



# Annual Report

## 2012-13

**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-711, 1st Floor,  
Gurdev Nagar, Pakhowal Road,  
Ludhiana - 141 001 (Pb.)

### **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.)  
44, Community Centre, 2nd Floor,  
Naraina Ind. Area, Ph-I, PVR Naraina  
New Delhi- 110 028  
Phone No: 011- 41410592  
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 my pleasure and privilege to reach you through this Annual Report and share with you the highlights of our Company's performance for the momentous year 2012-13. This was a challenging year caused by uncertain global macro-economic situation. Major economies witnessed slower growth and especially the Eurozone remained uncertain. Within the country, inflation remained the key cause of worry, impacting all input costs and putting margins under pressure.

Despite the global volatile environment, we remain committed to drive the business towards delivering consistent, competitive, profitable and responsible growth. We have been able to sustain operational stability, thanks to our strong market position, geographic spread of scale and low-cost but high quality products. The (Consolidated) Revenue from Operations of your Company stood at Rs. 3776.79 crores for the F.Y. ended 31.03.2013, as compared to Rs. 2221.54 crores during the previous year, a growth of 70.00 % YoY. The Profit after Tax (Consolidated) stood at Rs. 137.91 crores for the F.Y. ended 31.03.2013, as compared to Rs. 82.81 crores during the previous year, a growth of 66.54 % YoY.

The (Standalone) Revenue from Operations of your Company stood at Rs. 3154.21 crores for the F.Y. ended 31.03.2013, as compared to Rs. 2038.34 crores during the previous year, a growth of 54.74 % YoY. The Profit after Tax (Standalone) stood at Rs. 106.43 crores for the F.Y. ended 31.03.2013, as compared to Rs. 71.83 crores during the previous year, a growth of 48.16% YoY.

The evolving economic landscape and the aspirations of the people have driven us to aim higher, execute our plans seamlessly and sustain the growth momentum. We are successfully implementing our new/expansion projects and are confident that our large capital expenditure programme will enable us to take full advantage of our position and achieve our growth ambitions.

We are fortunate to have been able to attract the talent we see today in the Company, across all disciplines and at all levels and I thank all SEL employees for their dedication in making SEL, the company it is today. Sustainability is now firmly at the heart of our business model and is driving growth, reducing costs, building strengths for the future and to invest in building capabilities. We see this as a source of competitive advantage for the business now and in the years ahead and we will continue to invest our resources in taking these initiatives forward.

We strongly believe in doing business with values such as transparency, professionalism and accountability. We will continue to enhance our corporate value by ensuring that all of our business activities are so carried out that we achieve high credibility with our stakeholders across the globe.

Your company growth has been made possible with the support and encouragement from all the stake holders including shareholders, customers, lenders and our loyal, hardworking and committed employees without whose commitment it would be difficult for the company to target the growth that it is aiming for. I would like to express my gratitude to all of them. We seek your continued support in all future endeavours.

With best wishes,  
Ram Saran Saluja  
Chairman





## NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of the Company will be held on Tuesday, the 24th day of September, 2013 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, 2013 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. Navneet Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vinod Kumar Goyal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prem Kumar, 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, (Firm Registration No. 000402N), 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:-**

6. **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. 8.5.2014 on a consolidated amount of Salary of Rs. 3,00,000/- 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 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.

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. Vinod Kumar Goyal, as the Executive Director & CEO of the Company for a further period of three years w.e.f. 13.7.2013 on a consolidated amount of Salary of Rs. 6,50,000/- 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 & CEO 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.



## **SEL Manufacturing Company Ltd.**

**8. 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 Extra Ordinary General Meeting held on 24.05.2012, 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. 14,00,000 per month w.e.f. 01.10.2013.

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.

**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 314, 314(1B) of the Companies Act, 1956 read with Directors' Relative (Office or Place of Profit) Rules, 2011, and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Ms. Preetika Goyal to hold and continue to hold an office or Place of Profit as Assistant Manager-Marketing (or any other designation and roles which the Board/Committee of the Board may decide from time to time) on such Monthly remuneration as may be fixed from time to time by the Board of Directors of the Company within the limits prescribed under Section 314(1B) of the Companies Act, 1956 read with Rule 3 of the Directors' Relative (Office or Place of Profit) Rules, 2011, as amended from time to time.

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.

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

**PLACE : LUDHIANA  
DATED : 24.08.2013**

**(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 16, 2013 to September 24, 2013 (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. 6, 7 and 8 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 and Mr. Vinod Kumar Goyal, as Executive Director and CEO of the Company and their Memorandum of Interest of Directors u/s 302 of the Companies Act, 1956, and also 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 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.6**

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. 8.5.2014 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 looks after 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, Executive Director being the appointee is, in any way, interested or concerned in the proposed resolution.

