



**RS SALUJA GROUP**  
SEL Manufacturing Company Limited

**Annual Report**  
**2009-10**

*Proud Past Promising Future*

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<b>Registrar &amp; Transfer Agent</b> Link Intime India Pvt. Ltd. (Formerly Intime Spectrum Registry Ltd.) A-40, 2 <sup>nd</sup> 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 <a href="mailto:delhi@intimespectrum.com">delhi@intimespectrum.com</a>	Dir. Report and Financial Statements of SEL Textiles Ltd.	77
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## DIRECTORS' REPORT

To

**The Members**  
**SEL Manufacturing Company Ltd.**

Your Directors have pleasure in presenting their 10th Annual Report on the affairs of the company together with Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

(Rupees in Lacs)

	Current Year (2009-10)	Previous year (2008-09)
Operating Income	94221.62	58994.69
Gross Sales	94221.62	58994.69
Net Sales	3949.79	4154.34
Other Income	----- 98171.41	----- 63149.03
Less :		
Expenditure	85789.39	54586.28
Provision for Depreciation	3143.13	1749.09
	----- 9238.89	----- 56335.37
Profit before taxation:		6813.66
Less :		
Taxes : Current Tax	1600.00	632.00
Deferred Tax	987.58	1112.10
Fringe Benefit Tax	--	25.00
MAT Credit Entit.	(39.46)	(445.88)
Wealth Tax	2.25	2.00
	----- 2550.37	----- 1325.22
Profit after Tax	6688.52	5488.44
Balance brought forward	19595.85	14967.42
	----- 26284.37	----- 20455.86
Add: Previous year Tax Adjustments	(498.61)	739.99
Less: Transferred to General Reserve	2500.00	1600.00
	----- 23285.76	----- 19595.85
Balance Carried over to Balance Sheet		

### BUSINESS:

Your Company is vertically integrated textile Company, manufacturing and exporting carded and combed yarn, knitted fabrics, Dyed Fabrics & Yarn, readymade garments and terry towels etc. with production facilities located in Ludhiana and Nawa Shehar in Punjab and Baddi in Himachal Pradesh.

## Our Business Strategy

Our principal operating strategies are to:

- Foray into value added yarns like slub fancy yarn, Dyed yarns, Bamboo cotton, Organic cotton, Millanges etc. .
- expand our garment capacity to cater to more diverse export markets
- to become an integrated player in the textile market catering in all segments from carded and combed yarn, knitting fabrics, knitted garments and terry towels.
- reduction of operational costs
- invest in design and product development for setting new trends and lifestyles.
- develop and maintain strong relationship with our clients

We are expanding our existing capacities in yarn manufacturing, knitting, garment manufacturing & terry towel. Further, we have also set up captive Power Plant and are also increasing its capacity.. Your Company is implementing a project at Vill. Shekhan Majara, Machiwara Rahon Road, Teh. & Distt. Nawanshehar consisting

- i) Expanding the capacity of Captive Power Plant by setting up of another unit of 10 MW capacity taking the total capacity to 20 MW.
- ii) Setting up of Yarn Dyeing facility with production capacity of 3150 TPA and Fabric Dyeing facility with production capacity of 4500 TPA.

Further the Company is also setting up a Spinning unit with the capacity of 3,26,400 spindles divided into two phases, First phase of 1,95,840 spindles and second phase of 130560 spindles in the State of Madhya Pradesh. Further Vertex Spinning facility with capacity of 2400 spindles and Open end Spinning with capacity of 2040 Rotors is also proposed to be set up.

## OPERATIONS:

During the year under review, your company has achieved Sales to the tune of Rs. 94221.62 lacs as compared to Rs. 58994.69 lacs in the previous year. The profit before tax stood at Rs. 9238.89 lacs as compared to Rs. 6813.66 lacs during the previous year. After providing for taxes and other adjustments, the Profit after tax stood at Rs. 6688.52 lacs as compared to Rs. 5488.44 lacs during the previous year.

