

Explanatory Notes

Fifth Meeting of Committee of Creditors (CoC) of SRS Limited to be held on Thursday, the 27th day of December, 2018 at 11:30 A.M. 4th Floor, Avanta Business Centre Pvt Ltd, Statesmen House, Barakhamba Road, Connaught Place, New Delhi-110001

The meeting has been called to discuss and deliberate upon final list of Resolution Applicants in terms of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and present status, preliminary report of transaction audit and other issues regarding Corporate Insolvency Resolution Process(CIRP). Various items of Agenda will be taken up for noting /discussion/approval as detailed below:

- **Agenda Item No 1:**

To ascertain quorum for the meeting in accordance with the provisions of Regulation 22 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

As per the Regulation 22 (1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations 2016, a meeting of the Committee of Creditors (“CoC”) shall be quorate if the members representing at least 33% of the voting rights shall be present either in person or by video conferencing or other audio and visual means.

All the members of CoC including Authorised Representative of Deposit Holders are requested to attend the meeting.

- **Agenda Item No 2:**

To take note of the minutes of Fourth Meeting of Committee of Creditors (“CoC”) held on 27th November, 2018

The minutes of the Fourth Meeting of Committee of Creditors held on 27th November, 2018 was circulated to all the members on 28th November, 2018. The minutes of Fourth CoC Meeting shall be placed before members of CoC for taking them on record.

- **Agenda Item No. 3:**

To discuss and take note of the updated claims of Financial Creditors i.e. Banks and Deposit Holders, Operational Creditors including Workmen/Employees and revised voting share of Committee of Creditors

In terms of Regulations 7, 8, 8A & 9 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016, the Resolution Professional have received and admitted claims of

Financial Creditors being banks and Deposit Holders, Operational Creditors including claims of workmen, employees and statutory authorities.

In terms of Regulation 12 (2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, the Resolution Professional can accept the claims received latest by 90th day from date of Commencement of Insolvency. Till 19.11.2018, i.e. the last day for receiving the claims, Resolution Professional had received claims from financial creditors and operational creditors which are explained below:

Claim from Financial Creditor including Creditors in a class (Deposit Holders)

As per the last updated list of financial creditors, claims of 6 banks and 385 depositors were received and admitted. Thereafter, claims have been received from more than 2000 depositors. Till 19.11.2018 i.e. the last date for submitting the claims in accordance with Regulation 12(2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, claims from 2088 depositors have been received (including claims of 385 depositors already admitted). Out of these, claims of 1134 depositors have been verified and admitted. Other claims are in the process of verification and shall be updated shortly. The claims which are verified are also uploaded on Company's website i.e. srsparivar.com.

Deposit holders had claimed interest at varied rates from Nil to 12.50% p.a. The interest rates mentioned in Fixed Deposit Receipts issued by Corporate Debtor were in range of 11.75% to 12.50% p.a. Some of the deposit holders have also claimed penal interest at 18% p.a. as per the Companies Act, 2013 and legal and harassment charges.

It was found that Hon'ble NCLT, Chandigarh Bench vide its order dated 20.10.2016 on the application filed by Deposit Holders for non-payment of their dues, directed the Corporate Debtor to pay the fixed deposits amounts at interest rate of 11.75% p.a. (simple interest). Hon'ble NCLT, Chandigarh bench further directed the Corporate Debtor vide its order dated 20.12.2017 to comply with the order dated 20.10.2016. Some of the depositors have also claimed interest in accordance with the above mentioned NCLT Order.

In view of the above stated and in order to ensure uniformity in verification of the claims, it is considered appropriate for the purpose of uniformity to admit the interest amount at 11.75% p.a. (simple interest) of the outstanding principal amount for all the depositors who have submitted

their claims. Depositors who have not submitted complete documents are being asked to submit their documents vide email.

Accordingly, the voting share of members of CoC have undergone change. The revised voting share is given below:

S. NO.	Name of the Financial Creditor	Amount Claimed (INR)	Amount of claim Admitted (INR)	Security Interest	Voting Share
1.	State Bank of India	6,28,31,58,213.31	6,28,31,58,213.31	Secured	56.19%
2.	Bank of India	2,23,79,59,143.69	2,23,79,59,143.69	Secured	20.02%
3.	Union Bank of India	1,25,59,70,113.38	1,25,24,58,703.64	Secured	11.20%
4.	Oriental Bank of Commerce	68,78,72,193.38	68,78,72,193.38	Secured	6.15%
5.	Deposit Holders (Class of creditors)	57,41,83,472.69	57,30,44,143.65	Unsecured	5.13%
6.	Syndicate Bank	14,13,19,684.04	14,13,19,684.04	Secured	1.26%
7.	Axis Bank Limited	56,64,645.00	54,90,631.00	Secured	0.05%
Total		11,18,61,27,465.49	11,18,13,02,712.71		100.00%

Classification of Deposit Holders as unsecured: The representatives of Deposit holders in separate meetings had raised concern over the fact to consider Deposit Holders as secured in terms of Section 73-76 of Companies Act, 2013.

We have been requested by Deposit Holders to consider these deposits as Secured citing various reasons which includes following:

- a. Creation of Deposit Repayment Reserve Account as per sub-section (5) of Section 73 of Companies Act, 2013.
- b. Second Proviso of Section 76(1) of Companies Act, 2013 states *“Provided further that every company accepting secured deposits from the public shall within thirty days of such acceptance, create a charge on its assets of an amount not less than the amount of deposits accepted in favour of the deposit holders in accordance with such rules [as may be prescribed.](#)”*

In view of the above stated, it is stated that the deposits were accepted by maintaining deposit repayment reserve account as opened by SRS Limited but adequate funds were not kept in the said account. The Corporate Debtor failed to make the payment of deposits on maturity. Hence, Deposit holders had approached Hon'ble NCLT and number of cases were pending.

As per the details provided by Representatives of Deposit Holders, it was further found that Dr. Anil Jindal, Chairman stated in his affidavit dated 01.02.2017 before Hon'ble NCLT, New Delhi, where the matter was then pending, that though the petitioner company is engaged in the diversified business portfolio comprising of Gold and Jewellery (retail, wholesale and manufacturing), Cinema Exhibition, Retail, Hotel and Food & Beverages etc. directly and through its subsidiaries, but for the purpose of repayment to the depositors, the company would be utilizing the sale proceeds of the Cinema business carried out by the company. In the said affidavit, it was stated that the sale of the Cinema Halls would be undertaken under the overall supervision and monitoring of State Bank of India and advisory of SBI Capital Markets Limited and Asset Sale Committee.

However, it is found that the public advertisement released by the Company for issuing public deposits was titled as "Unsecured Fixed Deposit Schemes", which was also uploaded on Company's Website www.srsparivar.com. The Company had issued deposit receipts where it is mentioned that these are issued as per terms and conditions contained in the Advertisement. The Corporate Debtor had issued cumulative and non-cumulative FD and an advertisement was issued for purchasing the FD's by SRS Limited wherein it was mentioned that deposits would be unsecured in nature. It is further stated that the Company started accepting the deposits from the public since April, 2013 under the Companies Act, 1956 and Companies Act, 2013 and had been repaying the principal amount as well as the agreed rate of interest regularly without any delay.

As per the above mentioned proviso to clause (1) of Section 76 of the Companies Act, 2013, the company accepting deposits from public is required to create a charge on its assets in favour of deposit holders, provided that the company issued secured deposits. As per the advertisements released by SRS Limited, it is clear that Company had issued unsecured deposits.

It is further stated that under Insolvency and Bankruptcy Code, 2016, Section 3(4), Charge reads as, "*means an interest or lien created on the property or assets of any person, or any of its undertaking or both-----*". However, the Company i.e. SRS Limited had not created any such charge over its assets in favour of deposit holders since the deposits were unsecured.

Further, The Hon'ble NCLT, New Delhi in its order dated 20.10.2016 w.r.t. to the above mentioned Affidavit by Dr Anil Jindal stated *“These facts were thus brought to the notice of the Tribunal about 11 months ago, but huge time has since elapsed, but nothing concrete seems to have progressed. So, there is absolutely no reason to accept the aforesaid contention on behalf of the petitioner.”*

Thus, as per the said order of Hon'ble NCLT, New Delhi there is no relevance of Affidavit given by Dr Anil Jindal stating that the proceeds from sales of cinema business shall be utilised to pay the deposit receipts. Also, no such transaction took place then and thereafter.