#### **FOR ITEM NO. 7**

The Board of Directors of your Company have re-appointed Mr. Vinod Kumar Goyal as the Executive Director and CEO of the Company for a further period of three years w.e.f. 13.07.2013 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 and CEO has been approved by the Remuneration Committee of the Board and the resolution is put for your approval in this meeting. Mr. Vinod Kumar Goyal, Executive Director and CEO of the Company besides being responsible for the

overall management of the Company along with the Managing Director/Jt. Managing Director of the Company, is also incharge of whole of the operations 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. Vinod Kumar Goyal, Executive Director and CEO being the appointee is, in any way, interested or concerned in the proposed resolution.

#### **FOR ITEM NO.8:**

The re-appointment of Mr. Neeraj Saluja as Managing Director of the Company was confirmed by the members of the Company in the Extra Ordinary General Meeting of the Members held on 24th day of May, 2012 for a period of three years w.e.f. 26.05.2012 on a consolidated amount of Salary of Rs.10,00,000/- per month.

The Board of Directors of your Company have on the basis of recommendation of Remuneration Committee have passed the Resolution for increase in the consolidated amount of Salary to Sh. Neeraj Saluja, Managing Director of the Company to Rs.14,00,000 per month w.e.f. 01.10.2013. The job responsibilities of Managing Director have considerably increased in view of increase in the volume of business and establishment of a new unit of the Company in the State of Madhya Pradesh. He is also responsible for the overall management of our Company and provides strategic direction in selection of technology and machineries, in setting up new manufacturing facilities, improvement of production processes and exploring and diversifying into new ventures.

All other terms and conditions of his appointment will remain the same.

#### **MEMORANDUM OF INTEREST**

None of the Directors except Mr. Ram Saran Saluja, Mr. Dhiraj Saluja being relatives and Mr. Neeraj Saluja being the appointee is, in any way, interested or concerned in the proposed resolution.

#### **FOR ITEM NO.9:**

The Board of Directors of the Company have appointed Ms. Preetika Goyal as Assistant Manager-Marketing on a consolidated monthly remuneration of Rs.47,000. All the terms and conditions of her appointment, including remuneration, will be as applicable to employees at the same responsibility level as her. Depending upon her performance, her remuneration will be subject to revision from time to time along with the Performance Award, if any, in accordance with the rules and procedures of the Company but within the limits prescribed under the Directors' Relative (Office or Place of Profit) Rules, 2011 as amended from time to time.



## SEL Manufacturing Company Ltd.

Ms. Preetika Goyal, concentrates on activities pertaining to Sales and Marketing, alongwith Business Development.

Since Ms. Preetika Goyal is related to the member of the Board of Directors of the Company, she will be deemed to be holding an office or Place of Profit under the Company within the meaning of Section 314(3) of the Companies Act, 1956. ("the Act")

As per the provisions of Section 314 of the Act, no relative of a Director may hold any office or place of profit in a company carrying a monthly remuneration of Rs. 50,000 and above except with the consent of shareholders through a special resolution. Moreover, should the relative draw a monthly remuneration of Rs.2,50,000 and above, such appointment, as per the present provisions of Section 314(1B) of the Act read with the Directors' Relative (Office or Place of Profit) Rules, 2011 will also be subject to the approval of the Central Government.

The monthly remuneration that the Company proposed to pay presently to Ms. Preetika Goyal is lower than Rs.2,50,000. Consequently, no approval of the Central Government is at this point of time, envisaged.

The draft Special Resolution is proposed in the above context and the Board of Directors of the Company recommends the Resolution for acceptance.

### MEMORANDUM OF INTEREST

None of the Directors except Mr. Vinod Kumar Goyal, being the relative of the appointee are interested in the proposed resolution.

