Date: September 24, 2019

Ref No. SEL/RP/036/09/2019

To,

BSE Limited
Department of Corporate Services
25th Floor
P J Towers
Dalal Street
Mumbai – 400001

Scrip Code: 532886 /SELMCL

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai – 400051

Symbol: SELMCL

Respected Madam / Sir,

Subject: **Intimation regarding the removal of certain businesses and resolutions proposed to be transacted at the 19th Annual General Meeting of SEL Manufacturing Company Limited dated September 26, 2019 by the notice dated July 03, 2019 in light of the restoration of corporate insolvency resolution process of SEL Manufacturing Company Limited and re-instatement of the position of the Resolution Professional in relation thereto.**

The undersigned, Navneet Kumar Gupta, [*insert address*], bearing registration number IBBI/IPA-001/IP-P00001/2016-17/10009, in exercise of the powers conferred upon him in terms of the Insolvency and Bankruptcy Code, 2016, would like to inform you as under:

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("**NCLT**") by State Bank of India against SEL Manufacturing Company Limited ("**Corporate Debtor**"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("**Code**"), the NCLT vide its order ("**Admission Order**") dated April 11, 2018 ("**Insolvency Commencement Date**") had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor. Subsequently, the NCLT *vide* its order dated April 25, 2018 ("**IRP Order**") appointed the undersigned as the interim resolution professional of the Corporate Debtor ("**IRP**").

Subsequently, on a writ petition filed by the Corporate Debtor and the managing director of the Corporate Debtor against the Admission Order, the Hon'ble High Court of Punjab and Haryana ("**High Court**") *vide* its order dated May 01, 2018, while disallowing the writ petition, kept the CIRP of the Corporate Debtor in abeyance and ordered that the IRP not take over the management of the Corporate Debtor till May 15, 2018 ("**First Abeyance Order**"). Pursuant to the First Abeyance Order, the existing management of the Corporate Debtor continued to manage the affairs of the Corporate Debtor during the period of abeyance. Against the First Abeyance Order, a special leave petition was filed before the Hon'ble Supreme Court, which, while dismissing the said special leave petition, *vide* its order dated May 12, 2018, extended the abeyance of the CIRP by another week, during which period the existing management retained control over the management of the Corporate Debtor. Accordingly, upon the lapse of the period of abeyance, as stipulated by the Hon'ble Supreme Court, the CIRP of the Corporate Debtor resumed on May 21, 2018 and the undersigned resumed his position and duties as the IRP on the same date. Thereafter, in accordance with the provisions of the Code, the first meeting of the committee of creditors of the Corporate Debtor was held

on June 15, 2018 wherein *inter alia* the undersigned was confirmed as the resolution professional of the Corporate Debtor ("**Resolution Professional**").

Subsequently, a petition was filed by Dheeraj Saluja, one of the promoters of the Corporate Debtor, before the High Court ("**Petition**") wherein the High Court, *vide* its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance ("**Second Abeyance Order**") and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court *vide* its order dated September 6, 2019 dismissed the Transferred Case as withdrawn ("**Withdrawal Order**"). A copy of the Withdrawal Order was published on September 11, 2019 ("**Publication Date**"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stands restored and the undersigned has resumed the position of the Resolution Professional. Copies of the Admission Order, the IRP Order and the Withdrawal Order have been annexed herewith as **Annexure I**.

By virtue of the provisions of the Code, on and from the date of publication of the Withdrawal Order, *inter alia,* the position of the undersigned as the Resolution Professional of the Corporate Debtor has been reinstated. Further, attention is drawn to Section 17 (1) and Section 23 (2) of the Code, which provide as follows:

> "*17. Management of affairs of corporate debtor by interim resolution professional. –*
>
> *(1) From the date of appointment of the interim resolution professional, -*
>
> *(a) the management of the affairs of the corporate debtor shall vest in the interim resolution professional;*
> *(b) the powers of the board of directors or the partners of the corporate debtor, as the case may be, shall stand suspended and be exercised by the interim resolution professional;*
> *(c) the officers and managers of the corporate debtor shall report to the interim resolution professional and provide access to such documents and records of the corporate debtor as may be required by the interim resolution professional;*
> *(d) the financial institutions maintaining accounts of the corporate debtor shall act on the instructions of the interim resolution professional in relation to such accounts and furnish all information relating to the corporate debtor available with them to the interim resolution professional."*
>
> "*23. Resolution professional to conduct corporate insolvency resolution process.*
>
> *(2) The resolution professional shall exercise powers and perform duties as are vested or conferred on the interim resolution professional under this Chapter.*"

Accordingly, the undersigned seeks to inform you of the above reinstatement and that on and from the Publication Date, the undersigned has assumed control over the management of the affairs of the Corporate Debtor and the powers of the board of directors of the Corporate Debtor.

Additionally, by virtue of the provisions of Section 13 read with Section 14 of the Code, a moratorium period has been declared *vide* the Admission Order, *inter alia,* prohibiting the following:

"*(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority;*

(b) transferring, encumbering, alienating or disposing off by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);"

The moratorium shall be effective till the date of the completion of the CIRP or the approval of liquidation of the Corporate Debtor by the NCLT.

Lastly, your kind attention is drawn to the following Sections of the Code:

"*233. Protection of action taken in good faith.*

No suit, prosecution or other legal proceeding shall lie against the Government or any officer of the Government, or the Chairperson, Member, officer or other employee of the Board or an insolvency professional or liquidator for anything which is in done or intended to be done in good faith under this Code or the rules or regulations made thereunder."

"238. Provisions of this Code to override other laws.

The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law."

On account of the resumption of the CIRP of the Corporate Debtor and the aforementioned provisions of the Code please be informed that: (i) the undersigned has assumed control over the management of the affairs of the Corporate Debtor and the powers of the board of directors of the Corporate Debtor and (ii) the governance of the Corporate Debtor is subject to the provisions of the Code. In light of the foregoing, giving effect to certain businesses sought to be transacted, and certain resolutions and parts thereof sought to be passed, in the 19th Annual General Meeting ("**AGM**") of the Corporate Debtor, as mentioned in the notice for the AGM dated July 03, 2019 ("**Notice**"), annexed herewith as **Annexure II**, shall be subject to approval of committee of creditors in compliance with the provisions of the Code. Such transactions and resolutions are enlisted below:

1. ***4. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:***

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable sections/provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any, required, the consent of the Company be and is hereby accorded for the reappointment of Sh. Vinod Kumar Goyal, (DIN: 02751391), as the Executive Director of the Company for a further period of three years w.e.f. 13.07.2019 on a consolidated amount of Salary of Rs. 6,50,000/- per month.

RESOLVED FURTHER THAT he will be entitled to free use of Company's car for business purpose and of free use of telephone, at office and at residence, for business purposes of the Company.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company.

RESOLVED FURTHER THAT in case in any Financial year, the company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Executive Director subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions, and the rules framed there under as amended from time to time.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to execute all such documents, instruments, and writings, if any, and further to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

Explanation: As specified above, the powers of the board of directors of the Corporate Debtor are suspended and are vested in the undersigned by virtue of the provisions of the Code. Accordingly, no resolution authorizing the board of directors of the Corporate Debtor to undertake any actions can be passed by the shareholders. Therefore, any reference to authorization being provided to the Board of Directors shall be read as *the resolution professional of the Company, directly or through any person authorized by the resolution professional of the Company*, and any action shall be subject to review of the Resolution Professional and in accordance with the provisions of the Code.

Further, the following resolution stands dropped and would not be taken up at the AGM for discussion or voting:

"*RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company."*

Further, as per Section 28(1) (f) of the Code, prior approval of the committee of creditors of the Corporate Debtor ("**CoC**") is necessary to enter into any transaction with any related party. The director of a corporate debtor falls within the definition of a "*related party*" of the corporate debtor as per the definition provided in Section 2(24) (a) of the Code. Accordingly, the terms of remuneration and perquisites of Sh. Vinod Kumar Goyal as the executive director of the Corporate Debtor are subject to the prior approval of the CoC.

2. ***7. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:***

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modifications(s) and/or re-enactment thereof from time to time, approval of the members of the Company be and is hereby granted to Mr. Ram Saran Saluja (DIN 01145051), who has attained the age of seventy five (75) years, to continue as Non-Executive Director of the Company w.e.f. 01.04.2019."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution."