As per the Legal opinion sought from Gaggar & Co LLP, Legal Advisors to Resolution Professional state *“The forms issued for acceptance of such deposits are clear that these are unsecured deposits. The amendment made in the Companies Act 2103 has prescribed for a deposit repayment reserve account which shall be not less than 15 percent of the amount of deposit maturing in the financial year as well as the next financial year. This reserve account cannot be used by the Company except for repayment. So the deposits of the public cannot be treated as secured deposits even though there is a reserve account created for them.”*

Considering all these facts and after obtaining legal view from Gaggar & Co, we have considered these deposits were unsecured since no charge was created on the assets of the Corporate Debtor and the Fixed Deposits were unsecured in nature.

Claim from Operational Creditors including Workmen/Employees and Statutory Dues

Claim from Operation Creditors including Workmen/Employee and statutory authorities are being received and have been verified with the records of the Corporate Debtor. Some of the claims received from Operational creditor (other than workmen/employee) including statutory authorities are still under verification subject to further information sought from claimant.

Claims have been received from following statutory authorities and are under verification subject to further documents sought from these authorities:

Name of Statutory Authority	Amount of Claim	Amount Admitted
Assistant Excise and Taxation Commissioner, Patiala (GST)	8,06,66,441	Under verification
Inderjit Sandhu, Excise and Taxation Officer -Cum State Tax Officer Ward -1 Firozpur (GST)	4,89,04,408	2,74,15,760
Assistant Commissioner of Income Tax Central Circle -II, Faridabad	1,32,74,03,493	Under verification
TOTAL	1,45,69,74,342	2,74,15,760

Accordingly, the details of total claims received and admitted are as under:

S. No.	Name of the Creditor	Total Amount claimed till 19.11.2018* (INR)	Amount of claim admitted (INR)
1	Financial Creditors	10,61,19,43,993	10,60,82,58,569
2	Deposit Holders (class of creditors)	81,27,09,911	57,30,44,143
3	Operational Creditors (other than workmen/employee and statutory authorities)	37,56,01,311	32,60,15,663
4	Statutory Authorities	1,45,69,74,342	2,74,15,760
5	Workmen/Employees	1,55,19,650	1,52,38,946
TOTAL		13,27,27,49,207	11,54,99,73,081

*The total amount claimed till 19.11.2018 pertains to total amount of claims received from all creditors till 19.11.2018. Some of these claims from deposit holders, operational creditors (other than workmen/employee) including statutory authorities are still under verification and shall be updated after verification.

Claim received after 19.11.2018 i.e. 90th day of Insolvency Commencement Date

In accordance with Regulation 12(2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the claims shall be accepted from the deposit holders till 90th day from Insolvency Commencement Date i.e. 19.11.2018. However, the Resolution Professional is still receiving claims from creditors including deposit holders, operational creditors. After 19.11.2018 and till the date of this meeting, claims of 116 depositors, 3 employees and 2 operational creditor have been received.

There is a probability of receiving more claims from the creditors specifically deposit holders as these deposit holders are scattered all over the country. Further, the last date for receipt of resolution plan is 23.01.2019. The Resolution Professional has made an application to be filed

before Hon'ble NCLT under Section 60(5) of Insolvency and Bankruptcy Code, 2016 requesting to allow the RP to admit claims received after 19.11.2018 till 10.01.2019.

- **Agenda Item No. 4:**

To discuss the final list of potential Resolution Applicants who have submitted Expression of Interests for resolution of SRS Limited in accordance with Regulation 36A (12) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and present status

As approved in last CoC meeting held on 27.11.2018, the timeline for submitting the Expression of Interests by potential Resolution Applicants was extended to 12.12.2018 from 26.11.2018. FORM G inviting EOIs in accordance with Regulation 36A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 was republished in Financial Express (English) and JanSatta (Hindi), All India Editions on 29.11.2018. The FORM G with revised timelines was also uploaded at Corporate Debtor's website i.e. www.srsparivar.com and website of IBBI.

The Resolution Professional had received EOIs from 10 Applicants till last CoC Meeting held on 27.11.2018 which was shared with members of CoC in the said meeting. Thereafter, the Resolution Professional had received EOIs from total 16 Applicants till 12.12.2018 i.e. the last date for submitting EOIs. A provisional list of such applicants was shared with all the members of CoC and Resolution Applicants who submitted EOIs on 14.12.2018 under Regulation 36A (10). Five days were given to the Applicants to make objections, if any against the list along with supporting documents. After resolving objections, if any, the final list of the Resolution Applicants is to be shared with the members of CoC on 21.12.2018. No objections were received from any of the shortlisted Provisional Resolution Applicants. Hence, Final List of Shortlisted Potential Resolution Applicants was released on 21.12.2018.

Aries Telecasting Pvt. Ltd. has shown consolidated group Networth of Rs.150 Crore and Total Asset under Management of Rs. 250 Crore in their EOI. However, Aries Telecasting Pvt. Ltd. could not provide required documents to prove their eligibility criteria till 19.11.2018 and hence their name is removed from the Final list of eligible Resolution Applicants.

In accordance with the terms set out in the Request for Resolution Plan and timelines mentioned in FORM G, the Resolution Applicants have been given access to Data Room and Information Memorandum w.e.f. 19.11.2018 within 5 days from issue of provisional list of applicants after obtaining confidentiality undertaking in terms of Section 29(2) of IBC, 2016 and Regulation 36(4) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 along with a refundable deposit of Rs 5 lakhs. A data room has been created wherein in Information Memorandum and all other relevant documents have been uploaded. The access to the data room is provided to the applicants after receiving confidentiality undertaking and refundable deposit of Rs 5 lakhs.

The final list of Resolution Applicants who can submit the resolution plan is listed below:

S.No	Particular	Company/AR C	AUM/NW(Crore) as on 2017-18
1	Prudent ARC Limited	ARC	398.88
2	Phoenix ARC Limited	ARC	774.92
3	JM Financial ARC Limited	ARC	12,965.00
4	Eight Asset Reconstruction Pvt. Ltd.	ARC	500.00
5	ARCIL	ARC	11,827.00
6	BLS International Services Ltd.	Company	260.54
7	Mukta A2 Cinemas Ltd.	Company	33.91
8	M2K Developers Pvt. Ltd.	Company	32.67
9	Carnival Capital holdings Pvt. Ltd.	Company	11.55
10	Movie Times Cineplex Pvt. Ltd.	Company	14.74
11	Jatalia Global Ventures Limited	Company	26.19
12	Ottoman Industries Pvt. Ltd.	Company	23.19
13	Omaxe Limited	Company	1924.70
14	Davinder Kumar	Individual	136.93
15	Sahil Virmani	Individual	12.63

Notes:

- Prudent ARC has a Networth of Rs. 103.47 Crore as per audited Balance sheet as on 31-03-2018 and further it has shown total Asset under Management of Rs. 398.88 Crore while submitting EOI.
- Phoenix ARC has a Networth of Rs. 338.04 Crore as per audited Balance sheet as on 31-03-2018 and further it has shown total Asset under Management of Rs. 774.92 Crore while submitting EOI.
- JM Financial ARC has a Networth of Rs. 966.86 Crore as per audited Balance sheet as on 31-03-2018 and further it has shown total Asset under Management of Rs. 12,965 Crore while submitting EOI.
- Eight Asset Reconstructions Pvt. Ltd. has a Networth of Rs. 25.14 Crore as per audited Balance sheet as on 31-03-2018 and further it has shown total Asset under Management of Rs. 500 Crore in the certificate provide from Chartered Accountant while submitting EOI.
- ARCIL has shown consolidated group Networth of Rs. 1688.90 Crore as per audited Balance Sheet as on 31.03.2018 and has shown Asset under Management of Rs. 11,827 Crore in their EOI.
- Mukta A2 Cinemas Ltd. has a Networth of (4.79 Crore) as per EOI submitted but the group Mukta Arts Limited has a Networth of 33.91 Crore as shown in audited Balance sheet as on 31.03.2018.
- Davinder Kumar submitted EOI in Individual capacity and has shown a Networth of Rs. 136.93 Crore as per CA certificate dated 24.05.2018 as on 31.03.2018 and further he has shown a total income of Rs. 8.67 Crore. and paid total tax of Rs. 3.08 Crore. in Income tax return filed for the Assessment Year 2018-19.
- Sahil Virmani submitted EOI in Individual capacity and has shown a Networth of Rs. 12.63 Crore as per CA certificate dated 11.12.2018 as on 31.03.2018 and further he has shown a total income of Rs. 51.32 Lakhs and paid total tax of Rs. 14.75 Lakhs in Income tax return filed for the Assessment Year 2018-19.