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

**PLACE : LUDHIANA  
DATED : 24.08.2013**

**(RAHUL KAPOOR)  
COMPANY SECRETARY**

## ANNEXURE TO NOTICE

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED FOR 24TH SEPTEMBER, 2013

Name of Director	Mr. Navneet Gupta	Mr. Vinod Kumar Goyal	Mr. Prem Kumar
<b>Resume including Expertise in specific functional area</b>	Mr. Navneet Gupta, aged 43 years is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects.	Mr. Vinod Kumar Goyal aged 54 Yrs. is the Executive Director & CEO of our Company. He holds the degree of a MBA and has over 32 yrs. of experience in textile industry. Mr. Goyal is responsible for the overall management of the Company along with the Managing Director/Jt, Managing Director of the Company.	Mr. Prem Kumar aged 60 Yrs. is an Independent Director on the Board of the Company. Mr. Prem Kumar is well known and highly regarded as a speaker and thought leader in the area of strategic management, marketing and international business. His work focuses on the formulation and implementation of corporate strategies, knowledge and innovation management.
<b>List of other Companies in which Directorship held</b>	1) Rythm Textile & Apparels Park Ltd. 2) SEL Textiles Ltd. 3) Silverline Corporation Ltd.	None	1. Roop Automotives Ltd. 2. Roop Polymers Ltd.
<b>Chairman/Member of the Committee of Board of Directors of other Companies</b>	Member Audit Committee: 1) SEL Textiles Ltd. 2) Rythm Textile & Apparels Park Ltd.	None	Member Audit Committee : Roop Polymers Ltd.
<b>Inter-Se relationship with other Directors of the Company</b>	Not related	Not related	Not related
<b>Shareholding in the Company</b>	600	Nil	Nil



## DIRECTORS' REPORT

To

The Members

SEL Manufacturing Company Ltd.

Your Directors have pleasure in presenting their 13th Annual Report on the affairs of the company together with Audited Accounts for the financial year ended 31st March, 2013.

### FINANCIAL RESULTS

(Rupees in Lacs)

	<b>Current Year</b>	<b>Previous year</b>
	<b>(2012-13)</b>	<b>(2011-12)</b>
Revenue from Operations	<b>315421.69</b>	203834.24
Other Income	<b>17198.82</b>	9627.90
	<b>332620.51</b>	213462.14
Less :		
Expenditure	302247.14	195164.01
Provision for Depreciation	13559.26	7507.34
Profit before taxation:	<b>16814.11</b>	<b>202671.35</b>
Less :		
Taxes : Current Tax	3287.00	2089.00
Deferred Tax	5496.19	3390.31
MAT Credit Entit.	(2957.60)	(1873.81)
Wealth Tax	5.50	2.00
Earlier Yrs	339.52	0.00
Profit after Tax	<b>10643.50</b>	<b>7183.29</b>
Balance brought forward	<b>31770.90</b>	<b>30903.52</b>
	<b>42414.40</b>	<b>38086.81</b>
Less: Previous year Tax Adjustments	0.00	1317.91
Less: Transferred to General Reserve	10000.00	4998.00
Balance Carried over to Balance Sheet	<b>32414.40</b>	<b>31770.90</b>

### BUSINESS:

The Company is vertically integrated multi-product textile company, manufacturing various kinds of Knitted Garments, Terry Towels, Knitted & Processed Fabric and various kind of Yarn with production facilities located at Ludhiana and NawanSheher in Punjab, Baddi in Himachal Pradesh and Sehore in Madhya Pradesh.

We are expanding our existing capacities in spinning/knitting. The Company is setting up a new project in the state of Madhya Pradesh consisting of spinning unit with a capacity of 571,200 spindles, out of which 326,400 spindles have already been installed. The said spinning facility is the largest under one roof in India. Further, the Company also proposes to set up Knitted Fabric/ Cloth capacity of 72,000 TPA out of which 28,000 TPA is already installed. The Company has also set up Open end spinning with capacity of 4,440 Rotors.

### OPERATIONS:

During the year under review, your company has achieved Revenue from Operations of Rs. 315421.69 lacs as compared to Rs. 203834.24 lacs in the previous year. The profit before tax stood at Rs. 16814.11 lacs as compared to Rs. 10790.79 lacs during the previous year. After providing for taxes and other adjustments, the Profit after tax stood at Rs. 10643.50 lacs as compared to Rs. 7183.29 lacs during the previous year.

### SUBSIDIARY COMPANY/FIRM(S):

As at 31.03.2013, the Company has the following Subsidiary Company(ies) namely Omega Hotels Ltd., SEL Aviation Pvt. Ltd., SEL Textiles Corporation, SEL Ecochem Pvt. Ltd., SEL Textiles Ltd., Silverline Corporation Ltd., SEL Textiles Overseas Ltd., and also a subsidiary firm namely M/s SE





Exports. The Company has its branch office at United Arab Emirates.

The Annual Accounts of the Subsidiary companies/firms and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time.

Further the Annual Accounts of the subsidiary companies are kept for inspection by any shareholders in the head office i.e. the Registered Office of the holding company and of the subsidiary companies concerned.

Your company continue to hold 99% stake in the partnership firm namely M/s SE Exports.

