

15TH ANNUAL REPORT
2006-07



अर्थ: समाजस्य न्यासः

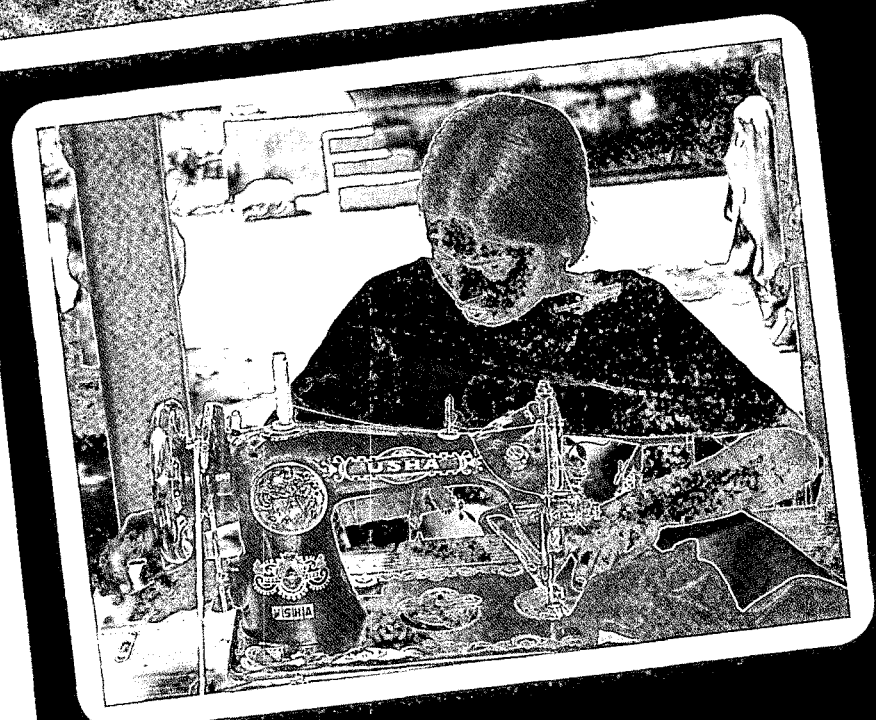
S. E. INVESTMENTS LIMITED



*Empowering
Women of
India...*



*Empowering
the nation
in the
process...*





CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. PURUSHOTTAM AGRAWAL

CHAIRMAN

MR. SUNIL AGARWAL

MANAGING DIRECTOR

MR. SACHIN AGARWAL

WHOLETIME DIRECTOR

MR. SANJAY AGARWAL

DIRECTOR

MR. SURESH CHAND SHARMA

DIRECTOR

DR. SHYAM LAL GARG

DIRECTOR

COMPANY SECRETARY

MR. SACHIN AGARWAL

COMPANY AUDITORS

M/s R. LAL & COMPANY

CHARTERED ACCOUNTANTS

A-4, Indrapuri New Agra, Agra

BANKERS & FINANCIAL INSTITUTIONS

PUNJAB NATIONAL BANK

ICICI BANK LIMITED

HDFC BANK LIMITED

UTI BANK LIMITED

ORIENTAL BANK OF COMMERCE

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY

REGISTRAR & TRANSFER AGENTS

M/s Alankit Assignments Ltd.

Alankit House, 2E/21, Jhandewalan Extension.

New Delhi—110 055 E-mail : rta@alankit.com



NETWORK OF OFFICES

CORPORATE OFFICE

5-D, Atmaram House, 1, Tolstoy Marg, New Delhi-110001 (INDIA)
Ph. +91 11 23316800 Fax. : +91 11 23313400 E-mail : delhi@seil.in

REGISTERED OFFICE

S-547, IInd Floor, Main Road, Shakarpur, Delhi-92
Ph. +91 11 22482345 Fax. +91 11 22481340 E-mail : delhi@seil.in

HEAD OFFICE

Block 54, Ist Floor, Sanjay Place, Agra-282 002
Ph. +91 562 2851788 2853092 Fax. +91 562 2855388 E-mail : agra@seil.in

BRANCHES

MATHURA

369/2, Krishna Nagar, Goverdhan Road, Mathura
Ph. +91 565 2423660 2424310 E-mail : mathura@seil.in

ALIGARH

76, Malviya Pustakalaya Market, G. T. Road, Aligarh
Ph. : +91 571 2421866

JAIPUR

H.No. 622, Bordi Ka Rasta, Marva House,
Shop No. 203-204, First Floor, Kishanpole Bazar, Jaipur
Ph. +91 141 2313811 Fax. : +91 141 2311422 E-mail : jaipur@seil.in