All the potential Resolution Applicants have given undertaking that they are in compliance with Section 29A of IBC, 2016.

The Resolution Professional have received the refundable deposit of Rs 5 lakh along with confidentiality undertaking from 5 applicants namely ARCIL, BLS International Services Ltd., Mukta A2 Cinemas Ltd., M2K Deveopers Pvt. Ltd. and Davinder Kumar till 20.12.2018. RP and

his team have started coordinating with all the Applicants to assist them in carrying out the due diligence of the Corporate Debtor.

- **Agenda Item No. 5:**

To discuss the preliminary report of Transaction Audit by Grant Thornton, LLP

The CoC in the first meeting held on 20.09.2018 approved the appointment of Grant Thornton, LLP as Transaction Auditor for carrying out the transaction audit and prepare a report on preferential, undervalued, extortionate and fraudulent transactions under Sections 43, 45, 50 and 66 of IBC, 2016. Thereafter, Grant Thornton was appointed and they started the verification of transactions for period starting from 21.08.2016 to 21.08.2018.

As mentioned in the previous CoC Meetings, the Resolution Professional as well as the Transaction Auditor are facing difficulties in collating the relevant documents as majority of the staff pertaining to jewellery and retail business had left the Company. Moreover, the Corporate Debtor had kept all its documents of previous years at lower ground floor of SRS Tower, Mewala Maharajpur, Faridabad which was previously the registered office of Corporate Debtor and is currently operated and managed by Corporate Tower Association that claims to be an RWA. The Association did not allow entry of employees of SRS Limited and further when Resolution Professional and his team tried to enter into the premises in order to collect all financial records, they were initially allowed but later were not allowed to enter the said premises and their entry was barred.

The Resolution Professional after two meetings with the Association and its property head Mr. Amarkesh Singh asked his help to access the financial records which was permitted by Mr. Amarkesh Singh. Resolution Professional and his team along with Transactional Auditors were given access to the records and the team member of RP also visited the SRS Tower along with Transaction Audit team to search for the required documents. Further, it was observed that the records available at SRS Tower were scattered and not properly arranged. However, before any document could be located, the access was withdrawn by the Association.

The Resolution Professional again requested Corporate Tower Association for access of these records. In response, a copy of letter dated 08.12.2018 received from Association on 09.12.2018 which stated as follows:

“SRS Group is comprising of 369 companies such as SRS Limited, its associate companies, its Associate companies and friends and relatives. We do not know what sort of records are

available and which are the companies. At the present juncture where FIRs are under investigation with number of courts in India, if we allow you access to SRS Tower premises and in the event of any records or documents misplaced or not traceable as may be claimed by any of the above companies, you will take responsibility of such complaint as may be raised by any of the companies in SRS Group. So-far-as we are aware, investigation agencies are already started raising objection on missing of number of SRS group documents and we do not know pertaining to which company and from where.

If you are prepared to give an undertaking on the above we are agreeable to your accessibility in SRS Tower.”

In view of the above stated, an application is filed with Hon'ble NCLT under section 60(5) of IBC, 2016 for access to records of SRS Limited in presence of Police Personnel or any authorized person who can take photo copies of the relevant documents for use of Transaction Audit.

The transaction Auditor based on the documents available to him at SRS Mall, Sector-12, Faridabad till date had prepared the preliminary report dated 23.12.2018 will be discussed during the meeting. The said report has been prepared by Grant Thornton LLP India based on the available records. The report has identified various transactions under section-45 (undervalued transactions) & section-49 (Transaction defrauding creditors) for sale of fixed assets at loss and sale of vehicles. Further, the report has identified transactions under section – 66 of IBC, 2016(Fraudulent Transactions) for jewellery business and investment in related companies.

We are still trying for various documents that can be provided to Transaction auditor and they will be asked to submit final report by 25.01.2019. We shall submit report to Hon'ble NCLT, New Delhi condonation of the delay citing above reason. After the Final report is put up for discussion of CoC, the Resolution Professional will report these findings for further action, if any by Hon'ble NCLT Chandigarh.

- **Agenda Item No. 6:**

To discuss further steps taken towards recovery from debtors of Jewellery and Retail business

As discussed during the fourth meeting of COC held on 27.11.2018, the corporate debtor has written off Rs. 8,25,31,92,728/- from jewellery business as on 31.12.2017 and further amount outstanding of Rs. 4,62,42,16,372/- as on 31.03.2018 which is already overdue.

However, auditors have suggested reverse of the amount written off and entire amount is now outstanding in the books is fully provided for as no amount recovered for last more than one year. Present status of recovery of these debtors are as under:

Details of amount outstanding as on 31.03.2018 along with current status:

Name	Net Outstanding	Current Status
GoodLuck Ornaments Pvt. Ltd.(Delhi)	98,04,12,517.00	<p>Legal action: Resolution Professional arranged for issuing Legal notice through Counsel on 01.10.2018 which is returned due to incomplete address available.</p> <p>Visit: The member from RP Team visited the office located at Shop Aya Nagar, New Delhi-110047 on 27.10.2018 and couldn't find the address.</p>
Lucra Jewels Pvt. Ltd.(Delhi)	85,31,54,044.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 23.01.2018 with Hon'ble NCLT Delhi. We have now engaged Lex Advoco to represent the case on behalf of Corporate Debtor. Further, the matter came up for hearing and Hon'ble NCLT 05.12.2018 and the next date of hearing fixed 09.01.2019.</p> <p>Visit: The member from RP Team visited the office located at Mandawali, Delhi on 24.10.2018 and found a shop with name board of Lucra Jewels. The shop was found closed. It was informed by other shop owners that the shop is closed since last couple of months.</p>
Trustworthy Gems & Jewellery Pvt. Ltd.(Delhi)	83,66,31,636.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 16.01.2018 with Hon'ble NCLT Delhi through. We have now En Pointe Advisors to represent the case on behalf of Corporate Debtor. Further, the matter came up for hearing on 05.12.2018 and 18.12.2018 next hearing fixed on 15.01.2019.</p> <p>Visit: The member from RP Team visited the office located at Karawal Nagar Chowk, New Delhi-110094 on 27.10.2018 and found a shop with name board of company but some other business was in operation.</p>
Gehna Precious Metals Pvt. Ltd.(Delhi)	73,20,20,887.00	<p>Legal action: Application was filed under Section 9 of IBC on 10.01.2018 and was admitted for CIRP on 28.05.2018 and thereafter was withdrawal on 20.07.2018 upon the application of IRP i.e. Shri Sudhir Kumar Aggarwal as the Directors of Corporate Debtor was not traceable and company was not operational. Now, Application is being file through En Pointe Advisors LLP, Legal Counsel to reinstate the case under section 9 of IBC.</p>

		<p>Visit: The member from RP Team visited the office located at Karawal Nagar Chowk Meal Factory, Delhi-44 on 27.10.2018. It was informed by other shop owners that the shop is closed since last couple of months.</p>
Celebration Jewellers Pvt. Ltd.(Delhi)	67,78,40,681.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 18.01.2018 with Hon'ble NCLT Chandigarh .Legal notice was served on 01.10.2018 and no reply has been received. The directors of the company couldn't be contacted. We have appointed M/s Gaggar & Co. LLP to reinstate the case under Sec-9 of the code.</p> <p>Visit: The member from RP Team visited the office located at Bhoja Wali Gali, Mandawali, New Delhi on 24.10.2018. The address as mentioned on the invoice of debtor could not be found. Hence, shop could not be located.</p>
Saubhagya Ornaments Pvt. Ltd.(Delhi)	66,19,70,188.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 23.01.2018 with Hon'ble NCLT Delhi. We have now engaged Lex Advoco to represent the case on behalf of Corporate Debtor. Further, the matter came up for hearing before Hon'ble NCLT, New Delhi on 05.12.2018 and next date of hearing fixed on 09.01.2019.</p> <p>Visit: The member from RP Team visited the office located at Beadon Pura, Karol Bagh, New Delhi on 23.10.2018 and found a shop with name board of "Saubhagya Ornaments Pvt Ltd". The shop was found closed. It was informed by other shop owners that the shop is closed since last couple of months.</p>
Vision Jewellers Pvt. Ltd.(Delhi)	66,17,73,157.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 18.01.2018 with Hon'ble NCLT Chandigarh. Legal notice was served on 01.10.2018 and no reply has been received. The directors of the company couldn't be contacted.</p> <p>We have appointed M/s Gaggar & Co. LLP to reinstate the case under Sec-9 of the code.</p> <p>Visit: The member from RP Team visited the office located at Khanpur, New Delhi on 24.10.2018. A shop was found with name board of some other company "MS Cash for gold".</p>
Logical Jewellers Pvt. Ltd.(Delhi)	60,32,64,652.00	<p>Legal action: Application was filed under Section 9 of IBC, 2016 on 16.01.2018 with Hon'ble NCLT Delhi We have now engaged Lex Advoco to represent the case on behalf of Corporate Debtor. Further, the matter came up for hearing before Hon'ble NCLT, New Delhi on 05.12.2018 and next hearing fixed on 09.01.2018.</p>

