allowed. The relevant extract of the legal opinion is as under:

“It is therefore stated that, in terms of Section 36(4)(e) of the Code read with Regulation 29 of the LP Regulations, the Liquidator is required to set off the sums due from the Corporate Debtor to BDPL to arrive at the net amount payable to the Corporate Debtor. Therefore, any adjustment made to the mutual obligations to reach a netted off amount is permissible under the LP Regulations and therefore, the receivables from BDPL on account of exemption under entertainment tax may be adjusted against the payables by the Corporate Debtor to BDPL.

Further, such adjustment of outstanding dues from the entertainment tax exemption benefits will be in the ordinary course of business of the Corporate Debtor as evidenced by the following clauses of the Lease Deed dated 05.07.2013:”

- The matter was discussed in the meeting to apprise the members about the recovery of dues after setting off the amount payable and all the members agreed to the legal opinion in the matter. The Liquidator mentioned that he is approaching BDPL for recovery of the pending

dues and would inform the members as and when the amount is received.

Agenda Item No. 2

To discuss giving extension of time to Successful Bidders for making balance payment against sale of assets in e-auction and waiver of interest for delayed payment

- Mr. Ashok Kumar Gulla, Liquidator mentioned that he had conducted total of eight e-auctions for sale of assets installed at cinema leased premises starting from February 2021 onwards i.e. on 10.02.2021, 26.02.2021, 12.03.2021, 25.03.2021, 09.04.2021, 19.04.2021 and 14.07.2021 pursuant to vacation of Income Tax Attachment on 12.01.2021. Assets at 12 locations out of total of 13 leased premises have been successfully e-auctioned out of which payment against 6 locations have been received in full and certificate of sale executed transferring assets to Bidders. Whereas part payment has been received in remaining 6 locations. This was possible after detailed negotiations with the Owners and Developers of cinema premises for settlement of pending dues towards Rent, CAM and electricity.
- The Liquidator then stated that as per the provisions of IBBI (Liquidation Process) Regulations, maximum time period to complete the transaction is 90 days whereas payment made after 30 days attract interest @ 12%. As also discussed in eighth SCC Meeting held on 20.05.2021, second wave of Covid-19 in end of March 2021 Covid-19 had severely impacted the cinema industry leading to closure of the operations across the nation for almost a year considering the total lockdown in 2020 as well as second lockdown in mid of April 2021 that continued even in July 2021 in most of the states. The Bidders have therefore requested for additional time to repay the balance payment and also sought waiver of interest for delay in payment due to lockdown. The Liquidator stated that they agree to the request as in case the deal is cancelled, they might not get any new buyer again.
- Liquidator informed that they are facing problem mainly in one location i.e. Celebration Mall, Gurgaon in which Movie Times became successful bidder at bid price of Rs 1.78 Crores against which they had deposited EMD of Rs 17.60 Lakhs i.e. equivalent to 10% of reserve price. The auction took place on 10.02.2021 and three months have expired on 16.05.2021. The Liquidator had regularly followed up with the Bidder through meeting/phone calls/emails for balance payment. The Bidder has sought additional time due to ongoing pandemic and closure of cinemas as they faced financial crisis and has also filed application with Hon'ble NCLT, Chandigarh Bench seeking additional time upto 31.07.2021 for making the entire payment. As per E-Auction Process Document, the Bidder is also required to meet operational expenses related to site beyond 30 days. The Liquidator mentioned that he again had a meeting with Bidder around four days back where Bidder has still agreed to make the payment.
- The Liquidator stated that the assets at Celebration Mall, Gurgaon were sold in first e-auction held on 10.02.2021 along with Shimla location at bid price of Rs 1.78 Crs as against reserve price of Rs 1.76 Crs. The reserve price in next e-auctions were reduced by 22% as per Schedule

I of IBBI (Liquidation Process) Regulations. Had e-auction for assets at said cinema site not taken place on 10.02.2021, the next sale notice would have reduced by 22%. Also, the occupancy for the said location is not much. Hence, it would be more feasible that the Bidder honour his commitment and make the balance payment. The Liquidator proposed following arrangement for the Bidder to clear the pending payment:

- i. Minimum Payment of Rs 25 Lakhs to be deposited within maximum of 7 days from date of this letter i.e. by 04.08.2021;
 - ii. Additional Payment of minimum Rs 25 Lakhs to be deposited on or before 31.08.2021;
 - iii. The entire balance payment to be cleared on or before 30.09.2021;
 - iv. In case the payment is made as per the schedule above, no interest shall be charged.
- The Liquidator stated that he would communicate the Bidder about the same and in case they fail to make the payment by 31.08.2021, they would cancel the sale and would initiate action for recovery of operational expenses from Bidder as per E-Auction Process Document. EMD would be forfeited.
 - The Liquidator further mentioned that the Bidders of remaining four locations (other than Celebration Gurgaon and Pristine location where assets has been e-auctioned on 14.07.2021) have cleared the part amount of the payment in tranches. Owing to present circumstances especially considering the present status of cinema operations, it is considered feasible to grant additional time to the Bidders to clear the balance payment by excluding the period of lockdown mentioned above and waive the interest for delayed payment as many of them have already made around 50% of the payment towards sales amount. Cinema industry is yet to open in many states and will take a reasonable time to reach the optimal level of business. It will be difficult to get Bidders for cinema assets at same price at which the auctions have been held prior to second lockdown in April 2021 and will take another substantial amount of time for completing the auction of these assets. The Corporate Debtor has its registered office situated in Haryana. The lockdown in Haryana started from 03.05.2021. The restriction on opening of cinemas has been removed w.e.f. 26.07.2021 by allowing only 50% occupancy in Haryana.
 - The status of recoveries from sale of cinema assets was discussed with members and all were of opinion that efforts to be made to complete the transaction by offering necessary concessions/waiver in light of ongoing pandemic.
 - The Details of locations e-auctioned were also presented in the meeting as under:

Particulars of Assets	30 days	90 days	Remarks
Sale of assets installed at SRS Cinemas, C.K. Mall, ISBT, Shimla, Himachal Pradesh	17-03-2021	16-05-2021	Complete payment inc GST has been received within 30 days



Sale of assets installed at SRS Cinemas, Omaxe Celebration Mall, Sohna, Gurgaon	17-03-2021	16-05-2021	Bidder has filed application with NCLT seeking extension to clear balance amount by August 2021 which is pending. Amount equivalent to 10% of EMD has been paid.
Sale of assets installed at SRS Cinemas, Aditya City Centre Mall, Plot No C/GH-3, Viabhav Khand, Indirapuram, Ghaziabad	28-03-2021	27-05-2021	Complete payment inc GST has been received within 30 days
Sale of assets installed at SRS Cinemas, Omaxe Gurgaon Mall, Block-S, Uppal's Southend, Villages Failpur, Jharsa and Ghasola, Gurgaon	28-03-2021	27-05-2021	Part payment of Rs 57.80 Lakhs has been paid against total of Rs 92.04 Lakhs (inc GST). Bidder has sought additional time to clear balance payment.
Sale of assets installed at SRS Cinemas, Jaipuria Sunrise Plaza, Plot No12-A, Ahinsa Khand, Indirapuram, Ghaziabad	28-03-2021	27-05-2021	Part payment of Rs 52.20 Lakhs has been paid against total of Rs 143.96 Lakhs (inc GST). Bidder has sought additional time to clear balance payment.
Sale of assets installed at SRS Cinemas, Eldeco Station-1 Mall, Sector-12, Faridabad	28-03-2021	27-05-2021	Complete payment inc GST has been received within 30 days
Sale of assets installed at SRS Lucknow Cinemas at City Mall, Cp-2, Gomti Nagar, Lucknow, U.P-	11-04-2021	10-06-2021	Complete payment inc GST has been received within 30 days
Sale of assets installed at SRS Bijnor Cinemas at Shopper Pride Mall, Bijnor-246701	25-04-2021	24-06-2021	Complete payment including GST has been cleared by end of June 2021
Sale of assets installed at SRS Bhiwadi Cinemas at V Square Mall, Khasra No.489-490, Dist. Alwar, Rajasthan-301019	25-04-2021	24-06-2021	Complete payment was received by end of April 2021 whereas GST was cleared in July 2021
Sale of assets installed at SRS Shubham Cinemas at Shubham Tower, Neelam Bata Road, NIT, Faridabad	09-05-2021	08-07-2021	Complete payment including has been cleared by end of July 2021. GST is pending
Sale of assets installed at SRS Ludhiana Cinemas at Omaxe Mall, Firozpur Road, Ludhiana, Punjab	19-05-2021	18-07-2021	Part payment of Rs 50 Lakhs has been paid against total of Rs 94.76 Lakhs (inc GST). Bidder has sought additional time to clear balance payment.
Sale of assets installed at SRS Pristine Cinemas at Pristine Mall, Sector-31, Fbd	14-08-2021	13-10-2021	30 days is yet to be completed

