



ANNUAL REPORT 2010-11

SEL Manufacturing Company Ltd.

BOARD OF DIRECTORS

Sh. Ram Saran Saluja
Sh. Neeraj Saluja
Sh. Dhiraj Saluja
Sh. Vinod K. Goyal
Sh. Navneet Gupta
Sh. Sanjiv Garg
Sh. Amar Narang
Sh. Ashwani Kumar
Sh. Ranjan Madaan
Sh. Prem Kumar

Chairman
Managing Director
Whole time Director
Executive Director & CEO
Executive Director & CFO

AUDITORS

Dass Khanna & Co.
Chartered Accountants,
B-XX-2815, Gurdev Nagar,
Pakhawal Road, Ludhiana 141 001

REGISTERED OFFICE

274, G. T. Road, Dhandari Khurd,
Ludhiana (Pb.) 141 010 (India)

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall
New Delhi 110 028
Phone No: 011- 41410592, 93, 94
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COMPANY SECRETARY

Sh. Rahul Kapoor

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Chairman's Message

Dear Shareholders,

It gives me great pleasure to share with you the highlights of the Company's performances in the last year. Let me, at the outset, sincerely thank each one of you for your unstinted support and cooperation without which your company would not have been able to surmount the difficulties. For SEL, the main challenges were to stay immune to the external pressure in the business environment and continue the growth process. SEL had to confront with these challenges with mixed results.

The implementation work of the Company's new Spinning Unit in the State of Madhya Pradesh is on full swing. Part of the first phase of the said project is already operational and with the support and whole hearted efforts of all the team members of SEL, we plan to commission the whole project by the end of financial year 2011-12 itself.

The net profit for the year (consolidated) was Rs. 112.48 crore that worked out to 56.44 % growth YOY. Good growth in net profit brought in reasonable improvement in profitability as evident from a Return on Assets (RoA). In keeping with our group ethos, we remain committed to maintaining the standards of corporate governance and would continue to work in a transparent and professional manner to create value for all our stakeholders. We believe in the idea of sustainable development through conservation of natural resources, economic and social development and environmental protection. We make every effort to ensure that our projects are based on efficient and environment friendly technologies. This strategy gives us a long term competitive edge over our other peers in the sector.

Your Company has always been a growth hungry organization and our ability to seek out adjacent opportunities remains constant. Through the past fiscal we have continued to invest in opportunities that are synergistic to our long term vision. At SEL we believe that a strong culture is the bulwark of the organization. Be it strengthening the present management, the senior leadership group or endorsing the second line the leadership group, the culture of empowerment is a visible and encouraged outcome.

I have maintained that to build a strong business we need to make our employees own the business whether in the form of a belief in the value of SEL. I am sure, you would realize that our balance sheet growth was both in quantitative and qualitative terms- indicating the measure of our progress in fundamentals.

Support system play a vital role in realizing various goals and as such, we continued to accord emphasis on basic aspect like unit expansion, technology up-gradation, human resources development. At SEL, we are satisfied with our role in the industry and our ability to come through stronger.

I must express my profound gratitude to all of the shareholders, for the steadfast confidence you have reposed in the Company. At the end, I strongly believe that your continued support and our collective endeavors will enable the SEL to scale new peaks of excellence in the current year as well.

With best wishes
Ram Saran Safuja
Chairman



NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Members of the Company will be held on Tuesday, the 5th day of July, 2011 at 9.00 A.M. at the Registered office of the Company situated at 274, G.T. Road, Dhandari Khurd, Ludhiana (Punjab) 141010 to transact the following business(es):

AS ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet for the financial year ended 31st March, 2011 and the Profit & Loss Account for the financial year ended on that date together with the report of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Dhiraj Saluja who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjiv Garg, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ranjan Madaan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditors M/s Dass Khanna & Company, Chartered Accountants, Ludhiana, the Statutory Auditors of the Company whose term is ending at the conclusion of the forthcoming Annual General Meeting are eligible for re-appointment.

6. To consider and approve appointment of Branch Auditors.
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 Section 228 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Board of Directors of the Company be and is hereby authorized to appoint as Branch Auditor(s) of any branch office(s) of the Company, present and future, in India or abroad, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditor(s) within the provisions of Section 228 of the Act and all other applicable provisions and to fix their remuneration.