		Visit: The member from RP Team visited the office located at Aya Nagar, New Delhi on 27.10.2018 and found that some other business was in operations.
Achiever Bullions & Jewellers Pvt. Ltd.	50,56,90,349.00	Legal action: Application was filed under Section 9 of IBC, 2016 on 18.01.2018 with Hon'ble NCLT Chandigarh. Legal notice was served on 01.10.2018 and no reply has been received. The directors of the company couldn't be contacted. We have appointed M/s Gaggar & Co. LLP to reinitiate the case under Sec-9 of the code.
Satmaya Trading Co. Ltd.	29,61,38,787.00	Legal action: Application was filed under Section 9 of IBC, 2016 on 05.02.2018 with Hon'ble NCLT Delhi. The matter came up for hearing on 05.10.2018 and got dismissed for non-prosecution. We have engaged Lex Advoco to re-open the case under Section 9 of the IBC, 2016. Visit: The member from RP Team visited the office located at Bank Street, Karol Bagh, New Delhi on 23.10.2018. No shop of Satmaya Trading Co. Ltd. was found and the entire building was found to be closed vide court order.
M.S.R Marketing Ltd.	45,89,07,011.00	Legal action: Resolution Professional arranged for issuing Legal notice through Counsel on 01.10.2018. Legal notice was served on 01.10.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided. Visit: The member from RP Team visited the office located at Beadon Pura, Karol Bagh, New Delhi on 23.10.2018. It was found that the office has been shifted to other place and new location was not found.
Bhavya Ornaments Pvt. Ltd.	69,86,80,003.00	Legal action: Legal notice was served on 01.10.2018 and reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided. Visit : The members from RP Team visited the office located at Khanpur, New Delhi on 24.1.2018. No shop/office was found. It was informed by other shop owners that there had been no jewellery shop in the said locality since last 2-3 years.
Rama Krishna Jewellers Pvt. Ltd.(Delhi)	28,34,83,546.00	Legal action: Resolution Professional arranged for issuing Legal notice through Counsel on 01.10.2018. In a reply to auditor's letter of Balance confirmation, RK Jewellers have denied any outstanding balance and attached a ledger sheet showing nil balance to SRS

		<p>Limited. We have asked the party to provide the ledgers and related invoices for the reconciliation of account which are awaited which we are following up in the matter.</p> <p>Visit: The member from RP Team visited the office located at Lajpat Nagar, New Delhi on 24.10.2018 and a large shop of Rama Krishna Jewellers Pvt Ltd was found.</p>
Aggarwal Jewellery House	32,25,270.00	<p>Resolution Professional arranged for issuing Legal notice through Counsel on 01.10.2018.No response to legal notice has been received.</p> <p>The Proprietor of the firm told that the firm has been closed for four years and account with SRS Ltd has been settled and no dues is pending. They couldn't provide any documents as they have disposed the accounts and documents.</p>
Aurum Jewels	42,57,59,720.00	<p>Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided.</p> <p>Visit: The member from RP Team visited the office located at Barakhamba Road, New Delhi on 24.10.2018 and a large shop of Aurum Jewels was found. However, a notice was posted at the shop of Section 138 of NI Act and the shop was found closed.</p>
Dhanvee Jewels	7,64,668.00	<p>Legal action: Resolution Professional arranged for issuing Legal notice through Counsel on 01.11.2018.No written reply has been received but while contacting the owner of the firm we have asked the party to provide the ledgers and related invoices for the reconciliation of accounts which is still awaited.</p> <p>Visit: The member from RP Team visited the office located at Karol Bagh, New Delhi on 23.10.2018 and a shop of Dhanvee Jewels was found open and functioning. They have informed that no such dues are outstanding.</p>
GDK Jewels Pvt. Ltd.	4,62,337.00	<p>Legal action: Legal notice was served on 01.11.2018 and reply has been received. No written reply has been received but while contacting the owner of the firm we have asked the party to provide the ledgers and related invoices for the reconciliation of accounts which is still awaited.</p> <p>Visit: The member from RP Team visited the office located at Lajpat Nagar, New Delhi on 27.10.2018 and found a shop in operations. They have informed that no such dues are outstanding. We have asked the party to provide the ledgers and related invoices for the reconciliation of accounts which are still awaited.</p>

Rambhajo's	91,59,228.00	<p>Legal action: Resolution Professional arranged for issued Legal notice through Counsel on 01.11.2018. In a reply to Auditor's letter of balance confirmation, they made a counter claim of Rs.10,51,04,293.00 receivables from SRS Limited. There claim have been admitted after verifying company records after adjusting the balance due form them as operational creditor.</p> <p>They have provided reply to legal notice served. Further they are in the process of providing further submissions in the matter.</p>
Rambhajo Diamonds	17,69,53,589.00	<p>Legal action: Resolution Professional arranged for issued Legal notice through Counsel on 01.11.2018. In a reply to auditor's letter of Balance confirmation, the company clarify that they have provided the goods on 27.04.2017 to SRS Jewells on approval basis.</p> <p>They have provided reply to legal notice served. Further they are in the process of providing further submissions in the matter.</p>
zever Mehal Gems & Jewels	21,95,070.00	<p>Legal action: Resolution Professional arranged for issued Legal notice through Counsel on 01.11.2018. In a reply to Auditor's letter of balance confirmation, they intimated that they have paid the amount due in March 6, 2018 via RTGS. We are seeking further clarifications/documents from the party.</p> <p>After verification it is found that the payment was received for the balance amount and entry has been wrongly recorded in other account i.e. Zever Mahal LLP.</p> <p>Visit: The member from RP Team visited the office located at Laxmi Nagar, New Delhi on 24.10.2018 and a shop was found open and functioning.</p>
Zever Mehal LLP	4,01,92,888.00	<p>Legal action: Resolution Professional arranged for issued Legal notice through Counsel on 01.11.2018. In a reply to Auditor's letter of balance confirmation, they brought out the existence of dispute with SRS Limited and filed a case in the court of law, Delhi.The matter is sub-judice in Delhi court. We are seeking further clarifications/documents from the party.</p> <p>We have asked the party to provide the ledgers and related invoices for the reconciliation of accounts which are still awaited.</p> <p>Visit: The member from RP Team visited the office located at Preet Vihar, New Delhi on 23.10.2018 and a shop was found open and functioning.</p>

Shree Ashtavinayak Gems & Stones Pvt. Ltd.	96,09,87,827.00	Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided.
Wellknown Jewellers Pvt. Ltd.	70,97,22,355.00	Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided.
Satyam Precious Metals Pvt. Ltd.	39,72,33,785.00	Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided. Visit: The member from RP Team visited the office located at Kucha Mahajani, Chandni Chowk, New Delhi on 23.10.2018. The shop was found closed. It was informed by other shop owners that the shop is closed since last couple of months.
Eagles Gems & Stones Pvt. Ltd.(DL)	35,51,41,382.00	Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided. Visit: The member from RP Team visited the office located at Kucha Mahajani, Chandni Chowk, New Delhi on 23.10.2018. Some other shop was found at the address.
Eagles Gems & Stones Pvt. Ltd.(HR)	19,57,07,603.00	Legal action: Legal notice was served on 01.11.2018 and no reply has been received. The directors of the company couldn't be contacted. Based on further investigations, further course of action will be decided. Visit: The member from RP Team visited the office located at Kucha Mahajani, Chandni Chowk, New Delhi on 23.10.2018. Some other shop was found at the address.
Arnav Jewellery LLC (UAE)	81,18,95,027.00	The Auditors have sent the letter to both the company but the letter returned undelivered due to incomplete address and no contact information of parties are available. Further, Transaction auditors have also sent balance confirmation to the parties reply of which is awaited.
Vihaan Impex DMCC (UAE)	53,80,40,893.00	
Total	12,87,74,09,100.00	

