

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL**

**BENCH AT AHMEDABAD BENCH**

**CP (IB) No.291/AHM/2022**

Under Section 9 of Insolvency and Bankruptcy Code, 2016

**In the matter of:**

**SHREE SHYAM AVENUES PRIVATE LIMITED**

...Petitioner (Operational Creditor)

**Versus**

**M/s. VAXTEX COTFAB LIMITED**

...Respondent (Corporate Debtor)

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**Minutes of the 3<sup>rd</sup> Meeting of the Committee of Creditors of Corporate Debtor, M/s. VAXTEX COTFAB LIMITED held on Friday, 24.05.2024, at 3rd Floor, Reegus Business Centre, Above Mercedes Showroom, New City Light Road, Bharthana, Vesu, Surat-395007, Gujarat (via Electronic Mode) at 02:30 P.M.**

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Meeting called to order at 02:30 P.M. by Resolution Professional (Chairman of the Meeting).

**Members present in Person:**

CA. Sunil Kumar Kabra (RP)  
CS. Heena Agrawal (Team Assisting RP)  
CS. Ricky Kapadia (Team Assisting RP)

**FOLLOWING MEMBERS PRESENT FROM FINANCIAL CREDITORS:-**

**Authorised Representatives on behalf of Stitched Textiles Limited.**

Mr. Jaimin Gupta, Managing Director

**FOLLOWING MEMBERS NOT PRESENT FROM OPERATIONAL CREDITORS:-**

1. Shree Shyam Avenues Private Limited
2. State Tax Department, Government of Gujarat.
3. 7NR Retail Limited
4. Mukesh Trends Lifestyle Limited.

**SUSPENDED DIRECTORS (WITHOUT VOTING RIGHTS) PRESENT:-**

Mr. Aakash Rajeshbhai Thakor

**A. LIST OF MATTERS TO BE DISCUSSED/NOTED:**

**Item No.1**

**The Resolution Professional to take the Chair.**

Mr. Sunil Kumar Kabra welcomed all the members present at the 3<sup>rd</sup> Meeting of the Committee of Creditors (“CoC”) of M/s. Vaxtex Cotfab Limited.

As per Regulation 24(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the resolution professional shall act as the Chairperson of the meeting of the Committee. Therefore, Mr. Sunil Kumar Kabra, Resolution Professional, be requested to take the Chair.

**Item No.2**

**To ascertain the quorum of the Meeting:**

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

**Roll call of participants through video conferencing**

The Chairman asked the members for the formal introduction. The Chairman enquired as to who is the authorised representative from members of the CoC. It was clarified that only duly authorised officers/representatives can attend and vote at the meeting of CoC. The Chairman ensured that the authorized persons has carried their identify proof in the meeting room.

Authorized representative from Stitched Textiles Limited (Unsecured Financial Creditor) along with the authorised representative of Operational Creditors and Suspended Management of M/s. Vaxtex Cotfab Limited to whom Notice was served in accordance with the provisions of section 24(3) read with regulation 21 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 on 10.05.2024, were allowed to enter the meeting room.

Authorized representatives from all the Members of CoC were present in the meeting. Thereby, quorum of the meeting was achieved with the members present holding **100%** of voting share.

Therefore, the Chairman appraised the members that the meeting was in compliance with provisions of the Insolvency and Bankruptcy Code, 2016 including the rules and regulations made thereunder and any statutory modification thereto. Hence, the Chairman called the meeting to order.

The members took note of the same.

**Item No.3**

**To take note of the minutes of 2<sup>nd</sup> CoC meeting held on 16.05.2024.**

Chairman appraised the members of CoC that the minutes of the 2<sup>nd</sup> Meeting of CoC held on 16.05.2024 have already been circulated to all the participants on 16.05.2024. The committee members were requested to take note of the same and report if they had any observations. No observations received.

#### **Item No. 4**

#### **To evaluate the status of documents that are yet to be provided by the Suspended Management of the Corporate Debtor M/s. Vaxtex Coffab Limited.**

RP requested suspended management present in the meeting to provide all the required documents, at the earliest. On which, Mr. Akash Takhor (members of suspended board) said that they will provide the required documents.

RP informed that we have to file an application before Hon. NCLT u/s 19(2) for non-cooperation from suspended management.

Mr. Akash Takhor (members of suspended board) said that he will provide the documents within 10 days' i.e., till 4 June 2024. RP said that in case we do not receive the documents within stipulated timeline, we will proceed for filing of application before Hon. NCLT for necessary directions.

Members took note of the same.