Explanation: As specified above, the powers of the board of directors of the Corporate Debtor are suspended and are vested in the undersigned by virtue of the provisions of the Code. Accordingly, no resolution authorizing the board of directors of the Corporate Debtor to undertake any actions can be passed by the shareholders. Therefore, any reference to authorization being provided to the Board of Directors shall be read as *the resolution professional of the Company, directly or through any person authorized by the resolution professional of the Company*, and any action shall be subject to review of the Resolution Professional of the Company and in accordance with the provisions of the Code.

3. ***8. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION****:*

(8) ""RESOLVED THAT pursuant to Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in terms of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, if any, and the relevant rules made there under (including any amendment thereto or re-enactment thereof) the requisite approvals, if any, of any relevant statutory, regulatory or Government authorities, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board", which term shall include any committee of directors constituted by the Board) to sell, lease, transfer or otherwise dispose of the whole or substantially the whole of the undertaking(s)/ investments/ shares in the name of the Company held in SEL Textiles Limited, a Wholly owned subsidiary of the Company, to one or more persons and in one or more tranches and at such time and in such manner as the Board may decide, or cease the exercise of control over the subsidiary by further issue of shares by the Subsidiary to other person or persons, and in one or more tranches and at such time and in such manner as the Board of the subsidiary may decide or in case any loan(s) taken by SEL Textiles Ltd. from any scheduled commercial bank, financial institution is/are converted into equity or in any other manner."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purposes of giving effect to this Resolution."

Explanation: As specified above, as per Section 14 (1) (b) of the Code, *transferring, encumbering, alienating or disposing off of the assets of a Corporate Debtor or its legal rights or beneficial interest therein* is prohibited during the pendency of the moratorium. Consequently, any action to sell, lease, transfer or otherwise dispose of the whole or substantially the whole of the undertaking(s)/ investments/ shares in the name of the Corporate Debtor held in SEL Textiles Limited, a wholly owned subsidiary of the Corporate Debtor would be in violation of the moratorium imposed *vide* the Admission Order. Accordingly, the said resolution stands dropped and would not be taken up at the AGM for discussion or voting.

This is to inform you of the above and the said items of business to be transacted at the AGM as mentioned in the Notice shall be construed accordingly and giving effect to the same shall be subject to the review of the Resolution Professional and in accordance with the provisions of the Code.

This is for your information and records.

In case of any clarifications required on any of these issues you are requested to contact the undersigned, after prior appointment.

Yours faithfully,



Navneet Kumar Gupta
Resolution Professional
(Regn No: IBBI/IPA-001/IP-P00001/2016-17/10009)
SEL Manufacturing Company Limited

Correspondence Address:
Mr. Navneet Kumar Gupta
Resolution Professional
SEL Manufacturing Company Limited
c/o Mr. Surendra Raj Gang
GT Restructuring Services LLP
L-41, Connaught Circus
New Delhi - 110001
E: IP.Sel@in.gt.com
Registered address of RP with IBBI:
361, Sunview, Pocket-4, Sector-11, Dwarka, New Delhi - 110075
E: navneetkgupta@gmail.com

Encl:

Annexure I: Copies of the Admission Order, the IRP Order and the Withdrawal Order
Annexure II: Notice of AGM

IN THE NATIONAL COMPANY LAW TRIBUNAL
"CHANDIGARH BENCH, CHANDIGARH"

CP (IB) No.114/Chd/Pb/2017

Under Section 7 of IBC, 2016.

In the matter of:

State Bank of India
through its Industrial and Finance
Branch Office at Golden Towers,
Dholewal Chowk,
Ludhiana-141003, Punjab …Applicant-Financial Creditor

Vs.

SEL Manufacturing Company Limited,
having its registered office at
274, Dhandari Khurd, G.T. Road,
Ludhiana-141014, Punjab …Respondent-Corporate Debtor

Judgement delivered on 11.04.2018.

Coram: Hon'ble Mr.Justice R.P.Nagrath, Member (Judicial)
Hon'ble Mr.Pradeep R. Sethi, Member (Technical)

For the Petitioner : 1. Ms. Misha, Advocate
2. Mr. Nitin Kaushal, Advocate
3. Mr. Siddhant Kant, Advocate
4. Ms. Tanvi Talwar, Advocate

For the Respondent : 1. Mr. Anand Chhibbar, Senior Advocate.
2. Mr. Arvind Gupta, Advocate.
3. Mr. C. S. Chauhan, Advocate.
4. Mr. Gaurav Mankotia, Advocate.

Per: Pradeep R. Sethi, Member(Technical)

Judgement

The instant petition has been filed in Form 1 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as the Code) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred as the Rules) by the State Bank of

India, the financial creditor for initiating the insolvency resolution process against the respondent-corporate debtor. The petitioner Bank has been constituted under the statutory enactment of State Bank of India Act, 1955 and the application has been filed by he Bank through its Branch situated at Dholewal Chowk, Ludhiana. According to the petitioner, State Bank of India was incorporated on 01.07.1955 vide Notification dated 14.05.1955. With the sanction of Central Government and Reserve Bank of India, the petitioner bank has acquired by way of amalgamation, the business including the assets and liabilities of following Banks:-

i) State Bank of Bikaner and Jaipur.

ii) State Bank of Mysore.

iii) State Bank of Patiala.

iv) State Bank of Travancore.

Copy of the Gazette Notification dated 22.02.2017 in this regard is at Annexure-1.

2. The application has been filed in respect of M/s SEL Manufacturing Company Limited (hereinafter referred as Corporate Debtor) having registered office at 274, Dhandari Khurd, G.T. Road, Ludhiana, Punjab-141014. The CIN of the Corporate Debtor is L51909PB2000PLC023679. The Corporate Debtor was incorporated on 08.05.2000. It has its authorised capital of ₹1250 crores and paid up capital of ₹401.057 crores. The copies of Memorandum of Association and Articles of Association of the Corporate Debtor are annexed as Annexure-4 (colly) with the application.

3. It is reported in part-IV of Form 1 that the total amount of debt granted by the Financial Creditor towards term loans and working capital (including the erstwhile associate banks amalgamated w.e.f. 01.04.2017 in pursuance of the Gazette Notification dated 22.02.2017) is equivalent to ₹2049,11,75,763.15. The details regarding the disbursement made to the Corporate Debtor are at Annexure-7 of the application. As per Serial No. 2 of Para-IV of the application it is stated that the total amount claimed to be in default as on 30.09.2017 is ₹1136,15,67,142. The details of the amount claimed to be in default and the dates when the default occurred are provided for in Annexure-8 of the application. The petitioner Bank has also furnished the details of security held by the financial creditors along with the certificate of charge issued by Registrar of Companies, Chandigarh as at Annexure-9 (colly). Further the details of complete copies of latest contacts reflecting all the amendments and waivers in respect of all the loans are at Annexure 10 (colly) and dates of the documents are of the year 2014.

4. The record of default as recorded in the Central Depository of Information on Large Credits (CRILIC) is at Annexure-11 of the application. The certificate issued in accordance with the Bankers Books Evidence Act 1891 is at Annexure-12 of the application. The statements of various accounts of the Corporate Debtor maintained with the Financial Creditor as per details in Column-8 of Part-V of the application are as Annexture-13 (colly).

5. It is further stated that on 21.12.2013, on the request of Corporate Debtor, a reference was made for the voluntary mechanism through Corporate Debtor Restructuring (CDR) to the CDR Empowered Group (CDR-EG) and a letter of acceptance was issued by the CDR-EG approving the restructuring

package and Master Restructuring Agreement (MRA) was executed *inter alia* between Corporate Debtor and State Bank of India including erstwhile associate banks amalgamated w.e.f. 01.04.2017, pursuant to the Gazette Notification dated 22.02.2017) The State Bank of India including the erstwhile associate banks advanced a financial debt to the corporate debtor to an aggregate sum of ₹2049,11,75,763.15. Pursuant to the MRA, the corporate debtor furnished security documents in the nature of personal guarantees of six persons, an intense agreement, to govern the *intere se* rights of various lenders under the MRA, a security trustee agreement – appointing erstwhile State Bank of Patiala (now State Bank of India) as security-trustee and a deed of hypothecation in favour of security-trustee was executed.