Cases not yet filed with NCLT under section 9 of IBC, 2016

As stated during the second meeting of CoC held on 27.11.2018 as per Section 11(a) of IBC, 2016, corporate debtor undergoing Corporate Insolvency Resolution Process shall not be entitled to make an application to initiate Corporate Insolvency Resolution Process (CIRP). Hence, SRS Limited which is itself under CIRP cannot file application under Section 9 of IBC, 2016 as operational creditor in respect of the cases which have not been filed prior to initiation of CIRP (i.e. 21.08.2018). We have filed an application u/s 60(C) of IBC in the Hon'ble NCLT, Chandigarh on 19.11.2018 for allowing us to initiate proceedings u/s 9 of IBC against these debtors. The case came up for hearing with Hon'ble NCLT, Chandigarh on 11.12.2018. The matter was discussed and Hon'ble NCLT during hearing observed that the law is clear on the issue and thus legal counsel to RP had withdrawn the application. Ad per the said order "After arguing for some time, learned counsel for the Resolution Professional/Applicant submits that these applications may be disposed of with liberty to the Resolution Professional to seek other appropriate remedy, if so, advised. Both the applications disposed of with liberty aforesaid. ".

Further, as mentioned above, RP team has visited number of locations and found that in most cases, shops are either closed or address are not complete. Grant Thornton LLP (who are conducting Transaction audit on Preferential/undervalued/extortion & Fraudulent transactions are also in the process of verifying the credentials of all these counter parties. Further, as per MCA website, most of these parties Balance sheet are showing Trade Payable close the amount shown as Sundry Debtors by Corporate debtor against these parties. We have written to Statutory Auditors of these corporates (Sundry debtors) to confirm whether the amount shown as account recoverable as per books of accounts of SRS Limited is reflected in the books of these companies as sundry creditors.

Further some of these parties have been found to be related parties with no significant means. Legal notices served on these sundry debtors have been received back in most of the cases. Hence, in the event of further investigation and report from Grant Thornton LLP, further course of action will be decided. Meanwhile, we have asked our legal counsels to pursue the cases u/s 9 already initiated.

Debtors which are non-corporates (Proprietorship, Partnership Firms, LLPs)

In respect of Sundry Debtors who are non-corporates (LLP or Partnership firms), RP team has contacted these parties and all of them have stated that there is no outstanding due from them to SRS Ltd. RP team has again requested all these parties to provide their ledger sheets and invoices in order to reconcile with the accounts statement of SRS Ltd.

As discussed during second meeting of CoC held on 26.10.2018, it was decided to proceed against these proprietorship/partnership firms under order no. 33 of the Civil Procedure Code, 1908 which provides provisions for a person who do not have sufficient means to pay requisite court fees. It was discussed to consider filing of such application on a selective basis after examining the cost involved. However, at this stage, we have kept moving such application under order 33 of Civil Procedure Code, 1908 under abeyance pending further details from such parties.

As discussed during the CoC Meeting held on 26.10.2018, the Corporate Debtor is showing following amounts outstanding as on 31.03.2018 as advance to various parties. The amount outstanding pertains to Value Bazaar and other segments, details of which is annexed as Annexure iii(a) and Annexure iii(b) respectively. Summary of the same is given below:

S. No.	Particulars	No. of Parties	Amount (INR)
1.	Trade Receivables (Value Bazaar)	8	2,52,21,720.00
2.	Advance to Creditors (Value Bazaar)	3	16,37,22.00
3.	Advance to Employees (Value Bazaar)	17	2,10,478.00
4.	Advance to Suppliers (Value Bazaar)	32	58,78,245.00
5.	Trade Receivables (others)	22	2,09,46,254.00
6.	Advance to Creditors (others)	36	7,38,387.00
7.	Advance to Employees (others)	7	5,56,606.00
8.	Advance to Suppliers (others)	3	6,18,831.00
	Total	128	5,43,34,243.00

Major amount is due to the following parties:

MSR Electroplaza	1,53,15,086.00
Lucknow mall developers	62,83,164.00
Manoj Narawat (Former Employee)	57,11,000.00

After contacting MSR Electroplaza, they have stated that there is no dues outstanding and assured to submit full details which is still awaited. With Lucknow Mall developers, there is dispute on the amount shown and he has submitted counter claim on rent payable and other

charges. Most of these transactions were arranged / entered by previous management without proper written agreement. Amount outstanding of Rs.57.11 lakh is shown outstanding in favour of Mr. Manoj Narawat (Former Employee) who is purported to have arranged for transfer of funds to various parties based on cheques already signed by authorized signatories. We are in the process of collecting details and address of the parties to whom these funds have gone.

We have issued notices to the various debtors having outstanding more than one lakh in retail business after consulting with the company personnel for the recovery of balance due to these parties. Some of letters returned undelivered due to incomplete address available and response from other parties are awaited.

- **Agenda Item No. 7:**
To discuss the list of assets owned by Corporate Debtor i.e. SRS Limited and various issues regarding ownership of these properties

Shopping Mall at Sector-12, Faridabad:

As discussed during the first meeting of CoC held on 20th September, 2018, the Corporate Debtor owns a shopping mall located at Sector-12, Faridabad. The SRS Mall has 75 shops including outer Kiosk, temporary counters on the Ground floor and First Floor, Basement which is Currently Vacant (earlier was used for Running the SRS Value Bazaars), SRS Cinema running at the 2nd Floor. Further, 3rd Floor used for Office premises for SRS Limited and other companies.

Out of the total 75 Shops on the Ground and First Floor, 26 shops are owned by SRS Limited and rest of the shops are sold. The mall was mortgaged to SBI vide equitable mortgage dated 25.08.2007. It has been observed that around 20 shops were sold through unregistered sale deeds/allotment deed and unregistered buyer's agreement after 25.08.2007.

As per the legal opinion sought from Gaggar & Co LLP, legal advisors, the shops have been sold to the shopkeepers without any proper documents except an unregistered sale agreement / Buyer's Agreement which in the eye of law is not a valid document for transfer of the property. Moreover, the shops are already mortgaged with the banks prior to such sale. Further there are certain shops which though transferred through registered documents had been mortgaged to banks prior to such transfer. It is suggested that lenders to proceed against these parties. In this regard, notices can be issued to these shop owners that these properties belong to Corporate Debtor as there is no valid document for transfer and therefore should be handed over to Resolution Professional.

Hence, the Resolution Professional has arranged for issue of legal notices to all the shop owners to surrender the possession of these shops within a period of 30 days from the date of receipt of legal notice.

26 Land parcels owned by SRS Limited scattered across different location in Faridabad.

The Corporate Debtor has purchased 26 Land Parcels located at different locations in Faridabad and Palwal. These are mortgaged to Lenders. After physical verification, it was noted that there are two Land parcels located at:

- a. Booth Plot No. B-19, Sector-2, HUDA Market, Urban Estate, Faridabad
- b. SCO Plot No.94, Sector-2, HUDA Market, Urban Estate, Faridabad

are under possession of Mr. Jai Prakash Gupta. A letter dated 22.10.2018 was sent to Mr. Jai Prakash Gupta stating that they are in illegal possession of the above SCOs. In response to the letter, they replied enclosing thereon various documents including agreements to sale dated, receipt of the payment.

Finally, legal notices dated 28.11.2018 for SCO No 94 and 12.12.2018 for SCO 19 were served on the party for vacation of the said premises. Replies dated 10.12.2018 for SCO 94 and 17.12.2018 for SCO 19 respectively, have been received through their advocate wherein they have mentioned that the party is willing and ready to negotiate for purchasing the above said site.

Property Owned in the SRS Tower Located at Sector 31.

The Corporate Debtor owns various units in the SRS Tower located at Sector 31, Faridabad. SRS Tower (also known as I.T. Unit) was developed by SRS Real Infrastructure Private Limited (hereinafter referred as Developer) on the land situated at Mustkil No. 44, Kila No. 22/2 (2-13), 23 (8-0), 24/1 (2-7), Mewala Maharajpur, Faridabad which is owned by SRS I-Tech Private Limited. SRS Tower is currently operated and managed by Corporate Tower Association which receives rent and maintenance for the IT Unit for the properties owned by SRS Limited. However, the rent is not being paid to SRS Limited.