### **B. LIST OF MATTERS TO BE DISCUSSED/ NOTED AND VOTED UPON WHEREVER NECESSARY:**

#### **Item No. 5**

#### **To authorize IRP/RP to appoint IBA registered Transaction Auditor to conduct Transaction Audit of Corporate Debtor.**

Chairman appraised the members of CoC that as per Regulation 35A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016, on or before the seventy-fifth day of the insolvency commencement date, the resolution professional shall form an opinion whether the corporate debtor has been subjected to any transaction covered under sections 43, 45, 50 or 66. Where the resolution professional is of the opinion that the corporate debtor has been subjected to any transactions covered under sections 43, 45, 50 or 66, he shall make a determination on or before the one hundred and fifteenth day of the insolvency commencement date.

Representative of Stitched Textiles Limited said that the CD has not obtained any credit facility from banks/ FIs therefore, there is no requirement for filing of PUFEE application, as of now. However, after receipt of books of accounts CoC member may further discuss to necessity of conducting Transaction Audit.

#### **Item No.6**

#### **To authorize IRP/RP to appoint Registered Valuers having qualified the Valuation Examination as per IBBI for all three classes of assets of Corporate Debtor M/s Vaxtex Coffab Limited.**

The chairman appraised the members of CoC that as per amended Regulation 27 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016, the Resolution Professional shall within seven days of its appointment, appoint two registered valuers to determine the fair value of the property and the liquidation value of the corporate debtor all the 3 classes in accordance with amended Regulation 35 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate persons) Regulation, 2016.

The members of CoC were requested to authorize RP to appoint 2 Registered Valuers for the valuation of the assets of the Corporate Debtor as per the quotations to be received from the Valuers for all the 3 classes, registered with IBBI. Summary of quotations were informed as under:

Sl.	Category	Name of Registered Valuer	Fees (Rs.)	Remarks	Ranking
1	L&B	Mr. Shirish Sharma	1,25,000	Inclusive of OPE	L1
2	L&B	Shree Mahavir Valuers & Associates (Hetal J. Topiwala)	1,50,000	Inclusive of OPE	L2
3	L&B	Real Value Consulting Services	2,00,000	Inclusive of OPE	L3
Sl.	Category	Name of Registered Valuer	Fees (Rs.)	Remarks	Ranking
1	P&M	Mr. Shirish Sharma	45,000	Inclusive of OPE	L1
2	P&M	Shree Mahavir Valuers & Associates (Mr. Abhinav Sharma)	65,000	Inclusive of OPE	L2
3	P&M	Real Value Consulting Services	75,000	Inclusive of OPE	L3
Sl.	Category	Name of Registered Valuer	Fees (Rs.)	Remarks	Ranking
1	SFA	Mr. Mayur Papat	20,000	Inclusive of OPE	L1
2	SFA	Mr. Harshad S Despande	30,000	Exclusive of OPE	L2

Representative of Stitched Textiles Limited asked RP to further negotiate with the valuer for best minimum quotation. RP informed that he will negotiate with the Valuer and try to obtain minimum quote ranging from 3 Lakhs to 3.50 Lakhs, in total.

Representative of Stitched Textiles Limited said that RP is authorised to proceed for appointment of Registered Valuers for the valuation of the assets of the Corporate Debtor as per the best of his estimate.

**Following Resolution passed in the meeting:**

**"RESOLVED THAT** the approval of the Members of CoC is be and hereby given to the RP to appoint two Registered Valuers for the valuation of the assets of the Corporate Debtor, M/s. Vaxtex Cofab Limited, as per the best minimum quotations to be received from the Valuers registered with IBBI for all the 3 classes, subject to maximum professional fee of Rs. 3.50 Lakhs, in total, including of out-of-pocket expenses, excluding GST as per applicable rates as per the provisions of IB Code."

***It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.***

**Item No. 7**

**To discuss the appointment of advocate on Individual Interlocutory application basis.**

The chairman appraised the members of CoC that legal counsel is required to be appointed, in order to carry out the duties by the RP. In this regard, CoC members were requested to authorise RP to appoint Advocate for filing of Interlocutory Applications at a fee maximum upto Rs. 40,000/-, per Interlocutory Application till the disposal of respective application.

Representative of Stitched Textiles Limited said that RP is authorised to proceed for appointment of Legal counsel for filing of Interlocutory Applications.

**Following Resolution passed in the meeting:**

**"RESOLVED THAT** the members of CoC is be and hereby authorise Resolution Professional to appoint learned counsel for drafting and filing of Interlocutory Applications in CIRP period of M/s

Vaxtex Cotfab Limited at the professional fee of maximum upto Rs. 40,000/- per Interlocutory Application, till disposal of the application, and the same shall form part of the insolvency resolution process costs.”