AS SPECIAL BUSINESS:-

7. **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 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the rules framed there under, and as approved by the Remuneration Committee of the Board and subject to such other modification(s), amendment(s), alteration(s) as may be required by any letters etc., the consent of the Company be and is hereby accorded for the re-appointment of Sh. Navneet Gupta, as the Executive Director of the Company for a further period of three years w.e.f. 08.05.2011 on a consolidated amount of Salary of Rs. 1,25,000/- 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, 1956 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 XIII of the Companies Act, 1956 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.



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 the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), or re-enactment(s) thereof for the time being in force), the Foreign Exchange Management Act, (FEMA), and in accordance with the Guidelines, Rules and Regulations of the Securities and Exchange Board of India ("SEBI"), including the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, the Reserve Bank of India, and the Government of India (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company, the listing agreement entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed and subject to such terms, conditions and modifications as may be considered appropriate and approved by the Board of Directors of the Company (hereinafter referred to as "the Board" which expressions shall include any committee thereof for time being constituted/to be constituted to which all or any of the power conferred on the Board by this Resolution, may have been delegated) and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof, or modification to the terms contained therein), if any, required by the appropriate authorities, including those of the Ministry of Commerce, Ministry of Finance, Ministry of Company Affairs, Secretarial for Industrial Assistance, Foreign Investment Promotion Board, etc., as may be required and such terms and conditions, if any, as may be prescribed while granting such consents, approvals, permissions and sanctions, which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot upto 1,85,00,000 Equity warrants convertible into 1,85,00,000 Equity Shares on Preferential basis having face value of Rs.10/- each (where each such Equity warrant being exercisable, at the option of the holder being allotted one fully paid up equity share of Rs.10/- each) at such price including premium, being a price not less than the price, calculated in accordance with SEBI Guidelines for Preferential issue (Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and which can be convertible, in such number of options exercised by the holder of such Equity warrants, in one or more lots, at the option of the holder of such Equity warrants, into equity shares within a period not exceeding eighteen months (18 months) from the date of issue of Equity warrants in accordance with SEBI (Issue of Capital And Disclosure Requirements)

Regulations, 2009 to the following allottee(s) as detailed herein below:

S.No	Name of the Allottee	Category	Maximum No. of equity warrants to be allotted
1.	Mr. Ram Saran Saluja	Promoter	2283805
2.	Mr. Neeraj Saluja	Promoter	4795640
3.	Mrs. Sneha Lata	Promoter	3699315
4.	Mrs. Ritu Saluja	Promoter	3020305
5.	Mr. Dhiraj Saluja	Promoter	2341835
6.	Mrs. Reema Saluja	Promoter	2359100

RESOLVED FURTHER THAT the equity shares to be issued on conversion of the warrants shall rank pari passu with the existing equity shares of the Company in all respects including payment of dividend

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the above mentioned equity warrants upon conversion on the stock exchanges where the company's shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the "Relevant Date" as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as applicable from time to time for the determination of applicable price for issue of Equity warrants is "5th June, 2011" being the date 30 days prior to the date of Annual General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of warrants in accordance with the terms of the offer.

RESOLVED FURTHER THAT the Board is hereby authorized to accept such terms and conditions as the SEBI and/or Stock Exchange(s) may stipulate in that behalf.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve the other terms and conditions of the aforesaid Preferential Issue and shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, including reduction of the size of the issue, as the Board of the Company may deem expedient, without being required to seek any further consent or approval from the Company in a general meeting.

RESOLVED FURTHER THAT for giving effect to this resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, proper or incidental to this resolution



and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the issue and allotment of warrants/shares and to enter into any agreements or other instruments, and to take such actions or give such directions as it may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Director or any director(s) or Officer(s) of the Company to give effect to this resolution.