SRS Limited owns following properties at SRS Tower:

Lower Ground Floor:

SRS Limited has purchased 11,248.02 Square Feet in Super Area situated at the said I.T unit, the said space was purchased for the store room, the consideration was paid @Rs. 6,000/- per

square fee which totals to Rs. 6,74,88,120/- which has been paid in full. The said area has been sublet to third party who is paying rent and maintenance charges to the said Association.

Ground Floor and Third Floor (Unit No. 46)

SRS Limited has purchased Unit No. 46 (1816.201 Square Feet) in Super Area situated at the said I.T unit, the consideration was paid @Rs. 3,500/- per square fee which totals to Rs. 63,56,703/- which has been paid in full. The said allotment deed is Registered in the office of Sub Registrar, Faridabad vide “Pralek Number 20828” dated 22/03/2012.

Eight Floor:

SRS Limited has purchased 12806.476 Square Feet Super Area situated at eight floor of the said I.T unit, the consideration was paid @Rs. 4,200/- per square fee which totals to Rs. 6,71,53,450/- which has been paid in full. SRS Limited has developed a conference room and has installed equipment, fittings, furniture and fixture in the said are and has spent considerable Capital Expenditure. The said Auditorium is under the possession of SRS Tower Association and is being sublet by them to third parties for heavy rental amount on per day basis.

The said Association is not allowing the team of Resolution Professional to access the said premises and not providing possession of the said property stating that there are other owners. An application is being filed before Hon'ble NCLT to allow the Resolution Professional to take possession of the said properties of SRS Limited and give rent of previous months to Corporate Debtor.

Office no 306,307 at Third Floor in Sector-31

SRS Limited owns some office space in SRS Tower at 3rd Floor, SRS Tower located at Sector 31 Faridabad. The office Space owned by SRS Limited is unit No. 305, 306 and 307. The said office space admeasuring 10,765 Sq. ft. against the above mentioned unit was purchased in 2012. Subsequently in 2017 a cancellation deed was signed among SRS Real infrastructure limited and SRS Limited. However the cancellation deed is not a registered document moreover the consideration agreed has not been received. Subsequent to the cancellation unit No. 305, 306 and 307 were sold to another person (Second Owner). Second owner has approached the Resolution Professional and has submitted all the proof of his ownership, Hence the Resolution professional is in the process of filing a civil suit against the second owner for clarification on the actual ownership of said properties.

Vehicles

As per the Fixed Assets Registers of the Company. SRS Limited owns 28 Vehicles (Four Wheelers), However on further inquiry it was informed that the Company has not entered the sale of Vehicles in the books of accounts due to lack of documentation, Hence RP had to verify the ownership title of all the vehicle from the authority websites i.e. www.parivahan.gov.in, on scrutinizing it was noticed that the following are vehicles are still owned by the SRS Limited.

S. No.	Description	Date	Gross Block 31.03.18	WDV 31.08.18	Remarks (Status as per Authority)	Status
1	Honda Accord (HR 51U 7483)	21-02-2006	-	-	M/s SRS Entertainment Limited (Erstwhile name of SRS Limited)	Obtained physical possession and lying at SRS Mall, FBD
2	Toyota Camry (Hr51AT076 9)	12/09/2012	24,45,535	7,10,317	SRS Limited	Details not available. FIR is being lodged
3	Bmw Car (Sanjay Singla Ji) (HR 51AF0022)	14/11/2012	22,58,368	7,24,314	The Vehicles have Multiple active records in RTO's)	Already transferred. Registration documents to be received
4	Duster Car (Sanjay Singla Ji) (HR 51AW0220)	03/06/2013	12,63,021	4,75,378	SRS Limited	Lying at SRS Mall, FBD
5	Bolero Maxi Truck(HR 38 S8762)	23/08/2013	4,61,030	1,85,678	SRS Limited	Details not available. FIR is being lodged
6	Maxi Truck (HR 38 S8761)	05/12/2013	42,800	18,686	NOC Issued _NOC No. HR/38/NOC/20181832 dated August 8, 2018	Details not available. FIR is being lodged
7	CRV Car (HR 51 AY 9954)	11/02/2014	24,55,336	11,48,707	SRS Limited	Possession is taken by RP. However, kept with Axis Bank for security reasons
8	CRV Car (HR51 AY 4921)	11/02/2014	24,60,986	11,51,350	SRS Limited	Used by Raju Bansal, Director
9	Tata 907 (HR 38R 4094)	19/09/2011	10,09,513	2,05,488	NOC Issued _Issued to Saharanpur RTO	Details not available. FIR is being lodged

10	Mercedes Benz (MH 01BY 2526)	12-06-2015	48,16,026	30,79,217	SRS Limited	Lying in Mumbai. Vehicle is not getting transferred as insurance could not be arranged. Vehicle is not in good condition
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Assets in the Cinema Division of the company

There are total 15 sites where Cinema of the Company is operative. All the sites of the company are on Leasehold premises except 1 located in SRS Mall, Sector 12, Faridabad. Cinema Division of the Company has the Fixed Assets in the nature of Leasehold improvement, F&F, Computers, Air Conditioners and others.

- **Agenda Item No. 8:**

To discuss about the steps taken towards issues pertaining to SRS Entertainment India Limited, the wholly owned subsidiary of SRS Limited

As discussed during last CoC Meetings, Resolution Professional had raised concern over management of SRS Entertainment India Limited, wholly owned subsidiary of SRS Limited. As per the explanation to clause (1) of Section 18 of IBC, assets of subsidiary company of Corporate Debtor is specifically excluded from definition of assets and thus, the assets of a subsidiary are outside the preview of control of RP. SRS Entertainment India Limited has the asset base of Rs. 27.24 crore. In order to preserve the value of the wholly owned subsidiary which is also the asset of SRS Limited, an application under section 60(5) of IBC, 2016 was filed before Hon'ble NCLT, Chandigarh seeking directions to restrain the directors of the company from alienating and/or transferring and/or creating any third party interest in any of the assets of the said subsidiary company.

However, the application was dismissed by Hon'ble NCLT vide its order dated 11.12.2018 giving liberty to Resolution Professional to seek other appropriate remedy.

SRS Entertainment India Limited is the wholly owned subsidiary of SRS Limited. SRS Entertainment India Limited currently has 4 screens at Saharanpur, Muktsar, Bihar and Ranchi.

SRS Entertainment India Limited is also the asset for the Corporate Debtor wherein SRS limited has purchased its 100% shares.

SRS Entertainment India Limited has pending severe liabilities towards GST and TDS which are yet to be paid. Notices for recovery have been issued by revenue authorities. Further, Further, one of the operational creditors i.e. Raj Pal Theatre at Mukhtsar has submitted notice under Section 8 of IBC, 2016 for non-payment of rent and other charges.

Particulars	Amount (in INR)
GST	
Hazipur, Bihar	32,00,000
Ranchi, Jharkhand	84,86,599
Mukhtsar, Punjab	36,75,497
Saharanpur, UP	77,09,962
	2,30,72,058
TDS	50,11,325
TOTAL	2,80,83,383

Cinema License for Hajipur Bihar is getting expired on 31.12.2018 and the authorities have refused to renew the license unless earlier statutory dues are cleared. The company also lack funds to pay to distributors which may also result in closure of business and the company. This may also result in deterioration of value of shares of SRS Entertainment India Limited which is the asset for Corporate Debtor.

As per the books of accounts of SRS Limited, it is showing SRS Entertainment Ltd as creditor to the extent of Rs.1.81 crore as on 31.03.2018. SRS Entertainment Ltd have been making payment on behalf of SRS Limited to wards salaries and rennet and other charges during the period accounts of SRS Limited were not allowed to operate for various reason.

Considering the above facts and in order to ensure that the subsidiary remains going concern, so that the value of the asset does not deteriorate further, it is proposed to permit limited transaction with SRS Entertainment India Limited by making advances to the said subsidiary, wherever considered necessary, for making payment to distributors, statutory liabilities and such other payments so as to ensure the company remains going concern.

