



Annual Report 2011-12

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. Ashwani Kumar
Sh. Amit Narang
Sh. Kanwalnain Singh Kang
Sh. Ranjan Madaan
Sh. Prem Kumar

Chairman
Managing Director
Jt. Managing 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, Dhandari Khurd, G. T. Road,
Ludhiana (Pb.) 141 014 (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
Fax no: 011- 41410591
E-mail delhi@linkintime.co.in

COMPANY SECRETARY

Sh. Rahul Kapoor

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Chairman's Message

Dear Shareholders,

It is a delight to address you on completion of another eventful and successful year. The world economy has witnessed slowdown this year. The concerns in Euro zone and Middle East remain unresolved and the US economy is still not out of the woods. The Indian economy in tandem is also experiencing a slowdown due to global and domestic turbulence and policy formulations aimed at curbing inflationary pressures, having a depressing impact on productivity and growth. Matters have been further aggravated due to elevated crude prices and weakening rupee. The textile sector too is faced with formidable challenges.

Despite the global volatile environment, the Consolidated sales (i.e. Revenue from Operations) of your Company stood at Rs. 2221.54 crores for the F.Y. ended 31.03.2012, as compared to Rs. 1702.69 crores during the previous year, a growth of 30.47 % YoY. However higher input and interest costs, resulting from continuing high inflation had an adverse impact on profits. The Profit after Tax (Consolidated) stood at Rs. 82.81 crores for the F.Y. ended 31.03.2012, as compared to Rs. 112.48 crores during the previous year.

However, I am glad to report that your Company has been able to sustain operational stability, thanks to our strong market position, geographic spread of scale and low-cost but high quality products. Our ability to deliver in difficult times is attributable to our strategic positioning as an integrated business house. We are consolidating our position by focusing on higher value added products, developing newer products and expanding market boundaries. Your Company has always focused on building strengths for the future and continued to invest in building capabilities. We will continue to invest our resources in taking these initiatives forward.

Your company remains committed to strategic planning and meticulous execution of expansion projects and to provide quality service to our customers, achieve business objectives with social responsibility and also result in sustained increase in shareholders value.

We believe in the idea of sustainable development through conservation of natural resources, economic and social development and environmental protection. We have always anticipated changes and adapted ourselves to the environment without compromising on our core values. Your company has always believed and practiced high standards of professionalism, maintaining the standards of corporate governance, integrity and transparency and would continue to do so. It is these values which have shaped the character of your organization and helped in building wealth for all stakeholders.

I would like to extend my gratitude to all our stake holders including shareholders, customers, lenders and our loyal, hardworking and committed employees for their continued support and faith in the Company.

With best wishes,
Ram Saran Saluja
Chairman



NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held on Friday, the 28th day of September, 2012 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 the Audited Balance Sheet for the financial year ended 31st March, 2012 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. Ram Saran Saluja, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashwani Kumar, who retires by rotation and being eligible offers himself for re-appointment.
4. 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.

AS SPECIAL BUSINESS:-

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

"RESOLVED THAT Mr. Amit Narang, who was appointed as an Additional Director under the provisions of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company and who holds Office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Kanwalnain Singh Kang, who was appointed as an Additional Director under the provisions of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company and who holds Office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. **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. 600,00,00,000/- (Rs. Six Hundred Crores) only divided into 60,00,00,000 (Sixty Crore) Equity Shares of Rs.10/- (Rs. Ten) each to Rs. 1000,00,00,000/- (Rs. One Thousand Crores) only divided into 100,00,00,000 (One Hundred Crore) Equity Shares of Rs.10/- (Rs. Ten) each by creation of further 40,00,00,000 (Forty Crore) Equity shares of Rs.10 (Rs. Ten) each aggregating Rs. 400,00,00,000/- (Rs. Four Hundred 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. 1000,00,00,000/- (Rs. One Thousand Crore only) divided into 100,00,00,000 (One Hundred 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.

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 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 Depository Receipts (GDRs) and/or American Depository 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 Institutions 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 Institutions 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 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 depository 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."

9. 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. Dhiraj Saluja, as the Joint Managing Director of the Company for a further period of three years w.e.f. 28.05.2013 on a consolidated amount of Salary of Rs. 6,00,000/- 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 Jt. Managing 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.

10. 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(s) passed in this regard, the consent of the Company be and is hereby accorded for the increase in payment of consolidated amount of Salary to Sh. Navneet Gupta as the Executive Director of the Company to Rs. 3,00,000 per month w.e.f. 01.07.2012.

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.

11. 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 this regard, the consent of the Company be and is hereby accorded for the increase in payment of consolidated amount of Salary to Sh Vinod Kumar Goyal as the Executive Director & CEO of the Company to Rs. 6,50,000 per month w.e.f. 01.07.2012.

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.

