

Ganesh Venkata Siva Rama Krishna Remani
Regd. Insolvency Professional
IBBI/IPA-001/IPA-P01386/2018-19/12176

10/11/2023

Mumbai

Constitution of Stakeholders Consultation Committee (SCC)
of Rashmi Yarns Limited under Liquidation
IA1061/AHM/2022 in CP (IB)/ 135/AHM/2020

In accordance with sub-regulation (1) of regulation 31A of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016,

The Liquidation Process of Rashmi Yarns Limited ("Corporate Debtor") under Chapter III of the Insolvency and Bankruptcy Code, 2016 ("Code") commenced on 11.09.2023 through Order of Honourable NCLT Ahmedabad and Mr. Ganesh Venkata Siva Rama Krishna Remani was appointed a Liquidator. The order was communicated to the Liquidator on 13.09.2023

Subsequent to the commencement of Liquidation period, a Public Announcement was Published in Times of India (English Newspaper) and Gujarati Samachar (Regional Language Newspaper) as per Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 ("Liquidation Regulations") for inviting the claims from Financial Creditors, Operational Creditors, Workmen and Employees and any other stakeholder. Last Date of receipt of such claims was 13.10.2023.

The Liquidator received claims from creditors since the commencement of Liquidation Process subsequent to which, verification of the claims has been made. Further, as per Regulation 30, liquidator verified the claims collated during the corporate insolvency resolution process but not submitted during the liquidation process, within thirty days from the last date for receipt of claims during liquidation process.

During the process of verification, certain clarifications/ information/ documents were sought from the stakeholders by email and by phone calls. The claims of the stakeholders have been verified by the Liquidator by considering all the documents submitted for substantiating the claims as per Regulation 30 of the Liquidation Process Regulations, 2016.

Liquidator
Rashmi Yarns Limited
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In accordance with Regulation 31A of the Liquidation Process Regulations, 2016, the Liquidator is required to constitute a stakeholder's consultation committee within sixty days from the Liquidation Commencement Date. The Consultation Committee is required to advise the Liquidator on the matters relating to various matters as per the provisions of the Regulations. Relevant provisions of Regulation 31A has been reproduced below for reference of Stakeholders.

"31A. Stakeholders' consultation committee.

(1) The liquidator shall constitute a consultation committee, comprising of all creditors of the corporate debtor, within sixty days from the liquidation commencement date, based on the list of stakeholders prepared under regulation 31, to advise him on matters relating to-

- (a) remuneration of professionals appointed under regulation 7;*
- (b) sale under regulation 32, including manner of sale, pre-bid qualifications, reserve price, marketing strategy and auction process.;*
- (c) fees of the liquidator;*
- (d) valuation under sub- regulation (2) of regulation 35;*
- (e) the manner in which proceedings in respect of preferential transactions, undervalued transaction, extortionate credit transaction or fraudulent or wrongful trading, if any, shall be pursued after closure of liquidation proceedings and the manner in which the proceeds, if any, from these proceedings shall be distributed.*

(1A) The committee of creditors under section 21 shall function as the consultation committee with same voting rights till constitution of the consultation committee under subregulation (1).

(2) The voting share of a member of the consultation committee shall be in proportion to his admitted claim in the total admitted claim: Provided a secured creditor who has not relinquished his security interest under section 52 shall not be part of the consultation committee;

Provided that the promoters, directors, partners or their representatives may attend the meeting of the consultation committee, but shall not have any right to vote. Provided further that a financial creditor or his representative, if he is a related party

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of the corporate debtor, shall not have right to vote.

(3). The liquidator may facilitate the stakeholders of each class namely financial creditors in a class, workmen, employees, government departments, other operational creditors, shareholders, partners, to nominate their representative for participation in the consultation committee.

(4) If the stakeholders of any class fail to nominate their representatives, under subregulation (3), such representatives shall be selected by a majority of voting share of the class, present and voting.]

(4A) the representative under sub-regulation (3) or (4) shall vote in proportion to the voting share of the stakeholders it represents.

(5) Subject to the provisions of the Code and these regulations, representatives in the consultation committee shall have access to all relevant records and information as may be required to provide advice to the liquidator under sub-regulation (1).

(6) The liquidator shall convene the first meeting of the consultation committee within seven days of the liquidation commencement date and may convene other meetings, if he considers necessary, on a request received from one or more members of the consultation committee:

Provided that when a request is received by the liquidator from members, individually or collectively, having at least thirty three percent of the total voting rights, the liquidator shall mandatorily convene the meeting.