6. It has been stated that the Corporate Debtor continuously defaulted in its repayment obligation which prompted the Financial Creditor State Bank of India (including its erstwhile associate banks) to issue two letters dated 06.07.2016, two letters dated 14.07.2016, two letters dated 27.07.2016, a letter dated 04.08.2016 and another letter 29.08.2016 to the Corporate Debtor informing it that its various loan accounts are overdue and requesting the Corporate Debtor to regularise its loan accounts at the earliest. Balance confirmation for the balance outstanding as on 31.03.2016 issued by the Corporate Debtor to State Bank of India (prior to the amalgamation dated 01.04.2017) acknowledging the debt towards the Financial Creditor is stated in the document Annexure-19 of the application. It is stated that a letter was issued by the Corporate Debtor acknowledging its liabilities under the MRA *inter alia* towards State Bank of India and confirming the subsistence of validity of all security and financial documents on 21.03.2017. It is stated that the

Corporate Debtor, despite the receipt of the Demand Notice and having admitted the amount payable, has failed to pay the amount in default and an amount of ₹1136,15,67,142 is over due and payable as against the Corporate Debtor which is in excess of ₹1.00 lac.

7. In part-III of Form 1, State Bank of India has proposed the name of Mr. Navneet Kumar Gupta, registration number IBBI/IPA-001/IP-P00001/2016-17/10009 as Interim Resolution Professional. Form No.2 alongwith the certificate of registration of the proposed Interim Resolution Professional has been stated to be annexed as Annexure-6 (colly).

8. As noted in order 22.11.2017, it was stated by the financial creditor that the entire Paper Book was sent to the Corporate Debtor by speed post on 12.10.2017 and the additional synopsis was also sent by speed post later on. Notice of the petition to the respondent Corporate Debtor was issued for 5.12.2017 to show cause as to why the petition be not admitted.

9. Reply/objections on behalf of Corporate Debtor was filed vide diary No.83 dated 10.01.2018. Preliminary objections have been taken that the application is not maintainable because it has not been filed by a duly authorised person. It was further submitted that there is no default in law on the part of the Corporate Debtor, because the term “default” has to be interpreted differently from the term “loan/dues”. It is submitted that the applicant (and bank consortium) itself failed to provide the full amount required to be disbursed as per the financial plan due to its own failure to fulfil certain financial criteria specified by Reserve Bank of India and, therefore, the petitioner cannot take benefit of its own wrong and allege any default on the

part of the Corporate Debtor. It is further submitted that State Bank of India has failed to follow proper procedure to take permission from the consortium in a Joint Lenders Forum to initiate insolvency proceedings as required under Reserve Bank of India Regulations formulated under Banking Regulation Act and Reserve Bank of India Act.

10. It is also stated that the corporate debtor is a vibrant Textile Company having manufacturing units all over India. At present, the respondent is providing direct employment to 8000 workers and indirect employment to more than 50000 workers, thus supporting 50000 families in India. The details of promotors being experienced; following punctuality, capability to manage multiple and large sized orders; quality standards and quality assurances; marketing strength; integrated facility; use of information technology; research and development and design development; environment; custom/client base; no default of statutory dues/taxes of corporate debtor have been given.

11. It was further stated that till the month of March, 2016, the respondent had a debt exposure of ₹ 919.35 crores and the loans were being serviced regularly and these were standard. Thereafter the respondent-corporate debtor proposed the setting up of a spinning manufacturing unit in Madhya Pradesh. The lead bank was State Bank of Patiala (SBOP) leading the consortium of 22 banks. The financial plan was placed before the lead bank along with the other consortium members which required a term loan of ₹ 2248.70 crores and working capital loan of approximately ₹ 903.95 crores. Apart from that, the company required additional financials of approximately ₹ 523.10 crores working capital for its existing operations. Copies of the financial plan are at Annexure A-2.

12. It is further stated that the consortium of banks sanctioned a term loan of ₹ 2248.70 crores but the amount disbursed initially was only ₹ 1403.36 crores and the same was used to set up part of manufacturing unit of Madhya Pradesh, as a result of which the spinning project in Madhya Pradesh could not be completed.

13. It is also averred that the consortium sanctioned working capital of approximately ₹ 627.70 crores only upto September, 2013 and failed to provide balance working capital loan of ₹794.27 crores whereas the capacity utilization was supposed to be more than 90% which thus substantially fell down. Copies of the sanction letters for the term loan and sanctioned working capital loan are Annexure A-3 and A-4 respectively.

14. It is also stated that the only reason for non-disbursal of working capital loan (WCL) on time was that the consortium of Banks was constrained by their own procedural exposure norms in relation to the Textile Sector. To support this allegation, reference is made to minutes of meeting of the Consoritum held on 26.03.2013 (Annexure A-5).

15. Thereupon the respondent-company had to opt for CDR of its debt in November, 2013 which was approved by the competent authority in September, 2014. Copy of CDR scheme is Annexure 6. Even after the implementation of CDR package, the State Bank of India classified the account as Non Performing Asset (NPA) w.e.f. September, 2015 which became a major hurdle in disbursement of the credit facilities leading to a tight liquidity situation. The company was eligible for TUFS interest subsidy of 5% for all the term loans and thus the effective rate of interest for the company was

3.25% to 6.50%. The business plan of the company were built around this effective rate of interest. Under the policy, the claim of interest subsidy was to be made with the Ministry of Corporate Affairs by all the Banks. However in many cases, the banks did not file the claims with the concerned authorities or the same were filed after a considerable delay. The loss of TUFS subsidy has been calculated to the tune of ₹191.64 crores. Copies of TUFS Scheme is Annexure A-7 and TUFS amount received by the company from 01.04.2010 to 30.08.2017 is ₹ 241.90 crores. The total loss of subsidy of Madhya Pradesh unit is calculated at ₹ 65 crores as per document Annexure A-8. The financial creditor is also stated to have incorrectly calculated the penal interest to the tune of ₹ 11.91 crores.

16. Similarly, the credit facility envisaged and sanctioned under CDR package were not released resulting into loss to the company. The failure of the bank consortium to provide WCL reduced the turnover from ₹ 3326.20 crores in March, 2013 to ₹1802.63 crores in March, 2017 and caused financial harm and injury.

17. It is also averred that in March, 2017, the bank consortium was considering deep debt restructuring of the respondent-corporate debtor. Copy of minutes of meeting dated 27.03.2017 is at Annexure A-16. According to the respondent, instead of giving an opportunity of debt-restructuring to the company, the petitioner has filed this petition in violation of letter and spirits of RBI conditions. The petition cannot be filed without exit of the petitioner from CDR Empowered Group which has a binding force as per the RBI guidelines. It was decided in the CDR Cell, Mumbai that no member of the consortium

bank shall be entitled to initiate any legal action against the company without the approval of CDR-ED.

18. The other assertion of the respondent is that no default notices have been received by the company corresponding to the list of defaults. The working of default does not match with the amounts mentioned in the default notices. The petition was prayed to be dismissed.

19. When the matter was listed on 11.12.2017, the respondent requested for filing additional documents. It was directed that the documents with affidavit may be filed before the next date. The affidavit was filed by the petitioner vide diary No.171 dated 16.01.2018 for filing minutes of the meeting of the Joint Lenders Forum held on 04.09.2017; email sent to the CDR-Empowered Group intimating them that a decision to initiate proceedings under the Code against the Corporate Debtor has been taken. In addition to the default notices already placed on record, copies of other default notices/letters to the Corporate Debtor sent by the erstwhile associate banks and State Bank of India were also filed.

20. We have heard the learned counsel for the peititioner, the learned Senior Counsel for the respondent assisted by Mr. Arvind Gupta, Advocate and have also examined the records of the case.

21. Learned Senior Counsel for the petitioner referred to the contents of the application in Form No.1 to contend that in the worst case scenario, the balance due and in default is admittedly more than the eligible ₹1.00 lac as required by Section 4 (1) of the Code and therefore, petition deserve to be admitted. As regard signing power, it has been submitted that proper authority

is available to Shri Anil Kumar Gupta, Chief Manager, Industrial Finance Branch Office at Golden Towers, Dholewal Chowk, Ludhiana-141003 in view of authorisation dated 16.06.2017 issued by the Chairman of State Bank of India in exercise of powers under section 27 of the State Bank of India Act 1955 alongwith proof of designation of the authorised person filed at Annexure-2 (colly)of the application as well as extract of Section 27(1) of the State Bank of India Act 1955 at Annexure-3 (colly).