AHMEDABAD

Shop No. D-E Dhanlaxmi Chamber, Near Gujrat Vidhya Peeth, Ashram Road, Ahmedabad
Ph. +91 79 27540060 27540080 Fax. : +91 79 27544830 E-mail: ahmedabad@seil.in

JODHPUR

Gulab Singh Building, 11th Chopasni Road,
Near Bombay Motor Circle, Jodhpur
Ph. +91 471 2638926 2638929 Fax. : + 91 291 2638927 E-mail: jodhpur@seil.in

MUMBAI

108, Gokul Arcade, 'B' Building, Subhash Road, Opp. Garware House,
Ville Parle (East), MUMBAI-400057
Ph. +91 22 26835584

THIRUVANANTHPURAM

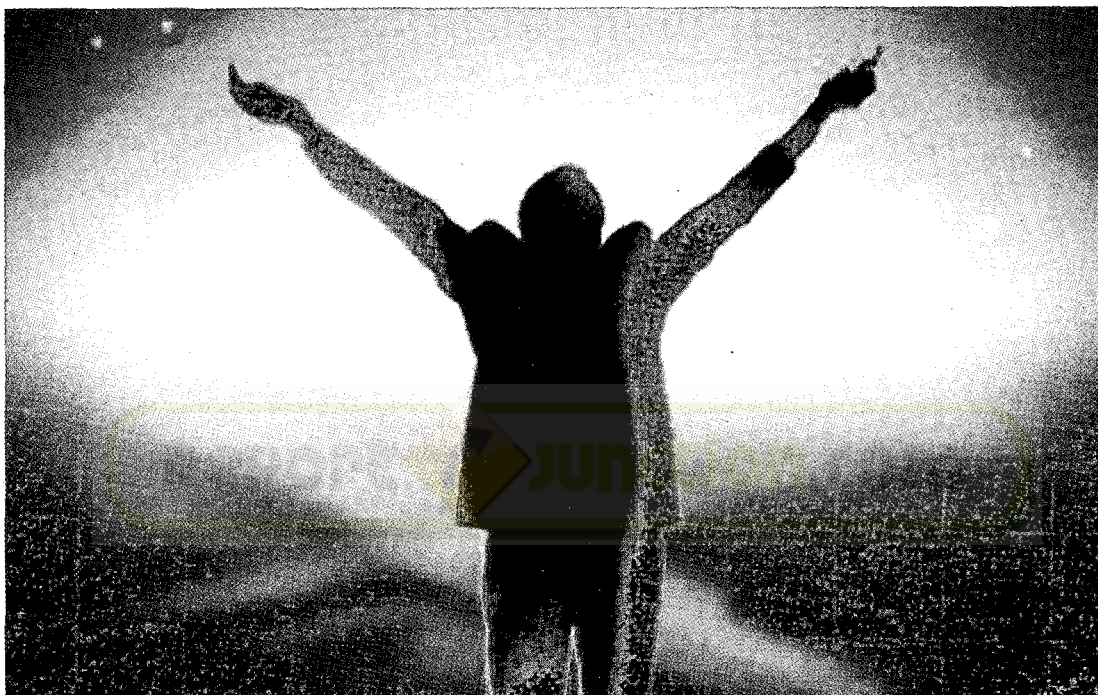
Kovilazhikam, TC 7/1816, Kochullor,
Thiruvananthapuram-695 001 (Kerala)
Ph. +91 471 3258014

LISTING OF EQUITY SHARES

The Delhi Stock Exchange Association Ltd. New Delhi
U. P. Stock Exchange Association Ltd. Kanpur
Ahmedabad Stock Exchange Ltd. Ahmedabad



OUR MISSION



- To uphold the motto 'Artha Samajasya Nyasah' that is 'Wealth is the Trust Property of the Society'
- To achieve excellence in service, quality, reliability, safety and customer care.
- To earn the trust and confidence of all customers and stakeholders, exceeding their expectations and make the Company a respected household name.



