

MINUTES OF THE FOURTH MEETING OF THE STAKEHOLDERS' CONSULTATION COMMITTEE OF SAPPHIRE SPACE INFRACON PRIVATE LIMITED – IN LIQUIDATION HELD ON THURSDAY, 07th MARCH 2024 FROM 04:00 PM TO 5:05 PM THROUGH VIDEO CONFERENCING

Present through video conferencing throughout the meeting.

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1.	Harish Kant Kaushik,	Chairman, Liquidator
2.	Rahul Joshi	Representative of Bank of Maharashtra
3.	Anup Kumar Singh	
4.	Ritesh Ranjan	
5.	Mrs Shraddha Shah	Liquidator's Team
6.	Ali Hussain Beechavera	

Item No. 1 and 2:

The Liquidator to chair the meeting of Stakeholders' Consultation Committee formed under Regulation 31A of Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendments) Regulations, 2022

Harish Kant Kaushik, Liquidator, occupied the Chair. He extended a cordial welcome to all the members of the Stakeholders' Consultation Committee. The Chairman informed the member that this meeting of the Stakeholders' Consultation Committee is held via video - conferencing and after ascertaining that the requisite quorum was present, the Chairman declared the meeting to be in order and commenced the proceeding of the meeting.

Item No. 3:

To consider and approve the minutes of the 03rd Meeting of the Stakeholder Consultation Committee held on Saturday, 17th February 2024.

The Chairman informed the member that the minutes of the 3rd meeting of the Stakeholder Consultation Committee held on Saturday, 17th February 2024 was circulated by the liquidator on 19th February 2024. The Chairman asked the member whether he have any observations on the minutes. Since, there was no observations on the minutes the Chairman informed that the minutes shall be treated as read and approved by the member of SCC.

The Member took note of the same and accordingly the minutes were treated as read and approved by the member of SCC.

Item No. 4:

To take note of process update by the Liquidator

a) Composition of Stakeholders' Consultation Committee

The Chairman presented the composition of Consultation Committee as per regulation 31A(6) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016 which is as follows:

Sr. No.	Class of Stakeholder	Name of Creditor / Representatives Admitted	Claims Admitted	Voting %
1	Financial - Secured Creditors	1. Bank of Maharashtra	113,56,98,271	98.43
2	Financial - Unsecured Creditors	NIL	-	-
3	Financial Creditors in a class	NIL		
4	Workmen	NIL		
5	Employees	NIL		
6	Government Departments	NIL		
7	Other Operational Creditors	Vikas Interiors	1,80,82,851	1.57
8	Shareholders	NIL		
	Total		115,37,81,122	100

The member took note of the same.

b) Liquidation Process Update

The Chairman further apprised the members on the summary of claims received:

S. No	Name of Claimant	Nature of Stakeholder	Amount Claimed	Amount Admitted
1	Bank of Maharashtra	Secured Financial Creditor	113,56,98,271	113,56,98,271
2	Phoenix Infratech (India) Pvt Ltd*	Unsecured Financial Creditor	4,61,65,626	Under Verification
3	Hatch Creation	Operational Creditors	59,25,287	59,25,287
4	Vikas Interiors	Operational Creditors	1,21,57,564	1,21,57,564
<ul style="list-style-type: none"> Claim filed by Phoenix claiming given unsecured loan to Sapphire of Rs2.5crs in FY 2014 and 2015 to purchase some land around the Sathyangar Project. On non-payment as claimed, an ex-parte decree obtained on 28.11.2022 by Phoenix from Dist Court for Commercial Disputes, Hyderabad for principal and interest thereupon for INR 4,61,65,626/-. However, Audited accounts of CD ended 31.3.2014 shown a liability to Rs 2 crs towards the Claimant; whereas in audited Accounts for FY 2015, zero liability towards the Claimant has been shown. Further, the Promoter confirmed that Phoenix had provided funds for the said agenda of purchase of land. The Liquidator has raised the said queries, including the details of bank accounts of CD wherein such receipts of funds were received, with the Promoters, to which a response is yet to be received. 				