*It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.*

**Item No. 8**

**To publish Invitation of Expression of Interest (Form G) to submit Resolution Plan for the Corporate Debtor M/s Vaxtex Cotfab Limited under the Code.**

The Members of CoC were requested to take note that, the Resolution Professional shall publish Invitation of Expression of Interest in Form G as per the Regulation 36A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016.

Extract of Regulation 36A: Invitation for expression of interest is as under:

- (1) *The resolution professional shall publish brief particulars of the invitation for expression of interest in Form G of the Schedule at the earliest, not later than seventy-fifth day from the insolvency commencement date, from interested and eligible prospective resolution applicants to submit resolution plans.*
- (2) *The resolution professional shall publish Form G-*
  - (i) *in one English and one regional language newspaper with wide circulation at the location of the registered office and principal office, if any, of the corporate debtor and any other location where in the opinion of the resolution professional, the corporate debtor conducts material business operations;*
  - (ii) *on the website, if any, of the corporate debtor;*
  - (iii) *on the website, if any, designated by the Board for the purpose; and*
  - (iv) *in any other manner as may be decided by the committee.*

PS: The members of CoC may refer the entire regulation from the CIRP Regulations.

Summary of quotations of newspaper agencies were informed as under:

<b>Publication</b>	<b>Language</b>	<b>Edition</b>	<b>Size - B/W</b>	<b>Sq.cm.</b>	<b>Amount</b>	<b>GST 5%</b>	<b>Net Payable</b>
Financial Express	English	All India	8w X 13h	104	41,184	2,059	43,243
<b>Financial Express</b>	<b>English + Guj.</b>	<b>Ahmedabad</b>	<b>8w X 13h</b>	<b>104</b>	<b>13,104</b>	<b>655</b>	<b>13,759</b>
Business Standard	English	Ahmedabad	8w X 13h	104	6,552	328	6,880
Business Standard	English	All Gujarat	8w X 13h	104	45,760	2,288	48,048
Loksatta Jansatta	Gujarati	All Gujarat	8w X 13h	104	8,944	447	9,391
Sandesh	Gujarati	All Gujarat	8w X 13h	104	56,160	2,808	58,968

RP proposed for publication of Form G in Financial express (English and Gujarati).

Representative of Stitched Textiles Limited said that RP is authorised to publish Form G, as per above quotation. The format of Form G attached with the minutes.

However, as informed by suspended management in 2<sup>nd</sup> meeting of CoC, that they have filed an application for restoration of appeal Comp. App. (AT) (Ins) No. 243 of 2024 before Hon’ble NCLAT. Accordingly, CoC members have decided that the publication of Form G is postponed

till Thursday, 30.05.2024. As per the outcome of hearing scheduled to be held on 30.05.2024 in the said matter, we will proceed for publication of Form G on 03.06.2024.

**Following Resolution passed in the meeting:**

**"RESOLVED THAT** the Members of CoC is be and ratified to publish Form G on 03.06.2024, as per Section 25(2)(h) of the Insolvency & Bankruptcy Code, 2016 to invite prospective resolution applicants and get a resolution plan or plans for Corporate Debtor, M/s. Vaxtex Cotfab Limited by way of advertisement in one English newspaper, Financial Express (English Language) and one Gujarati newspaper Financial Express (Gujarati Language), at a fee of Rs. 13,759 having circulation in Ahmedabad as per the provisions of Regulation 36A of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016."

***It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.***

**Item No. 9**

**To discuss and approve amount of EMD, Turnover Criteria and Net worth criteria for Prospective Resolution Applicants (PRAs).**

The Members of CoC were requested to finalise the criteria for the amount of EMD, Turnover, Net worth, etc. for Prospective Resolution Applicants to submit Resolution Plan for the Corporate Debtor.

Members of CoC after detailed discussions with the Chairperson, finalized the criteria for the amount of EMD, Turnover, Net worth, etc. for Prospective Resolution Applicants to submit Resolution Plan for M/s. Vaxtex Cotfab Limited.

The matter was deliberated, and it was decided by members of CoC and Chairperson to keep the minimum Revenue/ Turnover of Rs. 25 Crores at the Standalone/ Consolidated Group basis as per the latest available audited financial statements (not older than 31.03.2023) or minimum Revenue/ Turnover of Rs. 50 Crores at the standalone/ Consolidated group level basis in the preceding three completed financial years.

Further, the net-worth criteria of Rs. 10 crores at the all-group level as per the last available audited financial statements (not older than 31.03.2023) for body corporates/ Companies and for Partnership Firm/ Sole Individual Investors, minimum Asset under Management of Rs. 25 Crores for PE funds/ Financial Institution/ NBFC's/ Other Financial Investors/ Alternate Investment Fund.