9. 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 Section 149(2A) of the Companies Act, 1956 and all other applicable provisions, if any, the consent and authority of the Members of the Company be and is hereby given to the Board of Directors or its Committee to which the Board may delegate all or any of its power(s) to commence all or any of the business(es) as mentioned under the sub-clause no. 18, 25 and 34 of Clause III-C "other Objects" clause of the Memorandum of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors or its Committee to which the Board may delegate all or any of its power(s), or any officer(s) authorized by it, be and is hereby authorized to agree to make and accept all such conditions, modifications and alterations stipulated by any relevant authorities while according approvals or consents to the commencement of new business, as may be required/ considered necessary, proper or expedient and, to take all actions and/or steps as may be necessary, desirable or expedient, and, to resolve and settle all questions and difficulties that may arise in the proposed commencement of new business, and, to do all acts, deeds, matters and things which are incidental and consequential as the Board of Directors or its Committee or any officer(s) authorize by its absolute discretion deem necessary or desirable for such purpose(s), to give effect to this Resolution.

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

RESOLVED THAT in accordance with the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory

modification(s) or re-enactment(s) thereof for the time being in force), the existing Authorised Share Capital of the Company be and is hereby increased from Rs. 250,00,00,000/- (Rs. Two Hundred Fifty Crores) only divided into 25,00,00,000 (Twenty Five Crore) Equity Shares of Rs.10/- (Rs. Ten) each to Rs. 400,00,00,000/- (Rs. Four Hundred Crores) only divided into 40,00,00,000 (Forty Crore) Equity Shares of Rs.10/- (Rs. Ten) each by creation of further 15,00,00,000 (Fifteen Crore) Equity shares of Rs.10 (Rs. Ten) each aggregating Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crore) ranking pari passu with the existing equity shares of the company in all respects.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

'V' The Authorised Share Capital of the Company is Rs. 400,00,00,000/- (Rs. Four Hundred Crore only) divided into 40,00,00,000 (Forty Crore) Equity Shares of Rs.10/- (Rs. Ten) each.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may in its absolute discretion, deem fit to give effect to this resolution.

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

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company, issue of Foreign Currency convertible Bonds and Ordinary shares (through Depository Receipt Mechanism) Scheme, 1993 and the listing agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any necessary guidelines, regulations, approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance, Securities and Exchange Board of India (SEBI), Foreign Exchange Management Act (FEMA), Foreign Investment Promotion Board (FIPB) and/ or any other authorities, including banks, financial institutions etc., (hereinafter referred to as "the



appropriate authorities"), and subject to such conditions/modifications as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s) or sanction(s) (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board") which term shall be deemed to include any duly authorized committee thereof constituted or which the Board may hereinafter constitute, to exercise its powers including the power conferred by this resolution, the Board be and is hereby authorized to create, offer, issue and allot, in the course of, domestic and/or international offering(s) in one or more foreign markets, equity shares/securities, other financial instruments, including Global Depositary Receipts (GDRs) and/or American Depositary Receipts (ADRs) convertible into equity shares, Foreign Currency Convertible Bonds (FCCBs), with or without green shoe option, or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants etc. convertible into equity shares, whether optionally or otherwise or any combination thereof (hereinafter referred to as 'Securities') to such investors including domestic/foreign investors, institutions, financial institutions and/or corporate bodies, mutual funds, banks, insurance companies, foreign institutional investors, trusts, Mutual Funds, Venture Capital Funds, Non-Resident Indians and/or individuals or otherwise, to Qualified Institutional Buyers ("QIBs") under Qualified Institutional Placement ("QIP") under Chapter VIII of the SEBI ICDR Regulations or a combination of the foregoing, whether or not such persons/entities/investors are members of the company, as the Board may, in its sole discretion deem appropriate, by way of circulation of an offering circular or prospectus or by way of public issue, rights offering, private placement/ Institutional placement, memorandum or any offering memorandum and/or any other permitted nature of offering, with or without an over-allotment option, or a combination thereof, upto an aggregate amount not exceeding Rs. 1500.00 Crores (Rs. One Thousand Five Hundred Crores) only or any equivalent thereof in foreign currency, (inclusive of such premium as may be determined by the Board and as permitted by the prescribed authorities etc.) to be subscribed in Indian and/or foreign currency(ies). Such issue(s) and allotment(s) shall be made at such time or times in one or more tranche or tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevalent market conditions and other applicable laws/factors in this regard.