The Chairman apprised the members that the agreement dated 28th March 2014, executed between Phoenix Infratech India Private Limited (“Phoenix”) and Sapphire Space Infracon Private Limited (“Corporate Debtor” or “Sapphire” hereafter) stipulates that Phoenix have approached Sapphire to

identify and purchase land near Sathyangar Housing Project site for Phoenix Infratech India Private Limited.

As per the Claimant, Sapphire has failed to refund amount provided by Phoenix to Sapphire as a refundable deposit and which was to be paid back to Phoenix in case the Sapphire failed to execute the agreement for identification of land parcel near Sathyangar Housing Project. Liquidator will take decision on the said Claim based on responses and / or receipt of any further information from Claimant /Promoters of CD.

The Liquidator in the 3rd SCC Meeting held on 17th February 2024, requested the Representatives of Bank of Maharashtra to provide any document or details relating to the outstanding loan or repayment of loan liability in the books of the corporate debtor to Phoenix, if available with them. The Chairman again requested the Representatives of Bank of Maharashtra to provide the documents relating to the claim of Phoenix that is available with them.

Furthermore, the Chairman informed the members that he had contacted the promoters of the company to clarify their position on the claim received from Phoenix. The promoters, through an email dated 29th February 2024, confirmed that funds were indeed received from Phoenix for the purpose of purchasing land adjacent to the Sathyanagar Housing Project. However, further inquiries were made by the Liquidator regarding the capacity in which the funds were received, whether any subsequent payments were made, and why the liability is not reflected in the Balance Sheet for the financial year ending FY 2015. The promoter Directors of CD are yet to respond to these subsequent inquiries.

The Liquidator is in the process of verifying the claim and informed the members that there exist certain discrepancies in the claim for which the Liquidator has requested the claimant to respond with relevant information.

The Member took note of the same.

Liquidation Process Update:

The Chairman apprised the members that Bank of Maharashtra has relinquished its security interest in the Corporate Debtor while filing the claim during the liquidation period. Also that Bank of Maharashtra being the sole secured creditor of 'Conglome Technoconstructions Private Limited' (the co-owner of Sathyanagar Housing Project alongwith Sapphire) has relinquished its security interest in the favor of Liquidation Estate vide e-mail dated 21st Feb 2024. This shall enable the Liquidator to deal with the underlined indivisible integrated affordable housing project co-owned by both the above entities in consolidated manner for better value proposition.

The Chairman additionally requested clarification from the representatives of Bank of Maharashtra regarding the email dated 21st February 2024, concerning the relinquishment of their security interest. This clarification was sought to confirm the understanding of the Liquidator that the said e-mail conveying the relinquishment of their security interest was regarding the assets of Conglome Technoconstructions Private Limited, as Bank of Maharashtra had already relinquished their security interest in Sapphire through their claim form D. The representative of Bank of Maharashtra confirmed the same and stated that the same is for Conglome Technoconstructions Private Limited.

The Chairman took a note of the same.

Filing of various reports

The Chairman apprised the members that he is in process of filing the Preliminary Report as per Liquidation Regulation 13 with the Hon'ble NCLT. Further, that as per recent amendments in the Liquidation Regulations, 2016 the Liquidator shall share the Preliminary Report and the Progress Reports (filed quarterly) with the members of the SCC after obtaining the confidentiality undertaking from each

of them. The Chairman informed the members that he has shared a template for the confidentiality undertaking with the members. Once the member submits the confidentiality undertaking to the Liquidator, the Preliminary Report and the Asset Memorandum, prepared by the Liquidator in accordance with Regulation 13 and 15 of the Liquidation Regulation, 2016, respectively shall be shared with the Member.

The member took note of the same.

Avoidance application:

The Chairman apprised the members that an application u/s 66 of the code has been filed with Hon'ble NCLT by the Erstwhile Resolution Professional ("RP") with respect to avoidance transactions based on the report submitted by the Transaction Auditor. The matter was listed for a hearing on 5 March 2024 and the next date & status of the same shall be updated in due course.