22. In reply thereto, learned Senior Counsel for the Corporate Debtor submitted that the Corporate Debtor is a big industrial unit, one of the biggest exporters in textile goods and providing direct and indirect employment to thousands of persons all over India. Moreover, the Corporate Debtor is a listed company with sixty thousand public shareholders holding majority 85% equity shareholding of the company. It was further contended that the company is already operating through Trust and Retention Account (TRA) wherein all the revenues of the company comes to an account controlled by the bank and each payment is specifically permitted by the bank. It was further submitted that the petition is incomplete since it does not contain the “workings for computation of amount” prescribed in Form 1 Part IV Row 2. Further the contention that the Adjudicating Authority only has to see if the default amount is more than ₹1.00 lac is incorrect since Section 4 of the Code only provides for the jurisdiction of the Adjudicating Authority to entertain petition, but once the petition is filed, the same has to be examined in order to see whether it is complete and that the corporate debtor was in default . It was also submitted that as per the scheme of MRA dated 30.06.2014, there is not only a Trust and Retention Account (TRA) but a monitoring Institution which monitors the

working of the Corporate Debtor on day to day basis and, therefore, there is no occasion to admit petition under Section 7 of the Code.

23. It was then submitted that as per letter of approval dated 30.06.2014 and MRA dated 30.06.2014 (which is signed by all the lenders of the Corporate Debtor including the petitioner), it is clearly stated that any exit from MRA and/or any action that is taken by the lenders, the same would be with the permission of CDR-EG and the Chairman of the financial creditor is also one of the functionaries of the said CDR Cell. It was contended that after the issue of default notices, the petitioner-bank applied to CDR-EG for permission to initiate legal action and the same was specifically rejected vide letter dated 31.08.2016 of CDR-EG. It was contended that CDR mechanism and Reserve Bank of India (RBI) guidelines are both contractually and statutorily binding between the parties.

24. It was also submitted that the reliance by the petitioner-financial creditor on the RBI letter dated 28.08.2017 and amended Section 35AA of Banking Regulation Act is misplaced as RBI letter only directs the banks to file a petition whereas the petition filed by the financial creditor has to be considered on its own merits and in view of the binding agreement between the parties. Learned Senior Counsel contended that under Section 7 of the Code a petition “may” be admitted if conditions laid down in Section 7 (5) are fulfilled which clearly grants jurisdiction to Adjudicating Authority to decide whether the petition is to be admitted under the Code or whether the parties should be relegated to civil remedies. It was further contended that claims for subsidy from the Central Government and the State of Madhya Pradesh can only be made by the bank and then to credit amount in the account of the

Corporate Debtor, which the bank failed to do and this subsidy amount is more than the amount given in the default notices and as such, there is no default of even ₹1.00 lac under Section 4 of the Code.

25. It was also contended that the present petition is not maintainable because the Corporate Debtor has not specifically authorised the person who has signed the petition since the Chairperson of State Bank of India cannot sub delegate the powers without specific permission of the Central Board.

26. In rejoinder, learned counsel for the petitioner submitted that CDR is non-statutory voluntary mechanism set up under the aegis of Reserve Bank of India for the efficient restructuring of corporate debts and is implemented through a commercial frame work and it is a trite law that a contract cannot overide a statute. It is submitted that the standing members of CDR-EG facilitate the decision making process but do not have any independent voting rights. It was submitted that all the members of JLF (also forming all the voting members of the CDR-EG) at their meeting held on 04.09.2017 unanimously took a decision to file an application under the provisions of the Code for the resolution of the financial affairs of the Corporate Debtor and in fact, the Corporate Debtor itself was present at the meeting and had agreed for such a reference to be made on account of the persistent default and mounting debts. It was submitted that in view of the unanimous JLF decision to initiate presenting proceedings any permission from CDR EG is an empty formality.

27. It was further contended that the objection of the Corporate Debtor with regard to non-provision of details of disbursement and default in part-IV of Form 1 (as provided in the Rules) is untenable in view of the details of

disbursement and default given in Annexures-7 and 8 of the application; complete bank account statement certified in accordance with the Bankers Books Evidence Act, 1891 annexed with the application and detailed calculations for default has been submitted. It was submitted that the objections with regard to existence of counter claim is not sustainable in an application under Section 7 of the Code. Additionally, it was submitted the Corporate Debtor is itself being in violations of the clauses of MRA such as (i) maintenance of bank accounts outside the lenders being part of MRA (ii) non-use of the sale proceeds of non-core assets for servicing the debts of the lenders and (iii) non-submission of stock statements which in itself amounts to default in terms of the MRA and thus disentitles the Corporate Debtor to raise objections with respect to a counter claim. It was further submitted that the sanction letters executed between the corporate debtor and the petitioner *inter alia* provide the petitioner's right to cancel and withdraw the limits without notice on account of events of default and the default on the part of the Corporate Debtor in terms of MRA is writ large and the lenders including the petitioner are fully entitled to partially/wholly withdraw or cancel facilities and hence refusal to provide further working capital is within their contractual rights.

28. The relevant provisions of the Code are as under:-

Section 3 (12)

"default" means non-payment of debt when whole or any part of instalment of the amount of debt has become due and payable and is not repaid by the debtor or the corporate debtor, as the case may be.

Section 7

7. *(1) A financial creditor either by itself or jointly with other financial creditors may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.*

Explanation.—For the purposes of this sub-section, a default includes a default in respect of a financial debt owed not only to the applicant financial creditor but to any other financial creditor of the corporate debtor.

(2) The financial creditor shall make an application under sub-section (1) in such form and manner and accompanied with such fee as may be prescribed.

(3) The financial creditor shall, along with the application furnish —

(a) record of the default recorded with the information utility or such other record or evidence of default as may be specified;

(b) the name of the resolution professional proposed to act as an interim resolution professional; and

(c) any other information as may be specified by the Board.

(4) The Adjudicating Authority shall, within fourteen days of the receipt of the application under sub-section (2), ascertain the existence of a default from the records of an information utility or on the basis of other evidence furnished by the financial creditor under sub-section (3).

(5) Where the Adjudicating Authority is satisfied that —

(a) a default has occurred and the application under sub-section (2) is complete, and there is no disciplinary proceedings pending against the proposed resolution professional, it may, by order, admit such application; or

(b) default has not occurred or the application under sub-section (2) is incomplete or any disciplinary proceeding is pending against the proposed resolution professional, it may, by order, reject such application:

Provided that the Adjudicating Authority shall, before rejecting the application under clause (b) of sub-section (5), give a notice to the applicant to rectify the defect in his application within seven days of receipt of such notice from the Adjudicating Authority.

(6) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (5).

(7) The Adjudicating Authority shall communicate—

(a) the order under clause (a) of sub-section (5) to the financial creditor and the corporate debtor;

(b) the order under clause (b) of sub-section (5) to the financial creditor, within seven days of admission or rejection of such application, as the case may be.

29. There is no dispute in this case that the petitioner State Bank of India is a financial creditor. The application is also furnished in the prescribed Form 1 of the Rules and the prescribed fee has been paid. Along with the application, the petitioner has proposed the name of the Resolution Professional Shri Navneet Kumar Gupta to act as an Interim Resolution Professional. Form No.2 alongwith the certificate of registration of the proposed Interim Resolution Professional has been annexed as Annexure 6 (colly). In this Form, it has been certified that there are no disciplinary proceedings pending against him with the Board or Indian Institute of Insolvency Professional of ICAI. The record of the default of the corporate debtor has been furnished in column 6 of Part V of Form 1. The issue involved is whether there is the existence of a default and whether the application under Section 7(2) of the Code is complete. It may be added that in the reply filed by the corporate debtor, it was *inter alia* submitted that the petition is defective because the affidavit has not been duly sworn in. But that aspect is not substantiated from record.

30. The learned Senior Counsel for the Corporate Debtor has submitted that the petition does not fulfil the mandatory requirement of Section 7 read with Rule 4 read with Form 1 and more particularly, the petition does not contain the “working for computation of amount” prescribed in Form 1 Part IV Row 2. The petitioner’s contention is that the details of disbursement alongwith the date of each disbursement are given in Annexure-7 of the application and the amounts of default for each account alongwith the date and days of default are provided in Annexure-8 of the application. It is further

submitted that the complete bank account statement certified in accordance with the Bankers Books Evidence Act, 1891 (page 494 of Volume-3) have been annexed with the application which is *prima facie* evidence of the amounts disbursed and the default amount. Without prejudice, it was submitted that if an application is incomplete on account of any defect, the Tribunal is required to give a notice of defect and grant seven days time for the rectification.

