

Annexure-V
SECRETARIAL AUDIT REPORT
For The Financial Year Ended 31st March, 2021

Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members,
SEL Manufacturing Company Limited
274, Dhandari Khurd, G.T. Road,
LUDHIANA 141014 (PUNJAB)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SEL Manufacturing Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate conducts/Statutory compliances and expressing our opinion thereon.

Based on our verification of the SEL Manufacturing Company Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by SEL Manufacturing Company Limited, for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent they were applicable to the Company:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company and records in pursuant thereto, on test-check basis, we report that the Company has generally complied with the following laws applicable to the Company:

- Factories Act, 1948
- Labour Laws
- Acts prescribed under prevention and control of Pollution/Environment Protection.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc., to the extent applicable, as mentioned above subject to the following observations/non-compliance:

- A1) As per clause 17(1)(b) and 24(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company does not consist to have atleast half of the Board of Independent Directors, optimum combination, as per the requirement under said clause of the Listing Regulations.
- A2) Non-submission of Financial Results within prescribed time under Regulation 33(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

- Requirements) Regulations, 2015, for the quarter and financial year ended 31st March, 2020, for the quarter ended 30th June, 2020, for the quarter and half year period ended 30th September, 2020, and for the quarter and nine months period ended 31st December, 2020 respectively.
- A3) Non submission of Annual Report for the Financial year ended March, 2020 as prescribed under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - A4) Non holding of Annual General Meeting for the year 2020 respectively as provided under section 96 of the Act.
 - A5) Consequent to Non Holding of Annual General Meeting for the year 2020 and non finalization of financial statements in time, the Annual Financial statement u/s 137 and Annual Return u/s 92 for the Financial year ended 31.03.2020 also not filed.

The company was undergoing Corporate Insolvency Resolution Process (CIRP) (i.e. between 11th April, 2018 and 12th March, 2021), and the Resolution Professional (RP) was entrusted with and responsible for the management of the affairs of the Company. The Reconstituted Board of Directors have been in office since 13th March, 2021.

We further state that:

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 Mr. Navneet Kumar Gupta (Regn No: IBBI/IPA-001/IP-P00001/2016-17/10009) as the Interim resolution professional of the Corporate Debtor ("**IRP**") who was later confirmed as Resolution Professional of the Company.

Subsequently, a petition was filed by one of the promoters and directors 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. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, 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 stood restored and the Resolution Professional had resumed its position.

Further, the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 10, 2021 approved the Resolution plan submitted by Consortium of Arr Ess Industries

Private Limited and Leading Edge Commercial FZE (“**Consortium**” or “**Resolution Applicant**”) in respect of SEL Manufacturing Company Limited (“**Company**”) and the Monitoring Committee (“**MC**”) of the Company (constituted in terms of the Resolution Plan) in its meeting held on March 13, 2021 duly appointed the nominees of the Resolution Applicant as Directors of the Company and approved the reconstitution of the Board of Directors of the Company (“**Reconstituted Board**”). The Reconstituted Board has been formed on March 13, 2021.

After restoration of the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, the powers of Board of Directors of the Company stood suspended and the said powers were exercised by the Resolution Professional. As a result thereof, Committee of Creditors held its meetings from time to time during the period under review. However Reconstituted Board of Directors have been in office only since 13th March, 2021 and Board Meetings were held only thereafter. The changes in the composition of the Board of Directors that took place during the period under review as such were carried out in compliance with the provisions of the Act.

We may further state here that as provided under Sub-Regulation 2A and 2B in Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions as specified in Regulation 17,18,19,20 and 21 of the SEBI (LODR) Regulations, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code.

Further after the Reconstituted Board of Directors have been in office since 13th March, 2021, adequate notices were given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. Decisions at the board meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We may further report that Pursuant to the Resolution Plan submitted by the Consortium of ARR ESS Industries Private Limited and Leading Commercial Edge FZE (Collectively referred to as the “Resolution Applicant”) and its approval by the Hon’ble National Company Law Tribunal, Chandigarh bench, vide their order dated 10th February, 2021 for the corporate insolvency of the Company, which is implemented from 13th March, 2021 (i.e. closing date as defined under the resolution plan), the following consequential impacts have been given in accordance with approved resolution plan.

- i) With effect from 13th March, 2021, the existing issued, subscribed and paid up equity share capital of the Company has been reduced from Rs. 33,134.70 lakhs divided into 331,347,000 equity shares of Rs. 10 each to Rs. 33.13 lakhs divided into 3,31,347 equity share of Rs. 10 each thereby reducing the value of issued, subscribed and paid up equity

share capital of the Company by Rs. 33,101.57 lakhs. Further, with effect from 13th March, 2021, the existing issued, subscribed, paid up 69,710,000, 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Rs. 10 each stand fully cancelled and extinguished.

- ii) Further as per approved Resolution Plan 32,803,353 equity shares (new) of the Company of the face value of Rs.10/- each were allotted to financial creditors and resolution applicant.
- iii) As a part of the Resolution Plan, the Parent Company has transferred its identified subsidiary to the trust alongwith its entire equity/ownership interest held in the subsidiary, at a fair value on "as is where is whatever there is" and without recourse basis".
- iv) Pursuant to the approved resolution plan by NCLT, the Company has issued Unlisted Non-Marketable Secured/Unsecured Non-Convertible Redeemable Debentures (i.e. 3,19,80,898 Debentures of Rs.100/- each) amounting Rs. 319,80,89,800.00 to the Financial Creditors and Resolution Applicant of the Company.

We further report that except as stated above, during the audit period, the Company has not made any redemption/buy-back of Securities, Merger, Amalgamation, or Foreign Technical Collaborations etc.

**For P. Sharma & Co.,
Company Secretaries**

**Place: Bhatinda
Date: 25.11.2021**

**Pawan Sharma
ACS No.: 15148
C P No.: 12316**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report