The Chairman informed the members that the Erstwhile Resolution Professional (RP) (now Liquidator) had filed an Avoidance Application based on the limited information provided by the banks, besides promoters and former management of the Corporate Debtor involving an amount of INR 65.76 Crores. The Liquidator apprised the members that the amount involved in the Avoidance application if recovered from the promoters of the corporate debtor shall be utilized in payment of claims of the creditors of the corporate debtor. The Liquidator is currently pursuing this application through the appropriate legal procedure.

The member took note of the same.

Other issues involving the Project:

The Chairman informed the members that, according to the list obtained from the Registry office, a total of 838 Homebuyers have registered for flats at the Sathyanagar Project in the period 2010-12. The above details were also shared by Secured Creditor, BoM with RP during the course of CIRP. Additionally, based on a list shared by the management of the Corporate Debtor during CIRP, it was found that the Corporate Debtor has to recover balance amount of INR ~5.6crores for the registered flats from 478 Homebuyers. Moreover, up to the current date, a total of 114 Homebuyers have filed a claim on the Corporate Debtor against the SathyaNagar Project (being developed by CD along the other co-owner, Conglome. This suggests that there is a possibility that some homebuyers have not yet filed their claims with the Liquidator.

The Chairman emphasized to the members the importance of determining the claimants eligible to file a claim against the Corporate Debtor before proceeding with the auction process. This is crucial because if the liability against the Company towards homebuyers remains uncertain, prospective bidders may lower the price of the asset of the Corporate Debtor to accommodate potential future liabilities from the Homebuyers. Such discounting would be detrimental to the interests of the Stakeholders as it would result in not obtaining the fair value of the asset that could have been obtained if the liabilities were duly ascertained.

Therefore, in the interest of the all the stakeholders SCC member and Homebuyers in the said Sathyanagar Project, the Liquidator sought views on the above from the members to formally obtain a legal opinion determining conclusive liability of the potential bidder(s) during the liquidation process of CD once the assets are sold as per the IBC process. The Representative of Bank of Maharashtra noted that sufficient time has already been provided for filing claims to the homebuyers, and a Public Announcement for filing claims on the corporate debtor has been made by the Liquidator. The Representative questioned whether further legal advice and immunity were necessary.

The Chairman acknowledged the Representative's concerns and agreed that all measures under the

Corporate Insolvency Resolution Process (CIRP) and Liquidation Regulation have been taken by RP and Liquidator to facilitate homebuyers in filing claims. As the Member is aware that CD management has not shared all the details of booking of houses, total amount collected from Homebuyers and accounts of CD due to theft as reported by CD and also by IRP of Conglome during its CIRP period, the Chairman is facing issues in addressing the above issues. However, based on experiences with similar housing projects having large number of Homebuyers, obtaining legal advice on the above aspects before finalizing liability of CD towards homebuyers is crucial. Without legal immunity, homebuyers might approach legal authorities at a later stage, potentially causing further delays in the liquidation process / discovery of lower value of CD assets.

The Representative of Bank of Maharashtra took note of the same and suggested that they will require an internal approval for confirming the proposal put forth by the Liquidator and hence the same shall be discussed in subsequent meeting.

Chairman took a note of the above.

Delay in issuance of Auction notice as per timelines of the Liquidation Regulation:

The Chairman apprised the members that as per Schedule 1 of Liquidation Regulations it provides as below:

(1) “Where an asset is to be sold through auction, a liquidator shall do so in the manner specified herein.

[(1A) Subject to provisions of regulation 2B, the liquidator shall issue a public notice of an auction for sale under regulation 32 within forty-five days from the liquidation commencement date unless the consultation committee advises to extend the timeline”

The Chairman further stated that since there was a delay in relinquishment of security interest by the sole secured creditor for the jointly asset owned by the Corporate Debtor and Conglome Technoconstruction Private Limited, the issuance of auction notice has been delayed. The Member has expressed since the said process is now completed, the Liquidator shall take the liquidation process forward and complete the same in the short period.