31. We find that in Annexure-7 of the application, the petitioner has furnished details of disbursement made to the Corporate Debtor with the dates and amount disbursed in various accounts. These details are in respect of loan granted by the petitioner towards term loans and working capital (including the erstwhile associate banks) totalling to ₹2049,11,75,763. Further, the details of the amount claimed to be in default and the dates when the default occurred have been provided in Annexure-8 of the application. The total amount claimed to be in default as on 30.09.2017 is ₹1136,15,67,142.

32. In Annexure-8, details of defaults as on 30.09.2017 in respect of each of the account of corporate debtor –State Bank of India and its subsidiaries have been given. These have been segregated under various Heads i.e (i) Rupee Terms Loan-I; (ii) Working Capital Loan; (iii) Funded Interest-Term Loan and (iv) Working Capital Facility and the number of days of the delay. The default is further substantiated from (a) certified copies of statements of different accounts of corporate debtor in respect of Master Restructuring Agreement dated 30.06.2014 [Annexure- 13 (colly)] and (b) statements of accounts in respect of working capital of different accounts [Annexure 14 (colly)].

33. The petitioner has referred to the minutes of the JLM meeting held on 27.03.2017 (Annexure A-16 of the reply of the corporate debtor) in which the chairperson of the meeting stated that as per information shared in the last meeting, accounts with all the member banks except Karur Vysya Bank had turned NPA. The percentage share of Karur Vysya Bank as on 28.02.2017 is 0.61% only. The officials of the corporate debtor are shown to be present in the meeting and therefore, were aware of the NPA status. Moreover, default notices issued by some of the lending banks dated 06.07.2016, 14.07.2016, 27.07.2016 and 04.08.2016 (Annexure -16 (colly) of the application) also show that information of NPA/overdue position was available to the corporate debtor.

34. The learned Senior Counsel for the corporate debtor has relied on **Starlog Enterprises Ltd. vs. ICICI Bank Ltd. Company Appeal (AT) (Insolvency) No.5 of 2017** in support of his contention. We find that the decision of the Hon'ble Appellate Tribunal is based upon an apparent and conspicuous mismatch between the amount demanded by the respondent from the appellant in its demand notice dated 06.02.2017 and the amount stated to be in default in the application. However, in the present case, there is no mismatch and the basis on which the amounts in default are computed in Annexure-8 of the application have also been explained. The learned counsel for the petitioner has relied on **Ajay Aggarwal vs. Central Bank of India and State Bank of Indian Company Appeal (AT)(Insolvency) No.180 of 2017** in which it was *inter alia* held that mere mismatch of the figures will *ipsofacto* not invalidate the order initiating "corporate insolvency resolution process" under Section 7 of the Code. It was also held that the appellant

raised dispute and pleaded mismatch of debt amount, but it has not been disputed that some debt is due and is payable to the 'Financial Creditor' and the 'Corporate Debtor' has defaulted in making such payment and no interference was called for.

34.1 In view of the discussion made above, it is held that there is existence of a default and that the application under Section 7 (2) of the Code is complete.

35. The learned Senior Counsel for the corporate debtor further contended that as per Letter of Approval dated 30.06.2014 and MRA dated 30.06.2014 which is signed by all the lenders of the Corporate Debtor including the petitioner, it is clearly stated that any exit from MRA and/or any action that will be taken by any lenders, the same would be with the permission of CDR-EG. It is further submitted that after the issue of default notices, the Corporate Debtor applied to CDR-EG for permission to initiate legal action and the same was specifically rejected by letter dated 31.08.2016 of CDR-EG. It is stated that CDR-EG is an independent institution and the Chairman of the petitioner is also a member of CDR Cell and that the Corporate Debtor is bound by the terms of CDR-EG and that even till 15.01.2018, the Corporate Debtor was not granted permission to exit from CDR mechanism. It was submitted that the CDR guidelines and RBI guidelines are both contractually and statutorily binding between the parties as held by the Hon'ble Supreme Court in the matter of **Sardar Associates and Ors. vs. Punjab & Sind Bank & Ors. (2009) 8 SCC 257.** It was further submitted that the reliance of the Corporate

Debtor on the Reserve Bank of India letter dated 28.08.2017 and amended Section 35AA of Banking Regulation Act is misplaced since the said letter only directs the banks to file the petition but the said petition has to be considered on its merits and on the basis of binding agreement between the parties and cannot overwrite the Code and specific agreement between the parties.

35.1 The learned counsel for the petitioner submitted that soon after the restructuring of the Corporate Debtor's account and execution of MRA in June, 2014, the accounts of the Corporate Debtor once again became NPA in the year 2016 on account of the inability of the Corporate Debtor to service even the restructured debt. It is submitted that the present application is filed with respect to the default of the Corporate Debtor under the MRA itself. Our attention has been invited to para–D of the MRA dated 30.06.2014 (Annexure-10 (colly) of the application) in which it is specifically stated that the borrower (Corporate Debtor) has been admitted to the Corporate Debt Restructuring Forum, a non-statutory voluntary mechanism set up under the aegis of the Reserve Bank of India for the efficient restructuring of its corporate debt. Reference has also been made to the Reserve Bank of India circular on corporate debt restructuring. This circular is dated 23.08.2001 and is at serial No.1 of Volume XII of the reply filed by the Corporate Debtor. Para 4 of the circular states that CDR will be a non-statutory mechanism and the CDR mechanism will be a voluntary system based on debtor-creditor agreement and inter-creditor agreement. In view of this position, submissions of the learned counsel for the Corporate Debtor that CDR guidelines and Reserve

Bank of India guidelines are statutorily binding between the parties cannot be accepted.

36. The learned counsel for the petitioner has referred to the amendment in the Banking Regulation Act 1949 by which Section 35AA was inserted w.e.f. 04.05.2017 by which the central government may, by order authorised the Reserve Bank of India to issue directions to any banking company or banking companies to initiate insolvency resolution process in respect of a default under the Code. In the Explanation, default has been given the same meaning as assigned to it in Section 3(12) of the Code. It is stated that the Reserve Bank of India issued directions dated 28.08.2017 to the petitioner to either resolve the defaulting account of the Corporate Debtor by 13.12.2017 or mandatorily proceed towards filing for initiation of the corporate insolvency process with respect to the Corporate Debtor unless already initiated and these directions further recognised the option of the JLF of the Corporate Debtor to proceed under the Code even prior to the above stipulated date of 13.12.2017. It has been submitted that all efforts towards second restructuring did not fructify into any conclusive agreement amongst the lenders and in view of enactment of the Code and Reserve Bank of India directive, all the members of the JLF(also forming all the voting members of the CDR-EG) at their meeting held on 04.09.2017, unanimously took a decision to file an application under the provisions of the Code for the resolution of the financial affairs of the Corporate Debtor and in fact the Corporate Debtor itself was present at the meeting and had agreed for such a reference to be made on account of the persistent default and mounting debts. The minutes of the meeting of the JLF

of 04.09.2017 are available at Annexure-A of the additional affidavit filed by the petitioner by diary No.171 dated 16.01.2018.

37. In view of these facts, the decision of the JLF cannot be said to be based only on the directions of the Reserve Bank of India. The matter was considered on merits and even the Corporate Debtor, agreed that moving the NCLT was the best option. We may add here that even though as per para 3.2.1 of the Reserve Bank of India circular dated 23.08.2001, ED level representative of State Bank of India is *inter alia* a standing member, the standing members do not have any voting rights and all the decisions of the CDR-EG are taken by a super majority of the lenders having exposure to the concerned debtor. [Para 8.1 to 8.4 of CDR Master Circular updated on 29.04.2015 serial No.2 of Volume XI of the reply]. The learned counsel for the corporate debtor has stressed on the minutes of the JLF meeting on 04.09.2017 to state that it was unanimously decided to move “together” for NCLT. The petitioner has relied on **Innoventive Industries Ltd. vs. ICICI Bank Ltd. 217 SCCOnline NCLAT 70** and has submitted that prior JLF approval is not required due to the overriding effect of the Code. Moreover, Section 7 of the Code provides for initiation of corporate insolvency resolution process by a financial creditor either by itself or jointly with other financial creditors. The JLF decision is to move for NCLT and in view of this position and the discussion above, the application by only State Bank of India cannot be said to be incorrectly made. The discussion above would show that the contention of the corporate debtor that the petitioner was eager and hasty in

moving NCLT in violation of the letter of approval, MRA and JLF cannot be accepted.