- **Agenda Item No. 9:**
To discuss and take note of the status of applications filed before Hon'ble NCLT seeking directions under Section 60(5) of Insolvency and Bankruptcy Code, 2016

As discussed in previous meetings, Resolution Professional had filed following applications under Section 60(5) of IBC, 2016 seeking directions from Hon'ble NCLT, Chandigarh on various issues pertaining to SRS Limited related to question of law or facts, arising out/in relation to the insolvency resolution of Corporate Debtor:

1. Filing application under Section 9 of IBC, 2016 against debtors of Corporate Debtor i.e.

SRS Limited: As mentioned in previous CoC Meetings, as per 11(a) of IBC, 2016, a Corporate Debtor undergoing Corporate Insolvency Resolution Process is not entitled to make an application to initiate Corporate Insolvency Resolution Process(CIRP) against its debtors. Considering the same, SRS Limited cannot initiate CIRP proceedings against its debtors specifically pertaining to jewellery and retail business from whom a large sum of amount is recoverable (as mentioned in Agenda No 6 above).

Accordingly, an application was filed under section 60(5)(c) of IBC, 2016 in the Hon'ble NCLT, Chandigarh on 19.11.2018 allowing RP to initiate CIRP proceedings against debtors of SRS Limited under section 9 of IBC, 2016. However, the same was disposed off by Hon'ble NCLT vide order dated 11.12.2018 with liberty to Resolution Professional to seek other appropriate remedy.

On 07.12.2018, Hon'ble NCLAT vide its order in the matter of S.N. Plumbing Pvt. Ltd Vs IL&FS Engineering & Construction Co. Ltd, has stated that the Corporate Debtor undergoing CIRP can initiate the CIRP proceedings against its debtors. The application filed by a Corporate Debtor under section 7 or 9 shall be treated as application filed in the capacity of financial creditor or operational creditor rather than in the capacity of corporate debtor undergoing CIRP. In reference to the Hon'ble NCLAT Order, the Resolution Professional may file the application directly under Section 9 of IBC, 2016 against the debtors of SRS Limited after considering their creditability and probability of recoverability. These issues will be discussed during the meeting after perusing Transaction Audit Report.

- 2. Filing application to preserve assets of SRS Entertainment India Limited, wholly owned subsidiary of SRS Limited i.e. Corporate Debtor undergoing CIRP:** As discussed during last CoC Meetings and mentioned in Agenda No 8 above, the Resolution Professional had filed an application under section 60(5) of IBC, 2016 with Hon'ble NCLT, Chandigarh seeking directions to restrain the directors of SRS Entertainment India Limited from alienating and/or transferring and/or creating any third party interest in any of the assets of the said subsidiary company so as to preserve the value of the subsidiary which is also the asset of SRS Limited. However, the application was dismissed by Hon'ble NCLT vide its order dated 11.12.2018 citing that the application pertains to question of law. Hon'ble NCLT disposed off the application giving liberty to Resolution Professional to seek other appropriate remedy.
- 3. Filing Application to allow RP to accept and admit claims of deposit holders received after 19.11.2018 i.e. last day of receiving claims:** In accordance with Regulation 12(2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the claims shall be accepted from the creditors till 90th day from Insolvency Commencement Date i.e. 19.11.2018. However, the Resolution Professional is still receiving claims from creditors including deposit holders, operational creditors. After 19.11.2018 and till the date of this meeting, claims of 116 depositors have been received. There is a probability of receiving more claims from the creditors specifically deposit holders. The deposit holders are scattered all over the country and most of them are senior citizens. The Resolution Professional has made an application which is to be filed before Hon'ble NCLT under Section 60(5) of Insolvency and Bankruptcy Code, 2016 requesting to allow the RP to admit claims received after 19.11.2018 till 10.01.2019.
- 4. Filing application to take possession of units owned by SRS Limited in SRS Tower, Mewala Maharajpur, Faridabad and extracting financial records of the Corporate Debtor kept at SRS Tower:** The registered address of SRS Limited was shifted to SRS Multiplex, 2nd Floor, City Centre, Sector-12, Faridabad, Haryana – 121007 on 01.08.2018. Address where all or any books of account and papers are maintained is SRS Tower, 3rd Floor, Near Metro Station, Mewala Maharajpur, G.T. Road, Faridabad - 121003 (previously the registered office of SRS Limited). SRS Tower (IT Unit) was developed by SRS Real Infrastructure Private Limited and is currently operated by Corporate Tower Association. SRS Limited owns Lower Ground Floor, Ground Floor, Third Floor (Unit 46) and Eight Floor. The association has been

receiving rent and maintenance for IT Units for these properties which is not being paid to SRS Limited.

The association is not allowing the Resolution Professional and his team the access to the above mentioned premises stating that there are other owners for such properties creating hurdle in CIRP as well as carrying out the transaction audit, since all the relevant records of the Corporate Debtor are kept at SRS Tower.

Accordingly, an application is made to be filed under Section 60(5)(c) of IBC, 2016 seeking directions from Hon'ble NCLT to allow RP to take possession of the properties and direct the Association to give rent of previous months to Corporate Debtor. It is further prayed to provide police protection to RP and his team while extracting the documents from SRS Tower.

- **Agenda Item No. 10:**

To discuss the audited financials of the Corporate Debtor for FY 2017-18

The audit for the financial year ended 31st March, 2018 have been completed. Both the Statutory Auditors i.e. SVP & Associates and Oswal Sunil & Company, of the Corporate Debtor have prepared the audit report. The financials are required to be signed by the Managing Director as per Companies Act, 2013. We had made an application with District Court to get the financials signed by Dr Anil Jindal in the presence of judge on 17.12.2018. However, the judge refused to allow the same stating the issue may be presented before other judge. Accordingly, again an application is made with District Court.

Preparation of financials for the quarter ended 30th June, 2018 and financials as on 21st August, 2018 have also been started. Accordingly, Information Memorandum under Regulation 36 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 shall be updated and shared with all the members of the CoC after receipt of confidentiality undertaking. Further, all the statutory compliances in terms of SEBI shall be made after the audit of financial statements for FY 2017-18.

- **Agenda Item No. 11:**

To discuss about the cash flow of the Corporate Debtor for the month of November, 2018.

The cash flow statements of the Corporate Debtor for the month of November, 2018 is presented below:

Cash Flow Statement for the period from 01.11.2018 to 30.11.2018

Particulars	Amount (in lacs)
Income	
Opening Balance as per Bank Statement (SBI TRA A/c)	354.98
Opening Balance as per Bank Statement (SBI Gorakhpur)	87.48
Opening Balance as per Bank Statement (SBI Tax A/c, South Ex)	8.28
Total	450.74
Box Office	346.74
Food & Beverages	96.00
Bookmyshow (BMS) & PAYTM (Pristine and Bhiwadi)	14.28
Mall Payment Received	8.85
Other Income	6.16
Total Collection	922.77
Expenditure	
Distributor Share & Commission Charges	299.19
Raw Material Consumed (Purchase)	15.17
Employee Benefit Expense	76.07
Legal & Payment to Authorised Representative	2.99
Professional fees paid to RP and IPE	17.93
Security Expenses	12.54
House Keeping Expenses	11.21
Printing & Stationery	0.07
Telephone exp.	0.54
Diesel	0.10
Mall Payment	27.47
CAM	38.15
Electricity	28.45
Lease Rent Paid	71.53
Repair and Maintenance – Others	2.47
BMS Payment (Roopa Construction Pvt. Ltd.)	8.00
Rates & Taxes	0.88
Bank Charges	0.40
SRS Entertainment India Ltd.	6.00
Cash Reverse (Excess Deposit by Bank)	2.61
TDS, GST, ESIC & EPF Payment M/o Oct. 2018 (Payment from SBI Tax A/c No. 35939989043)	103.83
Total Outflow	725.61

Total Surplus/Deficit	197.16
Closing Bank Balance	
SBI TRA A/C	103.32
SBI GORAKHPUR	87.48
SBI TAX A/C	6.36
TOTAL	197.16

- **Agenda Item No. 12:**

To take note and ratify the Insolvency Resolution Process Costs (“CIRP Cost”)

Following expenses have been incurred by RP and his team for the period from 01.11.2018 to 30.11.2018:

S. NO.	Details	Amount
1	Out of Pocket Expenses by RP & his team for the month of November, 2018	Rs 63,060/-
2	Expenses paid towards republication of FORM G in all India Editions of Financial Express (English) and Jansatta (Hindi) on 29.11.2018	Rs 99,960/-
3	Video Recording for 4 th CoC Meetings	Rs 6,000/-
	Total	Rs 1,69,020/-

These expenses are in addition to fees of Resolution Professional, Insolvency Professional Entity (RBSA Restructuring Advisors LLP), Valuers, Transaction Auditor and Legal counsel already approved by CoC.