The member and Chairman took note of the above.

Valuation Summary

The Chairman further apprised the members on the Summary of Valuation as conducted in the CIRP Process. The Member in the Second Meeting of the Stakeholders Consultation Committee Meeting held on Wednesday, 24th January 2024, had opined to continue with the said valuation in Liquidation period as well:

Summary of Valuation Reports during CIRP		
Particulars	Valuer 1	Valuer 2
	(Amt in INR.)	
Total Valuation of the SathyaNagar Project (co-owned by CD & Conglome Technoconstructions Pvt Ltd		
Fair Value	49,45,80,000	48,58,00,000
Liquidation Value	34,62,00,000	34,01,00,000
Sapphire Space Infracon Share (38.5 %)		
Fair Value	19,04,13,300	18,70,33,000

Liquidation Value	13,32,87,000	13,09,38,500
Average Values:		
Average Fair Value:		18,87,23,150
Average Liquidation Value:		13,21,12,750

The Members took note of the same.

Item No. 5:

To consider and discuss the Sale of Assets of the Corporate Debtor under Regulation 32 of IBBI (Liquidation Process) Regulations, 2016.

The Chairman apprised presented the valuation of Sathyanagar project and the share of the Corporate Debtor in the said project.

Particulars	Amount (INR)
Average Liquidation value of the Sathyanagar Project	34,31,50,000
Average Liquidation value of the share of Sapphire Space Infracon Private Limited in the Sathyanagar Project (38.5%)	13,21,12,750

The Chairman requested the members to discuss and determine the reserve price for the auction process of the corporate debtor. The Representative of the Bank of Maharashtra opined to issue combined auction notice since the asset i.e the Sathyanagar Project is co-owned by the Corporate Debtor and Conglome Technoconstruction Private Limited and the same cannot be sold separately.

The Chairman further stated that that the entire Sathyanagar Project is phase-wise registered on the MahaRERA (i.e. Real Estate Regulatory Authority) and the details of the same is as below:

Sr. No.	Particulars	Registration No.
1	Phase 1	P99000011436
2	Phase 2	P99000008795
3	Phase 3	P99000009459
4	Phase 4	P99000010507
5	Phase 5	P99000010497

He further stated by virtue of Joint Development Agreement-2 entered dated 11 December 2014, that the Corporate Debtor is responsible to complete the project as a co-developer for the project alongwith Conglome Technoconstructions Private Limited and the revenues shall be distributed in agreed profit-sharing ratio of 38.5% and 61.5% respectively and further the property is co-owned by both the entities. Further he stated that since there is no other asset apart from the land & building and further opined by the members earlier the Corporate Debtor shall be sold as a Going Concern. The Representative from Bank of Maharashtra thereafter opined to consider average fair value of the project as the reserve price. The Representatives of Bank of Maharashtra agreed to the Chairman's suggestion, and it was decided to proceed with the combined average Fair Value of the Sathyanagar Project i.e. INR 49,01,90,000 as the reserve price in the auction and the same shall be put for voting purposes.

The members took note of the same.

Liquidation Cost

The Chairman apprised the members on the Liquidation Cost incurred:

Sr. No.	Particulars	Amount (INR)	Remark
1	Public Announcement	14,251	
2	Legal Fees	45,000	20,000 for 2 Applications and 2500 for OPE each
3	Security Charges	1,32,000	INR 44,000 for the months of December, January and February
4	Insurance Charges for Sathyanagar Housing Project (including the property owned by Conglome)	38,940	
	Total	2,30,191	

The Member took note of the same.

Item No. 6:

To discuss any other matter with the Liquidator.

There was no further matter to be discussed.

List of Issues to be voted after Discussion.

Item No.1:

To consider and approve the extension in the interval between the meeting of Stakeholders Consultation Committee as per Regulation 31A(6) of Insolvency and Bankruptcy Board of India (Liquidation Process), 2016 before lapse of thirty days from the last meeting.