SEL Textiles Ltd. is the wholly owned Subsidiary of the Company. SEL Textiles Ltd. is engaged in the business of textiles and the Company has two spinning unit(s) one at Neemrana (Rajasthan) and one at Hansi, Hissar (Haryana) and a terry towel unit at Nawa Sheher, Punjab.

SEL Textiles Ltd. is also setting up a project with spinning capacity of 188160 spindles, denim fabric manufacturing capacity of 40 million meters per annum and around 8 million pieces of denim garments per annum at Vill Punjava-Lambi, Tehsil Malout, Dist Sri Muktsar Sahib (Punjab). The unit has already commenced commercial operations with installation of 65,280 spindles. Further SEL Textiles Ltd., has two subsidiary companies i.e. M/s Silverline Corporation Ltd., in India and M/s SEL Textiles Overseas Ltd. in Hong Kong.

Omega Hotels Ltd., subsidiary of the company is presently implementing a hotel project at Agra in the State of Uttar Pradesh.

SEL Aviation Pvt. Ltd., subsidiary of the company is in the business of aviation services and holds a Non-Scheduled Operator's permit under the Director General of Civil Aviation Rules and Regulations.

SEL Textiles Corporation is the wholly owned subsidiary of the Company in the state of California, USA.

SEL Ecochem Pvt. Ltd., is subsidiary of the Company in India which proposes to commence business of chemicals, acids, etc.

### **CONSOLIDATED FINANCIAL STATEMENTS:**

The Consolidated Financial Statements of the Company and its subsidiaries, prepared and presented in accordance with Accounting Standard (AS) 21, are attached to and form part of the Annual Report.

### **CORPORATE GOVERNANCE:**

Your Company is committed to adhere to the best Practices of governance. In your Company, prime importance is given to reliable financial information, integrity, transparency, fairness, empowerment & compliances. A separate section on Corporate Governance and a Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report.

### **DIVIDEND:**

In order to conserve resources for future growth and the expansion projects of the company the directors have not recommended any dividend for the Financial year 2012-13.

### **FIXED DEPOSITS:**

During the year, your Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Rules made there under.

### **DIRECTORS:**

Mr. Navneet Gupta, Mr. Vinod Kumar Goyal and Mr. Prem Kumar, Directors' of the Company retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

Further the re-appointment of Mr. Vinod Kumar Goyal and Mr. Navneet Gupta as Executive Director(s) of the Company for a further period of three years each respectively is also to be confirmed.

### **LISTING WITH EXCHANGES AND LISTING FEES:**

The Equity Shares of the Company are presently listed with Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE). Further the Company has paid listing fees to both the exchanges (i.e. BSE and NSE) upto financial year 2013-14. The GDRs of the company are listed on Luxembourg Stock Exchange.



**AUDITORS:**

M/s Dass Khanna & Co., Chartered Accountants, Ludhiana, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

**AUDITORS' REPORT:**

The report of Auditors and notes on accounts are self explanatory and do not call for any further comments as there are no adverse remarks by the Auditors.

**COST AUDITORS:**

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956 and the rules made thereunder, the Company's Cost Records for the year ended March 31, 2013 are being audited/reviewed by Cost auditors, M/s R.R. & Co., Cost Accountants, Ludhiana. The cost audit report for the financial year ended March 31, 2013 is to be filed within 180 days from the close of the financial year.

**AUDIT COMMITTEE:**

The Board has constituted its Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement(s) of the Stock Exchange(s).

The Audit Committee of the Company presently comprises of the following members namely Mr. Ashwani Kumar, Mr. Ranjan Madaan, Mr. Amit Narang and Mr. Navneet Gupta. Sh. Ashwani Kumar is the chairman of the said committee.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as per section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-I forming part of this report.

**PARTICULARS OF EMPLOYEES:**

Details of remuneration paid to employees, as required by Section 217(2A) of the Companies Act, 1956 read with the

Companies (Particulars of employees) Rules, 1975 are set out in a separate statement attached hereto and marked as Annexure-II and forms part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956.

**The Directors confirm that:**

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on 31st March, 2013;
- Proper and sufficient care has been taken for 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;
- The annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGMENTS:**

Your Directors express their gratitude to the Company's vendors, customers, Banks, Financial Institutions, Shareholders & society at large for their understanding and support. Finally, your Directors acknowledge the dedicated services rendered by all employees of the company.

For and on Behalf of the Board  
For **SEL MANUFACTURING COMPANY LTD.**

PLACE : LUDHIANA  
DATED : 24.08.2013

**(RAM SARAN SALUJA)**  
CHAIRMAN