(7) The liquidator shall chair the meetings of consultation committee and record deliberations of the meeting

(8) The liquidator shall place the recommendation of committee of creditors made under subregulation (1) of regulation 39C of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, before the consultation committee for its information

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(9) The consultation committee shall advise the liquidator, by a vote of not less than sixty-six percent of the representatives of the consultation committee, 39[voting].

(10) The advice of the consultation committee shall not be binding on the liquidator:

Provided that where the liquidator takes a decision different from the advice given by the consultation committee, he shall record the reasons for the same in writing and submit the records relating to the said decision, to the Adjudicating Authority and to the Board within five days of the said decision; and include it in the next progress report.

(11) The consultation committee, after recording the reasons, may by a majority vote of not less sixty-six per cent., propose to replace the liquidator and shall file an application, after obtaining the written consent of the proposed liquidator in Form AA of the Schedule II, before the Adjudicating Authority for replacement of the liquidator :

Provided that where a liquidator is proposed to be replaced, he shall-

(a) continue to work till his replacement; and

(b) be suitably remunerated for work performed till his replacement.”

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CONSTITUTION OF STAKEHOLDER'S CONSULTATION COMMITTEE

In Accordance with sub-regulation (2) of regulation 31A of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, the composition of the Stakeholders Consultation Committee is as follows:

Category	Name of the Creditor	Security Interests	Amount Claimed	Admitted Claim (Rs.)	Amount under verification (Rs)	% Vote Share
Secured Financial Creditors, who have relinquished their security interests under section 52	ASREC (India) Limited	Secured Financial Creditor	62,76,89,772	62,76,89,772		86.14%
Governments	State Tax	Secured Government Creditor	2,57,96,530	2,55,43,814		3.51%
	Income Tax	Unsecured Government Creditor	6,60,54,059	6,59,91,542	62,517	9.06%
	Customs Department	Unverified	18,59,36,105	0		0%
Operational Creditors other than workmen, employees and government	Garden Silk Mills Limited	Unsecured Operational Creditor	39,64,843	18,78,504		0.26%
	Rachna Air Components Pvt Ltd		1,54,602	1,54,602		0.02%
	Shree Sai Packaging		4,28,273	1,79,306		0.02%
	Unicon Fibro Chemicals PVT LTD.		72,73,600	72,73,600		1%

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Shareholders or partners, if any	Lakhabhai Bhikabhai Vagh	Shareholder	51,60,440	51,60,440		0%
	Pankaj Mehta	Shareholder	1,29,80,780	1,29,80,780		0%

- All decimals rounded off to the nearest integer
- Voting share will change marginally upon confirming the under-verification amounts.

Details of the claims received from various creditors/ stakeholders by the Liquidator is as follows:

A. Claims of EPFO Department

Claims have been received from EPFO Department and as per S.36(4) of the Insolvency and Bankruptcy Code, 2016 all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund shall not be included in the Liquidation Estate. Hence, they are not part of the Stakeholders Consultation Committee.

B. Secured Financial Creditors, who have relinquished their security interests under section 52 of the Insolvency and Bankruptcy Code

The Liquidator received claim from Asrec (India) Limited till the last date of filing the claim. They have security charge registered with CERSAI but have relinquished their security interest to the liquidation estate and agreed to receive proceeds from the sale of assets by the liquidator in the manner specified in section 53. Hence, they are part of the Stakeholders Consultation Committee and their vote share is in accordance with the ascertained/ accepted claim amount.

C. Secured Financial Creditors, who have not relinquished their security interests under section 52 of the Insolvency and Bankruptcy Code

Kotak Mahindra Prime Limited has a security over specific asset (Vehicle Audi A3 35 TDI (CKD) bearing Registration No. DN09L2944 and have given an undertaking that they are not relinquishing their security interests and allow them to realize their security interests in the manner laid down under S.52 of the IBC. Hence, they are not part of the Stakeholders Consultation Committee.

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D. Secured Government Dues

Gujarat VAT Department has submitted its claims as Secured Creditor and has relied on the Act and the judgments of honourable Supreme Court for its claim as Secured Creditor. Hence, they are part of the Stakeholders Consultation Committee and their vote share is in accordance with the ascertained/ accepted claim amount.

E. Unsecured Government Dues

Income Tax Department has submitted claims submitting relevant orders as supporting documents. However, some of the income tax orders are not available and could not be verified as on the date of this report and are pending verification. Based on their submission, they are considered as unsecured Government Dues. Hence, they are part of the Stakeholders Consultation Committee and their vote share is in accordance with the ascertained/ accepted claim amount.