- The Liquidator stated that assets at only one site i.e. Patiala is pending to be sold through e-auction. There has been total of eight notices released for said location, however, none were successful. Liquidator mentioned that there are about 10 owners of the cinema premises. They had around 30 meetings with different cinema operators such as PVR, Inox and Movie Times regarding agreement of lease as they could not agree upon the lease rent and other terms. Some of the Owners want increased rent and hence, the deal could not be finalized. The Liquidator stated they are again contacting with the owners and potential bidders to reach a conclusion.

Other matters discussed in the meeting

- Liquidator informed the members they he is filing an appeal before Hon'ble NCLAT seeking directions for Hon'ble NCLT to pass orders in ED Matters. The Liquidator then informed that the final order has still not issued in case pending before PMLA Court whereas the next date of hearing before Hon'ble NCLT is on 09.08.2021. Mr. Abhinav Garg, Representative of Deposit Holders enquired that whether Hon'ble NCLT, Chandigarh has reserve the order or pronounced the order in ED Matters. The Liquidator replied that no final order has been given and matter has been again adjourned. Since, the matter is pending for around one and half year before Hon'ble NCLT, hence the Liquidator is approaching NCLAT seeking necessary directions as the one year of liquidation has expired and also the value of assets is also getting deteriorated. Mr. Abhinav Garg requested for copy of the petition to be filed before Hon'ble NCLAT.
- Liquidator also mentioned about status of sale notice issued under Regulation 37A of IBBI (Liquidation Process) Regulations for NRRRA. They have approached potential parties and around three of them have contacted though they have concerns about majority of the debtors being non-existent. One of them is interested in submitting proposal on revenue sharing basis where the parties shall assist in recovery of dues from Debtor in the ratio say about 75:25 where 75% of the recovery shall be distributed to creditors and remaining will be retained by them. The ratio may be different in the final proposal to be submitted by the interest buyers.
- Mr. Abhinav Garg then enquired about CIRP 8 that has been introduced by IBBI for avoidance transactions under Section 43, 45, 50 and 66 of IBC. The Liquidator replied that the form is for ongoing CIRP cases and not for liquidation.
- Mr. Abhinav Garg then suggested to also include prayer in NCLAT Petition for application pending for avoidance transactions. The Liquidator stated that he would examine the matter. He then asked about the recovery from transactions amounting to around Rs 1296 Cr that have classified as fraudulent transactions to which Liquidator replied that they had earlier visited at the addresses available of these parties, however, majority of them found to be non-existent.
- Mr. Abhinav Garg then asked about the cases pending against debtors of SRS Limited before Hon'ble NCLT, Delhi Bench. The Liquidator mentioned that there is expected recovery of around Rs 80 Lakhs in one debtor i.e. Saubhagya Ornaments Pvt Ltd. The Liquidation order has been pronounced in hearing held on 26.07.2021 and order has not been uploaded till the conclusion of meeting. The claim shall be filed on behalf of SRS Limited once the public

announcement is made. Mr. Abhinav Garg enquired about assets of Saubhagya Ornaments Private Limited to which Liquidator replied that there were investments in unlisted companies and recovery is on account of sale of investments in two of such companies namely M/s P R B Hardcast Steel & Ingots Pvt Ltd and M/s Ongoing Trading Company Private Limited.

- The Liquidator stated that in all other cases CIRP has been withdrawn as there were no assets in these companies. Even the IRP/RP contacted the directors of these companies who stated that they were merely employees of SRS Group. The team of Liquidator had also visited at their addresses during CIRP and found no office nor staff. Moreover, there was recurring expenses that were incurred towards fees of IRP/RP, legal cost and other CIRP related costs that were to be met by SRS Limited.

Conclusion

The Liquidator ended the meeting with a vote of thanks.

ASHOK KUMAR GULLA

Liquidator for SRS Limited

Regn. No: IBBI/IPA-003/IP-N00024/2017-18/10174

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