RESOLVED FURTHER THAT in case of allotment of Securities by way of Qualified Institutional Placement (QIP) as per the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, the relevant date for the determination of applicable price for the issue of the Securities means the date of the meeting in which the Board of the Company or the Committee of Directors decides to open the proposed issue or such date, if any, as may be notified by SEBI or the RBI or any appropriate authority from time to time.

RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debts service payments whatsoever and all such terms/matters as are provided in offering of this nature, including terms for issue of additional equity shares or variation of the conversion price of the Securities during the duration of the Securities and the Board is also entitled to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of any or all such Securities or securities representing the same in one or more Stock Exchanges including International Stock Exchanges, wherever permissible.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the Securities in the international market and may be governed by applicable laws.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the securities markets.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorized to issue and allot such number of equity shares as may be required to be



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issued and allotted upon conversion of any Securities referred to herein above or as may be necessary in accordance with the terms of the offering, all such shares shall rank pari-passu with the existing shares of the Company in all respects, excepting such right as to dividend as may be provided under the terms of the issue and in the Offer Document.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described herein above, the Board or any committee thereof be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into underwriting, marketing, listing and depositary arrangement and institution/trustees/agents and similar agreements.

RESOLVED FURTHER THAT for the aforesaid purpose, the Board be and is hereby authorized to settle any question(s), difficulty(ies) or doubt(s) that may arise in regard to the offer, issue or allotment of Securities and utilization of the issue proceeds including but without limitation to the creation of such mortgage/charges under Section 293(1)(a) of the Companies Act, 1956 in respect of the aforesaid Securities either on pari passu basis or otherwise as the Board may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner as the Board may deem fit and as is permissible by applicable law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Director or any director(s) or Officer(s) of the Company to give effect to this resolution and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to resolve and settle all questions and difficulties that may arise in the proposed issue/offer. Allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed

to have given their approval thereto expressly by the authority of this resolution.

12. 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 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the rules framed there under and subject to such other modification(s), amendment(s), alteration(s) as may be required by any letters etc., the consent of the Company be and is hereby accorded for the change of designation of Sh. Dhiraj Saluja from whole time Director to Joint Managing Director of the Company w.e.f. 20.05.2011.

All other terms & conditions regarding his appointment would remain the same.

13. 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 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the rules framed there under, and as approved by the Remuneration Committee of the Board and subject to such other modification(s), amendment(s), alteration(s) as may be required by any letters etc., and in partial modification of the earlier Resolution passed in the 9th Annual General Meeting held on 26.08.2009, the consent of the Company be and is hereby accorded for the increase in consolidated amount of Salary to Sh Neeraj Saluja as the Managing Director of the Company to Rs.7,50,000 per month w.e.f. 01.06.2011.

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged.

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.

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

**PLACE : LUDHIANA
DATED : 19.05.2011**

**(RAHUL KAPOOR)
COMPANY SECRETARY**



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.**

PROXIES IN ORDER TO BE MADE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY DULY EXECUTED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF ANNUAL GENERAL MEETING AT THE REGISTERED OFFICE OF THE COMPANY.

2. Members are requested to send their queries on the accounts, 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 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 July 1, 2011 to July 5, 2011 (both days inclusive).
6. The information required to be provided under the Listing Agreement entered into by the Company with the Stock Exchanges regarding the Director who is proposed to be appointed/re-appointed is given in the annexure to the Notice.
7. The Explanatory Statement for Item(s) No. 7, 12 and 13 together with the accompanying notice may also be regarded as an abstract of the terms of re-appointment of Mr. Navneet Gupta as Executive Director of the Company and Memorandum of Interest of Directors u/s 302 of the Companies Act, 1956 and as an abstract of the terms of change of designation of Mr. Dhiraj Saluja to Joint Managing Director of the Company and Memorandum of Interest of Directors u/s 302 of the Companies Act, 1956. and as an abstract of the terms of increase in remuneration of Mr. Neeraj Saluja, Managing Director of the Company and Memorandum of Interest of Directors u/s 302 of the Companies Act, 1956.

8. Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund ("Fund").

Members who have not encashed their dividend for the financial year ended March 31, 2008, are requested to make their claims to the Registrar/Company. It may be noted that once the unclaimed/unpaid dividend is transferred to the credit of the said Fund, no claim shall lie in respect thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:

FOR ITEM NO.7:

The Board of Directors of your Company have re-appointed Mr. Navneet Gupta as the Executive Director of the Company for a further period of three years w.e.f. 08.05.2011 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 Remuneration Committee of the Board and the resolution is put for your approval in this meeting. Mr. Navneet Gupta, Executive Director of the Company is responsible for all the finance related activities of the company.