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

RESOLVED THAT in supersession of earlier resolution passed at the EGM held dated 27.02.2008 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, as they may think fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid up capital of the

Company and its free reserves (that is to say reserves, not set apart for any specific purpose), by a sum not exceeding Rs. 15000.00 Crores (Rs. Fifteen Thousand Crores Only) and that the Board of Directors of the Company be and is hereby authorized to arrange, accept, alter or fix the terms and conditions of all such monies to be borrowed from time to time, as to interest, repayment, creation of security(ies) or otherwise, as they may think fit.

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

RESOLVED THAT in modification of earlier resolution passed at the EGM held dated 27.02.2008 and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgage and/or charge on all movable or immovable properties of the Company wheresoever situated, present and future, the whole or substantially the whole of the undertaking(s) of the company for securing any borrowing(s) or financial assistance not exceeding Rs. 15000 crores (Rs. Fifteen Thousand Crores only) by way of loans/limits (whether in foreign currency and/or in Indian Currency).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to create mortgage(s)/charge(s) as aforesaid.

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

**PLACE : LUDHIANA
DATED : 30.08.2012**

**(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 September 22, 2012 to September 28, 2012 (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. 9, 10 and 11 together with the accompanying notice may also be regarded as an abstract of the terms of re-appointment of Mr. Dhiraj Saluja, as Jt. 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. Navneet Gupta, Executive Director and Mr. Vinod Kumar Goyal,

Executive Director & CEO 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 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.

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 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:

FOR ITEM NO.5:

Mr. Amit Narang was appointed as an Additional Director of the Company w.e.f. 09.06.2012 in terms of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of



Association of the Company. He holds office up to the date of this Annual General Meeting. Notice alongwith requisite fee under the provisions of Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the name of Mr. Amit Narang, as a candidate for the office of Director of the Company liable to retire by rotation. Mr. Amit Narang holds Nil Equity Shares of the Company (i.e. SEL Manufacturing Company Ltd.) in his own name. Considering the business experience of Mr. Narang, the Board proposes the Resolution for your consideration and approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company except Sh. Amit Narang, the appointee, is interested in this resolution.

FOR ITEM NO.6:

Mr. Kanwalnain Singh Kang was appointed as an Additional Director of the Company w.e.f. 13.08.2012 in terms of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company. He holds office up to the date of this Annual General Meeting. Notice alongwith requisite fee under the provisions of Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose the name of Mr. Kanwalnain Singh Kang as a candidate for the office of Director of the Company liable to retire by rotation. Mr. Kanwalnain Singh Kang holds Nil Equity Shares of the Company (i.e. SEL Manufacturing Company Ltd.) in his own name. Considering the experience of Mr. Kang, the Board proposes the Resolution for your consideration and approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company except Sh. Kanwalnain Singh Kang, the appointee, is interested in this resolution.

FOR ITEM NO.7:

The present Authorised Share Capital of the Company is Rs. 600,00,00,000/- (Rs. Six Hundred Crores) only divided into 60,00,00,000 (Sixty Crore) Equity Shares of Rs.10/- (Rs. Ten) each. In order to meet out the financial requirements of the expansion plans of the company and to strengthen its financial position and in order to further increase the capital of

the company from time to time, as may be required, it is proposed that the Authorised Share Capital of the company be increased to Rs. 1000,00,00,000/- (Rs. One Thousand Crores) only divided into 100,00,00,000 (One Hundred Crore) Equity Shares of Rs.10/- (Rs. Ten) each by creation of further 40,00,00,000 (Forty Crore) Equity shares of Rs.10 (Rs. Ten) each aggregating Rs. 400,00,00,000/- (Rs. Four Hundred Crore) ranking pari passu with the existing equity shares of the company in all respects.

The increase in the Capital, as such, requires the approval of the Shareholders in the General Meeting u/s 94 of the Companies Act, 1956. Consequently, the Clause V of the Memorandum of Association is also proposed to be amended. Hence the proposed resolutions.

MEMORANDUM OF INTEREST

None of the Directors is, in any way, interested or concerned in the proposed resolutions.

FOR ITEM NO.8:

The Special Resolution contained in the Notice at Item No. 8 relates to a proposal by the Company to raise capital through issue of shares/Securities including Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), Foreign Currency Convertible Bonds ("FCCBs") or any such financial instrument convertible into equity shares (hereinafter referred to as "Securities") including by means of a issue of Securities to Qualified Institutional Buyers ("QIBs") under Qualified Institutions Placement ("QIP") under the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations").

The Company proposes to enhance and strengthen its equity capital base by way of infusion of further equity capital by issue of equity shares or such other security which would be later on converted into equity shares or give right to the holders of the securities to subscribe to the equity capital at a later date.

The Special Resolution also seeks to empower the Board to undertake a qualified institutional placement with qualified institutional buyers as defined under the SEBI ICDR Regulations apart from other options of private/public