Notice of Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of the members of the company will be held on Tuesday, 12th June 2007 at 11.00 A.M. at the Registered Office of the company at S-547, IInd Floor, Main Road, Shakarpur, Delhi, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the Interim Dividend @10% declared and paid by the Company in February 2007 as the final dividend for the year ended 31st March 2007.
3. To appoint a Director in place of Mr. Sanjay Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Suresh Chand Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s R. Lal & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

By order of the Board of Directors,
For S. E. Investments Limited,
(SACHIN AGARWAL)
Company Secretary

Place: Delhi
Date: 7th May 2007

S. E. INVESTMENTS LIMITED



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective must be lodged with the company not less than 48 hours before the commencement of the Annual General Meeting, i.e., by 11.00 A.M. on 10th June 2007.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
8. As required under the Listing Agreement, the particulars of Directors seeking re-appointment as Directors are given elsewhere in this Annual Report.
9. The Register of Members and Share Transfer Books of the company shall remain closed from 07-06-2007 to 12-06-2007 (both days inclusive).
10. Members are requested to notify their change of

address, if any, to the Company/Share Transfer Agent, M/s. Alankit Assignments Limited, New Delhi-110 055

11. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
12. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agent, Alankit Assignments Limited.

Place : Delhi
Date: 7th May 2007

By order of the Board of Directors,
For S. E. Investments Limited,
(SACHIN AGARWAL)
Company Secretary

Brief resume of Directors proposed for Re-appointment

1. Mr. Sanjay Agarwal is a Chartered Accountant and a member of Audit Committee, Shareholders/ Investors Grievance Committee, and Remuneration Committee of the Board of Directors of the Company. He joined the Company as Director in the year 1995. Mr. Sanjay Agarwal has got vast experience in corporate laws and finance and is not in the Board of any other Company.
2. Mr. Suresh Chand Sharma is an Advocate and a member of Audit Committee, Shareholders/ Investors Grievance Committee, and Remuneration Committee of the Board of Directors of the company. He joined the Company as Director in the year 1995. He is not in the Board of any other Company.



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DIRECTORS' REPORT

TO THE MEMBERS :

Your Directors have pleasure in presenting the 15th Annual Report, together with the Audited Statement of Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS:

(Rs. in Lacs)

	Year Ended 31/03/2007	Year Ended 31/03/2006
Total Income	2209.16	1650.45
Less: Expenditure	648.16	506.84
PBDIT	1561.00	1143.61
Less: Interest	551.33	354.30
PBDT	1009.67	789.31
Less: Depreciation	191.48	164.74
Profit Before Tax	818.19	624.57
Less : Provision for Tax	92.22	53.62
Less : Provision for FBT	5.90	4.80
Profit after Tax (before deferred tax)	720.07	566.15
Less : Deferred Tax current year	183.18	167.83
Profit After Tax	536.89	398.32
Add: Profit b/f from previous year	9.05	6.54
Profit Available for Appropriation	545.94	404.86
Dividend Including Tax	35.80	35.80
Transfer to General Reserve	400.00	280.00
Transfer to Statutory Reserve Fund	108.00	80.00
Balance Carried to Balance Sheet	2.14	9.05

DIVIDEND:

The Board has declared and paid an Interim Dividend @10% (Rs. 1/- per share) on the equity share capital of the Company in the month of February 2007. Your Directors have recommended confirming the said Interim Dividend as the final dividend for the year ended 31st March 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE:

S. E. Investments Ltd.'s (SEIL's) gross income for the financial year ended March 31, 2007 increased to Rs. 2209.16 Lacs from Rs. 1650.45 Lacs in the previous year, registering a growth of over 33 percent.

The operating profit (PBDIT) of the Company increased 36 percent to Rs. 1561 Lacs during the year up from Rs. 1143.61 Lacs in the previous year.

As per Accounting Standard 22 issued by The Institute of Chartered Accountants of India, Provision for Deferred Tax for Rs. 183.18 lacs has been made as against last year's Rs. 167.83. Additionally provision for Fringe Benefit Tax (FBT) amounting to Rs. 5.90 lacs has been made during the year.

Your company had been extending personal loans mainly upto Rs. 50,000 since December 2003 at Agra and at various branches, i.e., Mathura, Jaipur, Jodhpur, Ahmedabad and Delhi. In the month of May 2006 your directors realising the emerging importance of Micro Finance entered into this segment by extending loans of small ticket size to weaker and poor sections of society, focusing women beneficiaries on daily, weekly and monthly collections on group-based system. The schemes of the Company have been well received by borrowers in the rural and semi-urban areas and micro finance has been extended to a sizable population even below the poverty line, thus serving commercial as well as social needs of the society. During the year the Company raised financial resources by assigning part of the Micro Finance portfolio to FIs and raising Term Loan for onward lending to borrowers. The present portfolio including that assigned amounts to Rs. 8027 lacs covering 44270 beneficiaries which translate into around 50% of the total portfolio of your company. Considering the expansion plans for Micro Finance, the portfolio may grow substantially in near future.

