

**AAA INSOLVENCY PROFESSIONALS LLP**

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CA. K. EASWARA PILLAI

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OF SAVUTE TEXTILES PRIVATE LIMITED****[As per Regulation 31A of Insolvency and Bankruptcy Board of India
(Liquidation Process) Regulations, 2016]**

The Liquidation Process of Savute Textiles Private Limited ("Corporate Debtor") under Chapter III of the Insolvency and Bankruptcy Code, 2016 ("Code") was commenced on 06.07.2023 passed by the Hon'ble NCLT Kochi, Bench IV bearing C.P. (IB) No. 45/KOB/2021 ("Hon'ble NCLT") and Mr. K Easwara Pillai was appointed as the Liquidator.

Subsequent to the commencement of liquidation period, a Public Announcement was published in Kerala Kaumudi (Malayalam) & The New Indian Express (English) Newspapers on 9th July, 2023 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 & Employees and any other stakeholder. The last date of receipt of such claims was 5th August, 2023.

Consolidation of the claims: -

Up to the last date for submission of claims i.e., on 05.08.2023., the Liquidator received 2 Claims form the Unsecured Financial Creditors, 2 claims from the Operational Creditors, 2 claims form the Employees, 2 claims from the Government Authorities and 1 claim from the Other Stakeholder (Shareholder) since the commencement of the Liquidation Process subsequent to which, verification of the claims had been made. During the process of verification of the claims, certain clarifications/information/documents were sought from the

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claimants through 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.

- **Constitution of the SCC:**

As per Regulation 31A (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..."*.

Accordingly, as per due procedure of law, the liquidator collated a list of all the creditors and calculated their voting percentage on the basis of their admitted claim. It is pertinent to mention that based on the claim received by the liquidator as on 5th August, 2023, the team of liquidator has allowed a representative from each of the Class of the Creditors to be made a part of SCC, who will have voting rights and other rights as mentioned in Regulation 31A.

The Liquidator received 2 claims from the Unsecured Financial Creditors, wherein the Unsecured Financial Creditors comprises of Oxyzo Financial Services Pvt Ltd. and Mr Satish Gopalakrishna Pillai. With reference to the Operational Creditors, the claims from the Fullfill Fabrics Private Limited and Jatan and Company were duly received. With reference to the claims from the Government Authorities, the liquidator has received the claim from the Assistant Commissioner of GST & Central Excise, II Division, Coimbatore and Assistant Commissioner of Income Tax, Corporate Circle 2(1), Kochi. With reference to the claims received from the Employees, the claims from Mr K Chandrasekhar and Ms. Lalitha have been received. With reference to the claims from the Other Stakeholders, the liquidator have received 1 claim from the Shareholder namely Shyam

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are provisionally accepted by the Liquidator, subject to the approval of the Hon'ble National Company Law Tribunal, Kochi Bench, Kochi.

It is pertinent to mention that based on the claim received by the liquidator as on 5th August, 2023, the team of liquidator collated all the claims and based upon the legal provision, only the representatives from the Financial Creditors (Unsecured), Operational Creditors, Government Authority and Employees were made part of the SCC who have voting right and other rights mentioned in Regulation 31A.

- **Legal Provision:**

This office order is with reference to Regulation 31A (Amended) of Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2016 Inserted by amendment dated 16th September, 2022. Relevant amendment is mentioned below: -

"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*

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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 sub-regulation (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 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 sub-regulation (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.

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- (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 sub- regulation (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.*
- (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 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. (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).*

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(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.

➤ **Constitution of the SCC as per the Amended Regulations: -**

Accordingly, as per Regulation 31A (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..."

Hence the constitution is as follows: - Hence the voting share of all the creditors is as follows: -

CONSTITUTION OF STAKEHOLDERS CONSULTATION COMMITTEE (SCC)

S. No.	Name of Creditor	Total Claimed Amount (Rs.)	Total Admitted Claim (Rs.)	Share on the basis total admitted claim (%)
Financial Creditor (Secured and Un-secured Financial Creditor)				
1.	Canara Bank	32,84,87,422	32,84,87,422	70.37%
2.	Oxyzo Financial Services Pvt Ltd.	61,63,133	25,22,755	0.54%
3.	Mr. Satish Gopalakrishna Pillai	13,06,76,810	9,38,00,000	20.09%


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Operational Creditors				
4.	Fullfill Fabrics Private Limited	1,12,79,054	80,06,904	1.71%
5.	Jatan and Company	4,13,78,415	2,42,99,623	5.20%
Government Authorities				
6.	Assistant Commissioner of GST & Central Excise, Coimbatore.	30,33,574	30,33,574	0.64%
7.	Assistant Commissioner of Income Tax, Corporate Circle 2(1), Kochi	38,49,871	21,62,850	0.46%
Employees				
8.	Mr K Chandrasekhar	4,28,877	4,28,877	0.09%
9.	Ms Lalitha	36,06,793	36,06,793	0.77%
Other Stakeholders (Shareholders)				
10.	Mr. Shyam Satish	6,61,323	4,40,000	0.09%
	TOTAL	52,95,65,272	46,67,88,798	100.00%

It is pertinent to mention that the claim pertaining to the Canara Bank was submitted during the Period of the CIRP, the undersigned had admitted their claim as per Regulation 30 of the IBBI (Liquidation) Process Regulations, 2016 which states as:

Provided that the liquidator shall also verify 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 and may either admit or reject the claim, in whole or in part.

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The abovementioned members have been made a part of the Stakeholders Consultation Committee by the Liquidator and it is pertinent to mention that as per the Regulation 31A referred above, the Liquidator can convene a meeting of the Stakeholders Consultation Committee as and when considered necessary or on receipt of request from at least 33% of representatives in the committee and the committee shall advise the Liquidator, by a vote of not less than sixty-six percent of the representatives of the consultation committee, voting.

The Consultation Committee has been formed as per the Regulation and future meetings will be held as per the amended provision of Regulation 31A of Insolvency and Bankruptcy Code 2016.

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Mr. K. Easwara Pillai Liquidator
in the matter of
Savute Textiles Private Limited –
IN LIQUIDATION

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