As per the provisions of the Companies Act, 1956 under Schedule XIII 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 for your consideration and approval.

Memorandum of Interest

None of the Directors except Mr. Navneet Gupta, being the appointee is, in any way, interested or concerned in the proposed resolution.

FOR ITEM NO.8:

Pursuant to the provisions of Section 81(1A) and other applicable provisions of The Companies Act, 1956, and in terms of the provisions of the Listing Agreements executed by the company with the stock exchanges where the Company's shares are listed, approval of the shareholders in the General Meeting is required for issue and allotment of warrants which are convertible into equity shares, on preferential basis and hence the resolution is placed before the shareholders.



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The Company proposes to issue and allot upto 1,85,00,000 convertible warrants (each such equity warrant carrying a right to apply for one equity share of Rs.10/- each of the Company in exchange of the said equity warrants) at such price as may be calculated in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 to the Promoters for cash consideration on preferential basis subject to necessary approval of RBI/FIPB etc., wherever required, and other Government/statutory approvals, if any.

The following information is provided in accordance with the "Guidelines for Preferential Issue" contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("the Guidelines").

The object(s) of the issue:

The Company intends to raise the funds to meet the following requirements:

- Expansion of Manufacturing facilities and new projects viz. Spinning, Knitting, Dyeing, Garments, and Terry Towels etc.
- Expansion of Global operations and Market Reach..
- Augmentation of working capital.
- Mergers and Acquisitions (M&A) integration and growth activities
- Acquisition of new unit(s) in India and abroad.

Pricing:

The issue price of warrants on preferential basis shall be at such price including premium, being a price not less than the

price, calculated in accordance with SEBI Guidelines for Preferential issue (Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009.

"Relevant Date" as per the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 as applicable from time to time for the determination of applicable price for issue of Equity warrants is 5th June, 2011.

Payment & Conversion Terms:

An amount equal to 25% of the value of the warrants is to be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months from the date of issue of warrants, the application money will be forfeited by the Company. The warrants are converted at the option of the allottee(s), in such number of options exercised by the holder of such Equity warrants, in one or more lots, at the option of the holder of such Equity warrants, into equity shares at any time, within a period, not exceeding eighteen months (18 months) from the date of issue of Equity warrants in accordance with SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009.

Intention of the Promoters/Directors/key Management persons to subscribe to the offer:

The select Promoters of the Company namely Mr. Ram Saran Saluja, Mr. Neeraj Saluja, Mrs. Sneha Lata, Mrs. Ritu Saluja, Mr. Dhiraj Saluja and Mrs. Reema Saluja intend to subscribe to the offer. However, none of the other Directors or Management personnel intend to subscribe to any shares in the Preferential offer of Equity warrants.

Shareholding pattern before and after considering the exercise of option in full against warrants proposed to be issued on preferential basis as per resolution:

Category code	Category of Shareholder	Pre-Issue:		Post Issue: (After conversion of warrants proposed to be issued on preferential basis as per resolution.)	
		No. of shares	% of Holding	No. of shares	% of Holding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/Hindu Undivided Family	15729044	15.83	34229044	29.05
	Total Shareholding of Promoter and Promoter Group	15729044	15.83	34229044	29.05*
(B)	Public Shareholding				
1	Institutions				
(a)	Financial Institutions/Banks	613865	0.62	613865	0.52
(b)	Foreign Institutional Investors	100000	0.10	100000	0.08
2	Non-Institutions				
(a)	Bodies Corporate	26624602	26.80	26624602	22.59
(b)	Individuals				
	Individuals-I Individual shareholders holding nominal share capital up to Rs. 1 lakh	38341506	38.59	38341506	32.53
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	14047317	14.14	14047317	11.92
	Others	3890666	3.92	3890666	3.31
	Total (B)	83617956	84.17	83617956	70.95
	Total (A) + (B)	99347000	100	117847000	100

* to be converted in compliance with SEBI (SAST) Regulations, 1997