F. Dues from Customs Department

The Commissioner of Customs, NS-II JNCH NHAVA SHEVA have submitted their claims as on 07.11.2023. The submission of the claim was beyond the last date of receipt of the claim i.e. 13.10.2023. Further, the claim form received did not have any supporting documents listed in the form. Liquidator sent email correspondence to them seeking clarifications and has not received any response as on the date of this report. The Liquidator rejected the claim submitted based on the available information and as per the provisions of the Code and Regulations due to delayed submissions. Hence, they are not part of the Stakeholders Consultation Committee.

G. Dues from Operational Creditors

Liquidator did not receive any revised claims in the prescribed forms from the "operational creditors other than workmen and employees" during liquidation process. Liquidator verified the claims that were received during CIRP from these operational creditors. It is observed that interest claim of these creditors could not be ascertained due to no specific provision of due date, beyond which interest is chargeable, in the invoices. The respective operational creditors are contacted and sought clarification and based on the available documentation, Liquidator accepted part claim of the creditors, as applicable. Hence, they are part of the Stakeholders

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Consultation Committee and their vote share is in accordance with the ascertained/ accepted claim amount.

H. Dues from Workmen and Employees

The operations of the company are shut and there were no workmen and employees in the company. The Books of Accounts are available only till FY 2017-18. There were no claims received by the Liquidator from this category of Creditors. Hence, there is no claim amount under this category recognized by the Liquidator.

I. Dues from Other Stakeholders

Two of the Shareholders of the Corporate Debtor have filed claims. Based on the books of accounts as per last audited financials, their claim is accepted. As per the Regulations, they do not have any voting rights.

Encl: Snapshot of all the Claims Received and their treatment

Regards

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LIQUIDATOR – Rashmi Yarns Ltd. - in Liquidation
(A company under liquidation process by an order dated 11th September 2023 passed by honourable NCLT Ahmedabad)

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Snapshot of all the Claims Received

S.No	Name of the Creditor	Category	Amount Claimed	Amount Accepted	Amount Rejected	Amount under verification	Remarks
A	EPFO	Outside Liquidation Estate	32,39,226	32,23,164	16,062	-	Claim Amount till Liquidation Commencement Date is accepted.
B	ASREC (India) Limited	Secured Financial Creditor	62,76,89,772	62,76,89,772	-	-	Claim Amount till Liquidation Commencement Date is accepted. Part of Consultation Committee
C	Kotak Bank Prime Limited	Secured Financial Creditor	34,96,244			34,96,244	Claim Amount till Liquidation Commencement Date is still under verification as supporting's to their claim is not provided yet. Not Part of Consultation Committee as the creditor did not relinquish security interests under S.52
D	Gujarat State Tax	Secured Creditor	2,57,96,530	2,55,43,814	2,52,716	-	Claim Amount till Liquidation Commencement Date is accepted. In the revised calculations of the Creditor, formula error was there which is corrected. Part of Consultation Committee
E	Income Tax Department	Unsecured Creditor - Government Dues	6,60,54,059	6,59,91,542		62,517	Claim Amount till Liquidation Commencement Date is accepted. There were some orders that were referred but no attachments were provided. The same could not be downloaded in the income tax portal and hence awaiting for the documents. Part of Consultation Committee

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F	Customs, NS-II JNCH NHAVA SHEVA	Could not verify	18,59,36,105		18,59,36,105		The documents were received on 07.11.2023, beyond last date of receipt of claim and there were no supporting documents to the claim form. Not part of the Consultation Committee
G.1	Garden Silk Mills Limited	Operational Creditor other than Workmen and Employees	39,64,843	18,78,504	20,86,339		Interest is chargeable after the due date in the invoices but however there is no due date. There was no other specific correspondence indicating to the corporate debtor about the charges are provided. Part of the Consultation Committee
G.2	Rachna Air Components Pvt Ltd		1,54,602	1,54,602	0		Part of the Consultation Committee
G.3	Shree Sai Packaging		4,28,273	1,79,306	2,48,967		Interest is chargeable after the due date in the invoices but however there is no due date. There was no other specific correspondence indicating to the corporate debtor about the charges are provided. Part of the Consultation Committee
G.4	Unicon Fibro Chemicals PVT LTD.		72,73,600	72,73,600	-		Part of the Consultation Committee
H		Workmen and Employees	-	0	-		No claims received. CD not in operations for a long time. The last audited financials available were as of FY 2017-18. No Tally or books of accounts are available

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I.1	Lakhabhai Bhikabhai Vagh	Share Holders	51,60,440	51,60,440	-		Claims Received from Shareholders
I.2	Pankaj Jayantilal Mehta	Share Holders	1,29,80,780	1,29,80,780	-		Claims Received from Shareholders

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