

CBI books SEL owners for ₹113cr bank fraud

BoM Alleged Company Resorted To Malafide Activities

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Ludhiana: In a big development, the Central Bureau of Investigation (CBI) has registered an FIR against owners and directors of one of India's renowned textile conglomerates — SEL Manufacturing Company Limited — for allegedly causing a wrongful loss of Rs 113.55 crore to Bank of Maharashtra (BoM).

The FIR has been registered under Sections 120B r/w, 403 and 420 of the IPC, 13(2) r/w 13 (1) (d) of the Prevention of Corruption Act, 1988, against SEL owners Neeraj Saluja, Dheeraj Saluja, their father Ram Saran Saluja, nine others — including directors of the firm — and unknown public servants on the charges of misappropriation, cheating, diversion of funds sanctioned by BoM.

On Tuesday, CBI teams had conducted raids at 187 places across India, including Ludhiana, related to 42 cases of various bank frauds worth Rs 7,200 crore. In Ludhiana, two business houses — one belonging to a liquor baron and other allegedly of SEL — were raided by a team of CBI officials from Delhi.

The CBI said the FIR against SEL has been booked on

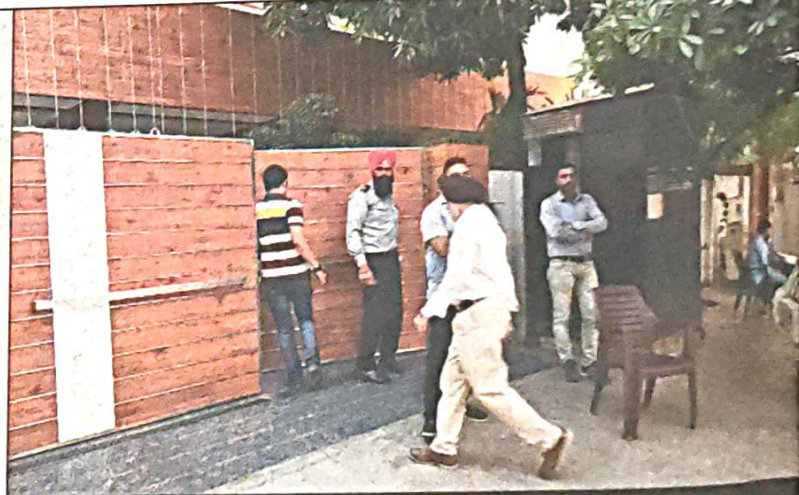
FORENSIC AUDIT BLOWS OFF THE LID

► In order to establish actual reasons of failure of the company, a forensic audit for the period — January 1, 2013 till March 31, 2016 — was conducted

► The audit revealed that there was substantial amount of related party transactions of SEL Manufacturing with its subsidiary SEL Textile Limited, and both were in the same line of products and there was no justification for running two separate companies for similar activities

► The staff and facilities at the head office, corporate office were being commonly used for both the companies, promoters in both the companies were same

► Huge number of intercompany sales and purchase transactions were detected



CBI had raided properties of two business houses on Tuesday

► Machinery worth ₹88.38 crore was lying idle at Madhya Pradesh unit without installation, of which machinery worth ₹44.9 crore was in a damaged condition

► In the light of findings of forensic audit, the company and its directors allegedly resorted

to various malafide activities such as diversion of funds, not utilising loans for purpose for which they were sanctioned and improper reporting of financial data etc and committed misappropriation of public money and criminal breach of trust and are liable for action

As per the complaint given by BoM

the complaint of Santosh Dular, deputy zonal manager, BoM, Chandigarh Zone on November 4. "A written complaint dated November 2 had been received against SEL Manufacturing Company Limited and its directors, alleging a fraud perpetrated on the bank by the

company and its directors in the credit facilities sanctioned by BoM, main branch Ludhiana," the CBI said.

"It was alleged that SEL and its directors resorted to various malafide activities such as diversion of funds, not utilising the loan fund for the pur-

pose for which it was sanctioned, improper reporting of financial data to commit misappropriation and cheating, thereby causing a loss to BoM to the tune of Rs 113.55 crore," the CBI said.

► Continued on P 2

'SEL subsidiary was declared fraud in 2008'

► **Continued from P 1**

BoM has also claimed in its complaint that SEL textile, the subsidiary of SEL Manufacturing, was already classified as a fraud company by Central Bank of India on April 12, 2018.

TOI also accessed the original complaint submitted by the bank to CBI. It read, "SEL Manufacturing Company Limited

is enjoying credit facilities from 20 banks under consortium, lead bank being State Bank of India. The company was first sanctioned various credit limits totalling Rs 70 crore on September 28, 2010, which was closed and subsequently enhanced and renewed from time to time."

"The latest limit — Rs 94.42 crore — was sanctioned by the management committee on

May 29, 2014. At present the outstanding amount in the loan accounts as on May 28, 2019 was Rs 113.55 crore. The unit was not running in full capacity and the machineries were lying idle, the account was restructured on May 29, 2014. But due to slow-down in activity, suspicious transactions, diversion of funds to group concerns, the account with us was declared NPA on January 29, 2016."