The Chairman apprised the members that as per latest amendments in the Liquidation Regulations dated 12 February 2024, the Liquidator is mandated to convene SCC meetings with a maximum interval of 30 days, to ensure timely decisions and oversight. However, the SCC may reduce the frequency of the meeting if deemed necessary, provided that at least a minimum of one meeting is held per quarter. He further clarified that in case of any of the members requests either individually or collectively, having at least thirty three percent of the total voting rights to conduct the meeting, he shall convene the meeting at their request.

The Representative of Bank of Maharashtra opined that the Liquidator shall convene a meeting within 30 days from the previous meeting as laid out in the Liquidation Regulations. The Liquidator obliged to the request of the member.

Accordingly, the below said voting agenda is being *withdrawn*

“RESOLVED THAT pursuant to The Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2024, proviso to sub regulation (6) of regulation 31A of Insolvency and Bankruptcy Board of India, the consent of members of Stakeholders Consultation Committee be and is hereby accorded to convene the meeting of Stakeholders Consultation Committee at least once in a quarter with immediate effect for all Subsequent Meetings.”

Item No. 2

To consider, discuss and approve the Sale of Assets of the Corporate Debtor under Regulation 32 of IBBI (Liquidation Process) Regulations, 2016

Pursuant to the discussion held at Item No. 5 above, the members of the Stakeholders Consultation Committee passed the following resolution:

“RESOLVED THAT the approval of members of Stakeholders Consultation Committee be and is hereby accorded to sell the Corporate Debtor as a Going Concern jointly along with sale of assets of Conglome Technoconstructions Private Limited as a Going Concern for a combined reserve price of INR 49,01,90,000 under Regulation 32(e) of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

RESOLVED FURTHER THAT the approval of members of Stakeholders Consultation Committee be and is hereby accorded to the issuance of joint auction notice for sale of jointly owned asset as a Going Concern.

RESOLVED FURTHER THAT Mr. Harish Kant Kaushik, Liquidator be and is hereby authorized to issue notice of sale, do all such acts, deed, things and execute such documents as may be necessary in order to give effect to the aforesaid resolution.”

Voting Timelines:

The Chairman thereafter apprised the members on the latest amendment in the CIRP Regulations which also applies during the Liquidation process with respect to voting by the members.

“Regulation 25. Voting by the Committee

- (1) *The actions listed in section 28(1) shall be considered in meetings of the committee.*
- (2) *Any action other than those listed in section 28(1) requiring approval of the committee may be considered in meetings of the committee.*
- (3) *.....*
- (4) *.....*
- (5) *The Resolution Professional shall-*
 - (a) *.....*
 - (b) *seek a vote of the members who did not vote at the meeting on the matters listed for voting, by electronic voting system in accordance with regulation 26 where the voting shall be kept open, from the circulation of the minutes, for such time as decided by the committee which shall not be less than twenty-four hours and shall not exceed seven days:*
Provided that on a request for extension made by a creditor, the voting window shall be extended in increments of twenty-four hours period.”

Provided further that the resolution professional shall not extend the voting window where the matters listed for voting have already received the requisite majority vote and one extension has been given after the receipt of requisite majority vote.”

The Chairman informed the members that the voting window shall be kept open based on the above amended regulations and requested the members to adhere to the timelines to complete the liquidation process in a time bound manner.

The members took a note of the same.

Vote of Thanks

The Chairman concluded the meeting with the vote of thanks to all the member of the Stakeholders' Consultation Committee and participants.

The voting window shall be kept open from 11 March 2024 from 10:00 AM to 17 March 2024 up to 6:00 PM



Harish Kant Kaushik

Liquidator of Sapphire Space Infracon Private Limited

Registration No. IBBI/IPA-001/IP-P01469 /2018-2019/12340

Authorization for Assignment valid till 29th Nov 2023

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Enclosed: Deck of 4th Meeting of Stakeholders Consultation Committee