Further for the fixation of non-interest-bearing refundable deposit (EMD) Chairperson suggested Rs. 25-50 Lakhs should be kept for the Prospective resolution applicant. Since, CD is a listed company and to obtain EoI from serious parties, members of CoC consented for the EMD of Rs. 40 Lakhs.

**Following Resolution passed in the meeting:**

**"RESOLVED THAT** the CoC do hereby approve that all PRAs while submitting expression of interest pursuant to publication of Form G shall be required to provide a non-interest-bearing refundable deposit (EMD) of Rs. 40 Lakhs."

**"RESOLVED FURTHER THAT** the CoC do hereby approve that the eligible PRAs must satisfy an eligibility criteria of minimum Revenue/ Turnover of Rs. 25 Crores at the Standalone/

Consolidated Group basis as per the latest available audited financial statements or average minimum Revenue/ Turnover of Rs. 50 Crores at the standalone/ Consolidated group level basis in the preceding three completed financial years to be eligible to submit Expression of Interest for the Corporate Debtor, M/s. Vaxtex Cotfab Limited.”

**"RESOLVED FURTHER THAT** the CoC do hereby approved that the eligible PRAs must satisfy an eligibility criteria of minimum net worth of Rs. 10 Crores at the all group level as per the last available audited financial statements for body corporates/ Companies and for Partnership Firm/ Sole Individual Investors, minimum Asset under Management of Rs. 25 Crores for PE funds/ Financial Institution/ NBFC's/ Other Financial Investors/ Alternate Investment Funds to be eligible to submit Expression of Interest for the Corporate Debtor, M/s. Vaxtex Cotfab Limited.”

*It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.*

#### **Item No. 10**

**To authorize RP to appoint an Advocate for filing of an Interlocutory Application before NCLT, Ahmedabad Bench for exclusion of litigation period in lieu of Appeal filed before NCLAT, New Delhi Bench.**

The members of CoC were requested to take note that the time period of more than 3 months has already been elapsed since initiation of CIRP due to stay in further actions in CIRP process of CD due to appeal filed by Suspended Management, before Hon'ble NCLAT, New Delhi Bench. Therefore, we need to proceed for filing of exclusion of said time period (i.e., from the date of order of Hon'ble NCLAT to stay in further actions till final order of dismissal) from CIR Process of CD.

However, as informed by suspended management in 2<sup>nd</sup> meeting of CoC, that they have filed an application for restoration of appeal Comp. App. (AT) (Ins) No. 243 of 2024 before Hon'ble NCLAT. Accordingly, CoC members have decided that the filing of exclusion application is postponed till Thursday, 30.05.2024. As per the outcome of hearing scheduled to be held on 30.05.2024 in the said matter, we will proceed for filing of necessary application.

#### **Following Resolution passed in the meeting:**

**"RESOLVED THAT** the approval of the members of CoC is be and hereby given to the Resolution Professional to appoint Legal Counsel at a reasonable professional fee, upto the disposal of the matter, for filing of an Interlocutory Application before NCLT, Ahmedabad Bench for exclusion of litigation period (06.02.2024 to 09.05.2024) i.e., 94 days in lieu of Appeal filed before NCLAT, New Delhi Bench.”

*It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.*

#### **Item No. 11**

**To fix a limit up to which the Resolution Professional, without the prior permission of the CoC, is entitled to initiate a debit transaction with the financial institutions/ banks maintaining accounts of the Corporate Debtor.**

Members of the CoC were requested to authorize the RP to initiate a debit transaction up to Rs. 5,00,000/- per transaction with the financial institutions/ banks maintaining accounts of the Corporate Debtor from any such accounts for the smooth conduct of the Corporate Insolvency Resolution Process, without prior permission of the committee.

Representative of Stitched Textiles Limited authorised RP to initiate a debit transaction up to Rs. 3,00,000/- per transaction.

**Following Resolution passed in the meeting:**

**"RESOLVED THAT** the approval of the Members of CoC in terms of clause (e) of sub-section (1) of section 28 of Insolvency and Bankruptcy Code, 2016, is be and hereby given to the RP to initiate a debit transaction up to Rs.3 lakhs with the financial institutions/ banks maintaining accounts of the Corporate Debtor from any such accounts of the corporate debtor during the Corporate Insolvency Resolution Process, without prior permission of the committee."

***It is be and is hereby passed and approved by the members of CoC with a majority of 100% vote share.***

**Since, there was no other matter left for discussion, the chairman concluded the meeting by giving vote of thanks to all the members present in the meeting for a fruitful discussion and valuable suggestions.**

**Meeting ended with vote of thanks to all.**

**CA. Sunil Kumar Kabra**

RP of M/s Vaxtex Cotfab Limited

IBBI Registration No.: IBBI/IPA-001/IP-P01011/2017-18/11662

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**Date: 27.05.2024**

**Place: Surat**