- **Agenda Item No. 13:**

To take approval of Related Party Transactions in terms of Clause (f) of Section 28 (1) of Insolvency and Bankruptcy Code, 2016

As discussed in Agenda No 8, SRS Entertainment India Limited is facing financial problems. The company is unable to pay its statutory dues outstanding at around Rs 2.67 Crores due to insufficient funds and is also facing difficulty in paying advance to distributors. Considering the nature of cinema business, if the advance payment is not made to distributors, the movie shall not run ultimately resulting in shut down of business.

Further due to non-payment of GST and TDS, the Govt. authorities have issued notices. At present, Cinema License of Hazipur(Patna) is expiring on 31.12.2018 and authorities have asked for clearance of all dues before renewal of cinema license. At present amount of Rs. 32 Lakhs was due for GST in respect of Hajipur. Hence, to ensure that the cinema at Hajipur does not get closed, amount of Rs. 28 Lakhs were made available by SRS Limited towards SRS Entertainment Ltd. For payment of GST (Balance amount arranged by SRS Entertainment).

As per the financials as on 31.03.2018, SRS Entertainment Limited is creditor to SRS Limited to the extent of 1.87 crore. This payment was made by SRS Entertainment Limited to meet various expenses (salary, rent etc.) on behalf of SRS Limited during Last year after the accounts of SRS Limited were freeze by lenders.

SRS Entertainment India Limited is also the asset for the Corporate Debtor wherein SRS limited has purchased its 100% shares. In order to preserve the value of the asset and to ensure the subsidiary continues to operate as going concern, the Corporate Debtor had given an advance of Rs 6 lakhs during the month of November, 2018 for payment to distributors so as to run the movie with an assurance that the amount shall be returned back.

Considering the current financial position of the subsidiary and the nature of business, it is proposed to follow the above said arrangement, wherever considered necessary, for making payment to distributors, statutory liabilities and such other payments so as to ensure the company remains going concern, after ensuring the payment shall be returned back to the Corporate Debtor within stipulated time.

SRS Entertainment India Limited, being the wholly owned subsidiary is the related party of SRS Limited. As per Section 28 (1) (f) of IBC, 2016, approval of CoC is required for undertaking any related party transactions by the Corporate Debtor. Accordingly, following resolution is put for approval and voting:

“RESOLVED THAT payment of Rs 6 lakhs made to SRS Entertainment India Limited for making advance payment to distributors and Rs. 28 Lakhs for the payment of taxes and proposal to enter into similar transactions with the company for making payment towards distributors, statutory liabilities etc till the conclusion of CIRP of Corporate Debtor, to ensure the subsidiary remains going concern, after ensuring that payment shall be made only to distributors and for tax authorities. It shall be ensured that amount is returned back to the extent of cash flows generated by SRS Entertainment Limited within stipulated time”.

- **Agenda Item No. 14:**

To discuss such other matters with the permission of majority of members of the Committee of Creditors as may be deemed necessary for the smooth functioning of the CIRP of the Corporate Debtor

1. Meeting held with Dr Anil Jindal on 07th December, 2018

A meeting was held with Dr Anil Jindal, Chairman and Managing Director of SRS Limited on 7th December, 2018 at Neemka Jail, Faridabad. Sh. Ashok Kumar Gulla, Resolution Professional along with his team members Mr Dheeraj Madan and Mr Shantanu Naresh, Mr Deepak Garg, Mr Vikas Sharma and Mr Raju Bansal from Corporate Debtor were also present during the meeting. The meeting was arranged to discuss/seek clarification on various issues pertaining to Corporate Insolvency Resolution Process (“CIRP”) and for finalisation of financials for the year ended 31st March, 2018.

- a. Draft financials for the year ended 31st March, 2018 was shown to Dr Anil Jindal as his signatures were required in the capacity of Directors. He had gone through the same and suggested same changes in regrouping of losses in discontinued operations.
- b. Issues regarding title of properties at SRS Tower, Sector 31, Faridabad and permission for building of Top Floor (8th Floor) and lower ground floor. It was informed to Dr Jindal that Mr Amarkesh, property manager of SRS Tower has indicated that there is no building plan/approval for top floor and lower ground floor and hence possession is not handed over. Further, there are other claimants as per Mr Amarkesh for top floor of the building. Dr Anil Jindal mentioned that they had paid compounding fees for regularisation of the construction of 8th Floor and mentioned that Mr Deepak Garg can arrange for the same. Further, he was not aware about other claimants of top floor (8th Floor) of the building. As regards Lower ground floor, he stated that as per the plan, it can be used for the stores etc and hence they had kept records in the lower ground floor.
- c. Shri Ashok Kumar Gulla mentioned that SRS Real Estate had entered into unit sale deed in favour of SRS Limited for 3rd Floor (305, 306 and 307) but the same was then cancelled but the full payment was not received. Further, these units were sold to other parties. Dr Anil Jindal was not aware about the payment received back but mentioned that they had entered into sale of these units to other parties.
- d. Shri Ashok Gulla mentioned that some of the shops were sold through sale deed/buyer agreement in SRS Mall, Sector-12, Faridabad and two SCOs in Faridabad, when the said mall was mortgaged to SBI Consortium in August 2007. He stated that no separate permission was taken but money had come to the accounts of SRS Limited.
- e. Shri Ashok Kumar Gulla mentioned that a significant amount of around Rs 1200 Cr is not recoverable from jewellery business and most of these units are closed and no follow up was found on record for recovery of these dues. Further, as per reports, some of the parties are considered to be related. Dr Anil Jindal mentioned that they had tried to promote the business and helped some of the people who were working with SRS Limited to establish business. He mentioned that it was a business decision which had resulted in loss.

- f. Shri Ashok Kumar Gulla further sought views of Dr Anil Jindal regarding amounts written off in Retail Business. He mentioned that all these furnitures, fixtures and other equipment's were specific to the particulars location and did not have much use after closure of retail business.

2. Amendment in Request for Resolution Plan: In last CoC Meeting held on 27.11.2018, format for Request for Resolution Plan (RFRP) was discussed. The RFRP has to be shared with all the Applicants within 5 days of issue of provisional list of Resolution Applicants i.e. by 19.11.2018. It is mentioned in Clause 8 “Earnest Money Deposit” of RFRP that a refundable deposit of Rs 5lakh has to be submitted by the Applicants for accessing the Information Memorandum and data room. Certain Applicants has raised concerned over the refundable deposit and had sought clarification whether the payment shall be refunded in case the plan is not submitted.

As per Regulation 36B(4) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, RFRP shall not require any non-refundable deposits for submission of resolution plan or along with resolution plan.

Considering the above, a clarification is made in Clause 8 of RFRP clarifying that where the Resolution Applicants does not submit the resolution plan, the refundable deposit of Rs 5 lakh shall be refunded to such applicants within 10 days of last date of submission of resolution plan on interest free basis.

- **Agenda Item No. 15:**
Miscellaneous Issues

- a. **Cases to be filed against Orienta Cine Advertising Pvt. Ltd.**

Ms Orienta Cine Advestising Pvt. Ltd. Was engaged to undertake Advertise at various malls/locations. It was observed that amount of 1.48 Crore was outstanding payable by Orienta Cine Advertising Pvt. Ltd. And a cheque of Rs. 24.5 Lakh dated 08.08.2018 towards part payment was received which was returned back. Hence, legal action/Civil Suit is to be initiated against the parties and local lawyers along with M/s Gaggar & Co. LLP is being appointed to represent us. Legal expenses will be around Rs. 30,000/- for the local lawyer.

- b. **Legal Expenses for Civil Suit (Office no. 306/307)**

As mentioned above in Agenda item no. 7 Legal expenses for engaging local lawyer for filing Civil Suit for office no. 306 & 307 sector 31, Faridabad. A Civil suit need to be filed at District Court Faridabad for restoration of our right on office no. 306 & 307 sector 31, Faridabad as discussed in Agenda item No. 7. Accordingly, local lawyer will be engaged apart from M/s Gaggar & Co., legal counsel & fees charged will be Rs. 30,000/- for filing application.