RESOURCES AND LIQUIDITY:

During the year, the Company has availed financial assistance from various Banks and Financial Institutions including ICICI Bank Limited, Punjab National Bank, HDFC Bank Limited, UTI Bank Limited, Small Industries Development Bank of India, to strengthen its financial position, and to generate long term resources for accelerating its future growth plans.

S. E. INVESTMENTS LIMITED



अर्थ: समाजस्य न्यासः

FIXED DEPOSITS :

Your Company is adhering to all the directions and guidelines of Reserve Bank of India for acceptance of deposits. The fixed deposits raised by the Company as on 31/03/2007 stood at Rs. 826 Lacs excluding accrued interest thereon against last year's Rs. 1157 Lacs. Number of fixed deposits having matured and remaining unclaimed as on 31/03/2007 is 11 amounting to Rs. 1.48 Lacs.

SEIL's fixed deposit programme was reaffirmed a rating of "MA-" by ICRA Limited. The credit rating assigned is of investment grade.

CAPITAL ADEQUACY

Reserve Bank of India has stipulated a minimum capital adequacy (of the risk weighted assets) requirement of 12% (15% in case of below investment grade rated deposit). Your directors take pleasure to inform you that SEIL's capital adequacy stands at 27.34% against the statutory requirement of 12% (last year 39%).

Industry Structure and Developments:

The operations of Non Banking Financial Companies (NBFC's) are regulated and supervised by the Reserve bank of India vide powers conferred under Chapter III-B of Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFC's have been continuously strengthened in order to ensure strong and healthy functioning, by limiting excessive risk taking practices and protecting the interest of deposit holders.

The NBFC sector in India has become very mature with reduced dependence on the acceptance of public deposits as part of its overall funding. NBFC's are now represented by mix of a few large companies with nationwide presence and a large number of small and medium-sized Companies with regional focus.

Opportunities:

With GDP growth forecasts of 7%-8% p.a. over the next few years, the Indian economy will continue to provide several attractive growth opportunities. The increased thrust on the infrastructure sector, including power, roads, ports, telecom and other urban infrastructure projects, will continue to provide

excellent investment opportunities in the future.

In addition, the service sector, which is growing at rapid pace and contributes substantially to GDP, will provide excellent investment opportunities in the future.

The poor will continue to require special attention and it is our endeavour to provide it, particularly credit.

Over the past decade awareness and empowerment programs by both the Government as well as the social sector has seen formation of thousands of SHGs and other micro enterprises in rural and semi-urban areas. This awareness has lead to an exponential growth for micro finance in rural India.

The potential for Urban micro finance is equally huge. The nature of urban micro finance demand ranges from loans for financing small business and bridge loan to cover family needs such as festivals, marriages, illness and education expenses.

SEIL sees growth opportunities in each of its existing business areas, and will also be expanding the focus of activities to new areas, arising from the strong growth momentum in the economy.

Challenges:

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

Outlook:

The financial services sector is one of the key growth sectors of the economy. Globally, 5 of the top 20 Fortune 500 Companies are financial services companies. Nearly 16% of the total revenues and 28% of total profits of all Fortune 500 companies are generated by the financial services sector, the largest by any single sector.

SEIL intends to actively pursue growth opportunities in the fast growing financial services sector in the country, to become a professionally managed and growth oriented Company.

Risks and Concerns:

SEIL is exposed to specific risks that are particular to its



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businesses and environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. SEIL manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

Adequacy of Internal Control:

An extensive system of internal control is practised by SEIL to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly. SEIL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee of Directors reviews the adequacy of internal controls.

Human Resource Development:

SEIL has a team of able and experienced professionals. The company gives importance on training and development of its manpower.

Directors:

Mr. Sanjay Agarwal and Mr. Suresh Chand Sharma, both Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors retiring by rotation and seeking appointment at the ensuing Annual General Meeting, nature of their expertise in the specific functional areas, and names of Companies in which they hold directorship and/or membership/Chairmanship of committees of Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

Directors' Responsibility Statement:

Pursuant to the requirement under under Section 217(2A) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the accounts for the financial year

ended March 31, 2007, the particular Accounting Standards issued by ICAI have been followed along with proper explanation relating to material departures;

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Auditors & Auditor's Report:

M/s R. Lal & Company, Chartered Accountants, Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s R. Lal & Company, Chartered Accountants, expressing their willingness to be reappointed as Auditors.

Your Directors have therefore proposed to appoint M/s R. Lal & Company, Chartered Accountants, as Statutory Auditors of the Company, subject to the approval of the members at the ensuing Annual General Meeting. The Company has received letter from M/s R. Lal & Company, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

Particular of Employees:

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees drawing remuneration above the specified