38. The learned counsel for the corporate debtor has submitted that the corporate debtor is a textile unit whose finances are dependent upon subsidy granted by Central and Madhya Pradesh Government; the subsidy can only be realised by the banks and then credited to the account of Corporate Debtor; the bank failed to credit the same to the account of the Corporate Debtor and such subsidy amounts to ₹256 crores which alongwith interest will go up to ₹350 crores. It is also stated that the banks failed to provide the promised working capital as required in MRA leading to financial distress. It is, therefore, submitted that the petition is liable to be dismissed as the Corporate Debtor has a legitimate defence both in law and fact to the alleged claim of the petitioner.

39. The learned counsel for the petitioner argued that the Corporate Debtor itself is in violation of the clauses of MRA such as (i) maintenance of bank accounts outside the lenders being part of MRA (ii) non-use of the sale proceeds of non-core assets for servicing of the lenders (iii) non-submission of stock statements which in itself amount to default in terms of the MRA and this entitles the Corporate Debtor to raise objections with respect to a counter claim. It was also submitted that the sanction letters executed between the Corporate Debtor and the petitioner inter alia provide the petitioner right to cancel and withdraw the limits without notice on account of any events of

defaults and therefore, refusal to provide further working capital limits is within their contractual rights.

40. We find that it is not the case of the Corporate Debtor that the subsidy has been received by the petitioner but not credited to its account. The Corporate Debtor is alleging delay in filing of claims of interest subsidy. This by itself, cannot mean that there is a counter claim of the Corporate Debtor. As regards non-provision of further working capital, the same cannot be said to be in the nature of a counter claim. Therefore, the contention of the Corporate Debtor cannot be accepted.

41. The learned Senior Counsel for the corporate debtor submitted further that the Chairman of State Bank of India might have been authorised but these power cannot be sub-delegate without specific permission of the Central Board. The authorisation by the Chairman, State Bank of India is available at Annexure-2 of the application and is in exercise of powers under Section 27 of State Bank of India Act, 1955 which states that the Chairman shall preside at all meetings of Central Board and subject to such general or special directions as the Central Board may give, exercise all such powers and do all such acts and things as may be exercised or done by the State Bank of India. The Corporate Debtor has not placed on record any decision of the Central Board placing restrictions on the grant of authorisation for proceedings before the NCLT. This contentions of the Corporate Debtor can also not be accepted.

42. In result thereof, we are satisfied that a default has occurred and the application under Section 7(2) is complete, and there are no disciplinary proceedings pending against the proposed Interim Resolution Professional.

43. In view of the above discussion, the petitioner bank-financial creditor having fulfilled all the requirements of Section 7 of the Code, the instant petition deserves to be admitted.

44. The petition is, therefore, admitted and the moratorium is declared for prohibiting all of the following in terms of sub-section (1) of Section 14 of the Code.

a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

45. It is further directed that the supply of essential goods or services to the corporate-debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period. The provisions of sub-section (1) shall

however not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

46. The order of moratorium shall have effect from the date of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section(1) of Section 31 or passes an order for liquidation of corporate debtor under Section 33 as the case may be.

47. The matter be posted on 19.04.2018 for passing of formal order of appointment of Interim Resolution Professional with further directions. Copy of this order be communicated to both the parties.

Sd/-
(Justice R.P. Nagrath)
Member (Judicial)

Sd/-
(Pradeep R. Sethi)
Member (Technical)

April 11, 2018
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IN THE NATIONAL COMPANY LAW TRIBUNAL
"CHANDIGARH BENCH, CHANDIGARH"

CP (IB) No.114/Chd/Pb/2017
And
CA No. 107/2018

Under Section 7 of IBC, 2016.

In the matter of:

State Bank of India
through its Industrial and Finance
Branch Office at Golden Towers,
Dholewal Chowk,
Ludhiana-141003, Punjab …Applicant-Financial Creditor

Vs.

SEL Manufacturing Company Limited,
having its registered office at
274, Dhandari Khurd, G.T. Road,
Ludhiana-141014, Punjab …Respondent-Corporate Debtor

Judgement delivered on 25.04.2018.

Coram: Hon'ble Mr.Justice R.P.Nagrath, Member (Judicial)
Hon'ble Mr.Pradeep R. Sethi, Member (Technical)

For the Petitioner : Mr. Sidhant Kant, Advocate.

For the Respondent : Mr. Gaurav Mankotia, Advocate.

Per: R.P. Nagrath, Member(Judicial)

JUDGEMENT (Oral)

This petition filed by the financial creditors under Section 7 of the Insolvency and Bankruptcy Code, 2016 was admitted on 11.04.2018. The case was fixed for today for passing formal order of appointment of the Interim Resolution Professional, Mr. Navneet Kumar Gupta who has furnished the written communication furnished in Form 2 was found in order as observed in the order dated 11.04.2018.

2. Mr. Gaurav Mankotia, Advocate for the respondent-corporate debtor submits that CWP No. 9131-2018 – **SEL Manufacturing Company Limited Vs. Union of India** is being heard by the Hon'ble Punjab and Haryana High Court. However, we had made it very clear in the detailed order passed on 19.04.2018 when the matter was fixed for passing formal order of appointment of Interim Resolution Professional that this Tribunal is unable to grant adjournment for more than 14 days from the date of admission of application in view of the mandate of Section 16 (1) of the Insolvency and Bankruptcy Code, 2016 which provides that the Adjudicating Authority shall appoint an Interim Resolution Professional within fourteen days from the insolvency commencement date. Insolvency commencement date is defined in Section 5 (12) of the Insolvency and Bankruptcy Code, 2016 as meaning the date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority under Section 7, 9 or Section 10, as the case may be.

3. In view of the above, the following directions are issued:-

(i) Appoint Mr. Navneet Kumar Gupta, bearing IP Regn. No. IBBI/IPA-001/IP-P00001/2016-17/10009, address: 520, 5th Floor, Caddie Commercial Tower**,** Aerocity, Near Airport, New Delhi, National Capital Territory of Delhi-110037 as Interim Resolution Professional;

(ii) The term of appointment of Mr. Navneet Kumar Gupta shall be for a period of 30 days from the date of his appointment as Interim Resolution Professional or as may be determined by the financial creditors whichever is earlier;

(iii) In terms of Section 17 of 'the Code', from the date of this appointment, the powers of the Board of Directors shall stand suspended and the management of the affairs shall vest with the Interim Resolution Professional and the officers and the managers of the 'Corporate Debtor' shall report to the Interim Resolution Professional, who shall be enjoined to exercise all the powers as are vested with Interim Resolution Professional and strictly perform all the duties as are enjoined on the Interim Resolution Professional under Section 18 and other relevant provisions of the 'Code', including taking control and custody of the assets over which the 'Corporate Debtor' has ownership rights recorded in the balance sheet of the 'Corporate Debtor' etc. as provided in Section 18 (1) (f) of the 'Code'. The Interim Resolution Professional is directed to prepare a complete list of inventory of assets of the 'Corporate Debtor';

(iv) The Interim Resolution Professional shall strictly act in accordance with the 'Code', all the rules framed thereunder by the Board or the Central Government and in accordance with the 'Code of Conduct' governing his profession and as an Insolvency Professional with high standards of ethics and moral;

(v) The Interim Resolution Professional shall endeavour to constitute the Committee of Creditors at the earliest but not later than three weeks from the date of this order. It is hereby directed that the 'Corporate Debtor', its properties, personnel and the persons associated with the management shall extend all cooperation to the Interim Resolution Professional in managing the affairs of the 'Corporate Debtor' as a going concern and extend

all co-operation in accessing books and records as well as assets of the 'Corporate Debtor'; and

(vi) The Interim Resolution Professional shall cause a public announcement within three days as contemplated under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 of the initiation of the Corporate Insolvency Resolution Process in terms of Section 13 (1) (b) of the 'Code' read with Section 15 calling for the submission of claims against 'Corporate Debtor'.

4. It is further directed that the Interim Insolvency Resolution Professional shall positively file a report of events before this Tribunal every week in relation to the 'Corporate Debtor'.

5. In view of the above, CA No. 107/2018 filed with the prayer to stay the operation of order dated 11.04.2018 stands dismissed.

6. A copy of this order be also supplied to both the parties. The learned counsel for the petitioner shall deliver copy of this order and the order dated 11.04.2018 to the Interim Resolution Professional forthwith. The Registry is also directed to send copies of both these orders to the Interim Resolution Professional at his email address forthwith.

Sd/-

(Pradeep R. Sethi)
Member (Technical)

Sd/-

(Justice R.P.Nagrath)
Member(Judicial)

April 25, 2018
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IN THE SUPREME COURT OF INDIA

CIVIL ORIGINAL JURISDICTION

TRANSFERRED CASE (CIVIL) NO. 16 OF 2019

DHIRAJ SALUJA **Petitioner(s)**

VERSUS

UNION OF INDIA & ORS. **Respondent(s)**

O R D E R

As prayed for, the Transferred Case stands dismissed as withdrawn.

……., J.
[ROHINTON FALI NARIMAN]

……., J.
[SURYA KANT]

New Delhi;
September 06, 2019.

Signature Not Verified
Digitally signed by R NATARAJAN
Date: 2019.09.11 16:28:38 IST
Reason:

ITEM NO.802 COURT NO.5 SECTION XVI-A

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Transfer Case (Civil) No. 16/2019

(Arising out of impugned final judgment and order dated 29-11-2018 in T.P.(C) No. 1116/2018 passed by the Supreme Court of India)

DHIRAJ SALUJA Petitioner(s)

VERSUS

UNION OF INDIA & ORS. Respondent(s)

Date : 06-09-2019 This petition was mentioned today.

CORAM :
HON'BLE MR. JUSTICE ROHINTON FALI NARIMAN
HON'BLE MR. JUSTICE SURYA KANT

For Petitioner(s)
Mr. Mahesh Agarwal, Adv.
Mr. Himanshu Satija, Adv.
Mr. E. C. Agrawala, AOR
Mr. Arvind Kumar, Adv.
Mr. Yojit Mehra, Adv.

For Respondent(s)
Ms. Liz Mathew, AOR

Ms. Misha, Adv.
Ms. Moulshre Shukla, Adv.
Mr. Siddhant Kant, Adv.
Mr. S. S. Shroff, AOR

Mr. O. P. Gaggar, AOR

UPON hearing the counsel the Court made the following
O R D E R

The transferred case stands dismissed as withdrawn in terms of the signed order.

(NIDHI AHUJA) (RENU DIWAN)
COURT MASTER (SH) ASSISTANT REGISTRAR

[Signed order is placed on the file.]

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on Thursday, the 26th day of September, 2019 at 9.30 A.M. at the Registered office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141014 to transact the following business(es):

AS ORDINARY BUSINESS:-

1. **To receive, consider and adopt:**
   a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Board of Directors & Auditors thereon.
   b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Auditors thereon.

2. To appoint a Director in place of Mr. Navneet Gupta, (DIN: 02122420), who retires by rotation and being eligible offers himself for re-appointment.

AS SPECIAL BUSINESS:-

3. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to M/s Jatin Sharma & Co., Cost Accountants, Firm Registration Number: 101845, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial year 2019-20 amounting to Rs.77,000 exclusive of GST as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

4. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable sections/provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any, required, the consent of the Company be and is hereby accorded for the re-appointment of Sh. Vinod Kumar Goyal, (DIN: 02751391), as the Executive Director of the Company for a further period of three years w.e.f. 13.07.2019 on a consolidated amount of Salary of Rs. 6,50,000/- per month.

   RESOLVED FURTHER THAT he will be entitled to free use of Company's car for business purpose and of free use of telephone, at office and at residence, for business purposes of the Company.

   RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company.

   RESOLVED FURTHER THAT in case in any Financial year, the company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Executive Director subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions, and the rules framed there under as amended from time to time.

   RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to execute all such documents, instruments, and writings, if any, and further to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

5. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, and pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Ranjan Madaan (DIN : 02330886), who was appointed as an Independent director at the 14th Annual General Meeting to hold office for a term upto five consecutive years commencing from 30th September, 2014 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of five consecutive years commencing with effect from 30th September, 2019."

6. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S),THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, and pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Ms. Paramjit Kaur (DIN: 07141638), who was appointed as an Independent director at the 15th Annual General Meeting to hold office for a term upto five consecutive years commencing from 31st March, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of five consecutive years commencing with effect from 31st March, 2020."

7. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modifications(s) and/or re-enactment thereof from time to time, approval of the members of the Company be and is hereby granted to Mr. Ram Saran Saluja (DIN 01145051), who has attained the age of seventy five (75) years, to continue as Non-Executive Director of the Company w.e.f. 01.04.2019."

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

8. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and in terms of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, if any, and the relevant rules made there under (including any amendment thereto or re-enactment thereof) the requisite approvals, if any, of any relevant statutory, regulatory or Government authorities, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board", which term shall include any committee of directors constituted by the Board) to sell, lease, transfer or otherwise dispose of the whole or substantially the whole of the undertaking(s)/ investments/ shares in the name of the Company held in SEL Textiles Limited, a Wholly owned subsidiary of the Company, to one or more persons and in one or more tranches and at such time and in such manner as the Board may decide, or cease the exercise of control over the subsidiary by further issue of shares by the Subsidiary to other person or persons, and in one or more tranches and at such time and in such manner as the Board of the subsidiary may decide or in case any loan(s) taken by SEL Textiles Ltd. from any scheduled commercial bank, financial institution is/are converted into equity or in any other manner."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purposes of giving effect to this Resolution.

By Order of the Board,
For SEL MANUFACTURING COMPANY LTD.

LUDHIANA- 03.07.2019 **(RAM SARAN SALUJA)**
Regd. Off.: **DIRECTOR**
274, Dhandari Khurd, **DIN : 01145051**
G.T. Road, Ludhiana-141014 (Pb.)
CIN: L51909PB2000PLC023679

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other member.
   THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY EXECUTED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF ANNUAL GENERAL MEETING. Proxies submitted on behalf of limited Companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. Members are requested to send their queries on the accounts/financial statements, if any, so as to reach the

Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.

3. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

4. The relative Statement pursuant to Section 102 of the Companies Act, 2013 in Respect of Item(s) of Special Business is annexed hereto and forms part of the Notice.

5. The Register of Members and Share Transfer books shall remain closed from September 20, 2019 to September 26, 2019 (both days inclusive).

6. The information required to be provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Director who is proposed to be appointed/re-appointed is given in the annexure to the Notice.

7. Voting through electronic means:

In compliance of the provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 19th Annual General Meeting by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services Limited. For conducting this e-voting activity in a fair and transparent manner, the Board of Directors have appointed Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant as Scrutinizer.

Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot/polling paper, at the AGM. Kindly note that members can opt for only one mode of voting i.e. either by remote e-voting or by ballot/polling paper at the AGM. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

Votes cast by members who hold shares on the cut off date viz. 19.09.2019 alone will be counted.

The instructions for members for remote e-voting are as under:-

(i) The remote e-voting period begins at 09.00 am on 23.09.2019 and ends at 05.00 pm on 25.09.2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19.09.2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 19.09.2019 and that a person who is not a Member as on the cut off date should treat this Notice for information purposes only. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number. Sequence Number is separately communicated to applicable members, in Notice as an Attachment.
Dividend Bank Details or Date of Birth(DOB)	Enter the Dividend bank Details or Date of Birth (in dd/mm/yyyy) format) as recorded in your demat account or in the Company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id/folio number, in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL

platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for SEL Manufacturing Company Limited, on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Non-Individual Shareholders and Custodians:

- "Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) in case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant, (Membership no. 091676) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the ballot cast by the Members at the Annual General Meeting) in a fair and transparent manner.

(xxi) The results along with the Scrutinizer's Report, will be placed on the company's website, i.e. www. selindia.in and of the Agency, immediately after the result is declared by the Chairman within the prescribed time as per the Rules, and the same shall be communicated to the BSE Ltd., and National Stock Exchange of India Ltd.

8. All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for Inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 19th Annual General Meeting of the Company.

Important Communication to Members:

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating the service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and with Registrar & Share Transfer Agent-M/s Link Intime India Private Limited in case of shares held in physical form. E-mail is a better method to receive the communications quickly, with least cost implications. We request you to whole-heartedly support this initiative and co-operate with the Company in implementing the same. Please act and contribute to the cause of Environment.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:

FOR ITEM NO. 3:

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and Remuneration payable to M/s Jatin Sharma & Co., Cost Accountants for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2019-20 at a remuneration of Rs. 77,000/- excluding the applicable GST and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of

the Company. Board recommends this resolution for the approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO.4:

The Board of Directors of your Company have re-appointed Mr. Vinod Kumar Goyal, as the Executive Director of the Company for a further period of three years w.e.f. 13.07.2019 subject to the confirmation of his re-appointment and remuneration by the members of the Company. The remuneration proposed to be paid to Executive Director has been approved by the Nomination and Remuneration Committee of the Board and the resolution is put for your approval in this meeting. Mr. Vinod Kumar Goyal, Executive Director besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, also looks after complete operations of the Company. Other details required in pursuance of Schedule V of the Companies Act, 2013, are mentioned in the Annexure to the Notice.

As per the provisions of the Companies Act, 2013 and under Schedule V and Rules framed there under, confirmation of the members of the Company is required for the appointment/reappointment as such of a managerial person. Hence the proposed resolution is recommended by Board for your consideration and approval.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Vinod Kumar Goyal, being the appointee, are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO.5:

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. Ranjan Madaan (DIN : 02330886) as an Independent Director, for a second term of five years from 30th September, 2019, not liable to retire by rotation. Mr. Ranjan Madaan was appointed as an Independent Director at the 14th Annual General Meeting to hold office for a term upto five consecutive years commencing from 30th September, 2014. Requisite Notice have been received from member proposing his candidature for the office of Independent Director of the Company. The Board considers that given his background, experience and contribution, the continued association of Mr. Ranjan Madaan would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. In the opinion of the Board, he fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day.

Further a brief Profile of proposed Independent Director, is also included in Annexure to the Notice. In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Ranjan Madaan as an Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends this Special Resolution for approval of the Members.

Except Mr. Ranjan Madaan, the appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in any way, financially or otherwise, concerned or interested, in the above Resolution(s). This Statement may also be regarded as disclosure under the applicable clauses of the SEBI Listing Regulations.

FOR ITEM NO.6:

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Ms. Paramjit Kaur (DIN: 07141638), as an Independent Director, for a second term of five years from 31st March, 2020, not liable to retire by rotation. Ms. Paramjit Kaur was appointed as an Independent Director at the 15th Annual General Meeting to hold office for a term upto five consecutive years commencing from 31st March, 2015. Requsite Notice have been received from member proposing her candidature for the office of Independent Director of the Company. The Board considers that given her background, experience and contribution, the continued association of Ms. Paramjit Kaur would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director.

The Company has received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties with an objective independent judgment and without any external influence. In the opinion of the Board, she fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of

her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day.

Further a brief Profile of proposed Independent Director, is also included in Annexure to the Notice. In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Ms. Paramjit Kaur as an Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends this Special Resolution for approval of the Members.

Except Ms. Paramjit Kaur, the appointee, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are, in any way, financially or otherwise, concerned or interested, in the above Resolution(s). This Statement may also be regarded as disclosure under the applicable clauses of the SEBI Listing Regulations.

FOR ITEM NO.7:

Pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations"), effective from April 1, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect.

Mr. Ram Saran Saluja, has already attained the age of seventy five (75) years. Pursuant to Regulation 17(1A) of the Listing Regulations, the Special Resolution for continuation of his directorship with effect from April 1, 2019, will be required to be passed. The Board of Directors, have unanimously decided the continuation of directorship of Mr. Ram Saran Saluja, with effect from April 1, 2019.

Mr. Ram Saran Saluja born on 06.02.1943 is our Chairman (Non-Executive). He has over 50 years of experience in the textile industry. As Chairman he provides strategic direction to our Company. He is the founder person of the Group and has put in his best efforts for the growth of the group under his hard work, dedication. Mr. Ram Saran saluja has been an active member of the Board. He brings vast experience of the textile industry on the Board of the Company and his continued association will be valuable and positive. With his expertise, skills and knowledge, particularly in the textile industry, he articulates and provides his valuable guidance and inputs in all matters pertaining to the production facilities, raw material procurement and costs thereof etc.. Mr. Ram Saran Saluja is physically fit and dynamic personality and is actively participating in the business affairs of the company. Hence the Board proposes the aforesaid resolution for consideration and approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Neeraj Saluja, Mr. Dhiraj Saluja being relatives and Mr. Ram Saran Saluja being the appointee are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO. 8:

SEL Textiles Limited ("STL") is a wholly owned subsidiary of the Company. SEL Textiles Ltd., has been incurring losses for past some years and has eroded net worth substantially. As a result, the financial health of the Company has deteriorated significantly. There is no improvement in the performance of STL in the financial year 2018-19 as well. The Company needs funds to improve its Working capital position.

As per Regulation 24(5) of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations, 2015, a listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

Further, in terms of Section 180(1)(a), the Board of Directors shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings only under the authority of special resolution passed by the members of the Company

Since the issue of further shares by SEL Textiles Limited to other persons or conversion of loans of SEL Textiles ltd by the lenders into equity may result in dilution of Company's holding in SEL Textiles ltd. to below 50% (from the present 100%) or the Company may cease the exercise of control over the subsidiary, the Board of Directors recommend the enabling Special Resolution for the approval of the shareholders in terms of Section 180(1)(a) of the Companies Act, 2013 and Regulation 24(5) of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations, 2015.

The Board recommends this Special Resolution for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives are in any way, financially or otherwise, concerned or interested in the above Resolution(s)

By Order of the Board,
For SEL MANUFACTURING COMPANY LTD.

LUDHIANA- 03.07.2019 **(RAM SARAN SALUJA)**
Regd. Off.: **DIRECTOR**
274, Dhandari Khurd, **DIN : 01145051**
G.T. Road, Ludhiana-141014 (Pb.)
CIN : L51909PB2000PLC023679

ANNEXURE TO NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED FOR 26TH SEPTEMBER, 2019

Name of Director with DIN	Mr. Ram Saran Saluja (DIN: 01145051)	Mr. Vinod Kumar Goyal (DIN : 02751391)	Mr. Ranjan Madaan (DIN : 02330886)
Resume including Expertise in specific functional area	Mr. Ram Saran Saluja is our Chairman (Non-Executive). He has over 50 years of experience in the textile industry. As Chairman he provides strategic direction to our Company	Mr. Vinod Kumar Goyal, aged 60 years is Executive Director & CEO of the company. He besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, also looks after complete operations of the Company	Mr. Ranjan Madaan aged 43 years is an Entrepreneur and holds a bachelors degree in Commerce. He has over 19 Yrs experience in industry
List of other Companies in which Directorship held	1) SEL Textiles Ltd. 2) Shiv Narayan Investments Pvt. Ltd. 3) SEL Aviation Pvt. Ltd. 4) SEL Renwable Power Ltd. 5) Silverline Corporation Ltd.	------	--------
Chairman/Member of the Committee of Board of Directors of other Companies	-------	----------	-------
Inter-Se relationship with other Directors of the Company	Father of Mr. Neeraj Saluja and Mr. Dhiraj Saluja, other Directors of the Company.	not relatd	not related
Shareholding in the Company	4621505	nil	nil

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED FOR 26TH SEPTEMBER, 2019

Name of Director with DIN	Mr. Navneet Gupta (DIN: 02122420)	Ms. Paramjit Kaur (DIN : 07141638)
Resume including Expertise in specific functional area	Mr. Navneet Gupta, aged 49 years is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects.	Ms. Paramjit Kaur aged 57 years is an Educationalist and Visionary. She is an Independent Woman Director on the Board of Directors of the Company.
List of other Companies in which Directorship held	1) Rythm Textile & Apparels Park Ltd. 2) SEL Textiles Ltd. 3)Silverline Corporation ltd	Highway Industries Limited
Chairman/Member of the Committee of Board of Directors of other Companies	Audit Committee: 1) SEL Textiles Ltd. 2) Rythm Textile & Apparels Park ltd.	-------
Inter-Se relationship with other Directors of the Company	not related	not related
Shareholding in the Company	600	nil