## SUBSIDIARY FIRM(S):

Your company continue to hold 99% stake each in the partnership firm(s) namely M/s SE Exports and M/s Kudu Industries. M/s SE Exports. the firm is engaged in the business of manufacture of value added knitted garments having production facilities located in the tax free zone in Baddi in Himachal Pradesh and M/s Kudu Industries located at Ludhiana has dyeing capacity of 4500 tons p.a. in fabric and 3000 tons p.a. in yarn besides having flat bed printing, rotary printing & mercerizing capacities of appx . 2400 tons p.a..

Further the Company has acquired 99.75% stake in SEL Textiles Limited. SEL Textiles Ltd. is engaged in the business of textiles and the Company has acquired two spinning unit(s) one at Neemrana (Rajasthan) and one at Hansi, Hissar (Haryana). The unit at Neemrana has installed capacity of 24,960 spindles and is located on Delhi-Jaipur highway and is built on a land of 30 acres and has built up area of 28,153.50 Sq. Mtrs. The other unit has installed capacity of 25,200 spindles and is located at 23<sup>rd</sup> KM Stone, Delhi-Hisar Highway, Hansi (Hissar) Haryana. The unit is built on a land of approximately 23 acres and has built up area of 14800 Sq. Mtrs. SEL Textiles Ltd. also plans to set up a new facility for manufacturing of Terry Towels with an installed capacity of 3600 TPA and also plans to raise IPO for the said purpose for which the Draft Red Herring Prospectus has been filed by it with the Securities and Exchange Board of India.

#### **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 2009-10.

#### **PREFERENTIAL ISSUE OF WARRANTS :**

Out of 76,50,000 convertible warrants issued on 9<sup>th</sup> April, 2008, a total of 38,41,000 warrants were converted into Equivalent Number of Equity shares of the Company and the rest 38,09,000 warrants elapsed due to non-exercise of convertible option upon them, within a period of 18 months from the date of issue of the warrants and the 10% money paid upon them was forfeited by the Company. Further the Company has with the approval of members, issued and allotted on 18<sup>th</sup> September, 2009, 66,00,000 convertible Equity warrants on preferential basis to various entities, entitling them to apply for equivalent number of Equity Shares of the face value of Rs.10/- each of the Company. These entities have paid 25% of the issue price on subscription to the warrants and the balance issue price is payable upon exercise of the right to apply for the Equity Shares within a period of 18 months from the date of issue of the warrants. The warrants/shares issued/to be issued under the preferential offer are subject to lock-in period as prescribed

under SEBI guidelines. Till date 57,00,000 warrants out of the said 66,00,000 warrants allotted, have been converted into Equity shares of the Company.

**FURTHER ISSUE OF SECURITIES:**

During the year, the Company also raised funds through the GDR (Global Depository Receipts) Issue. The company issued 56,00,000 Global Depository Receipts (GDRs) on 14.12.2009 representing 56,00,000 Equity Shares of the Company at a price of US\$ 1.52 per GDR. The GDRs were listed on the Luxembourg Stock Exchange. The said GDRs were cancelled/converted and there is no share outstanding in lieu of the said GDRs.

Further the Company issued its second tranche of GDR issue on 04.05.2010 whereby the Company issued 30,00,000 Global Depository Receipts (GDRs) representing 3,00,00,000 Equity Shares of the Company (Each GDR representing 10 Equity shares of the Company) at a price of US\$ 15.50 per GDR. These GDRs were listed on the Luxembourg Stock Exchange.

**FURTHER ISSUE OF SECURITIES TO RAISE FUNDS:**

To augment long term resources of the Company and also for meeting the fund requirements of the existing business, current and future expansions etc., the Company proposes to pass requisite resolution in this regard to raise funds for the Company, subject to necessary approvals and applicable laws & regulations, by way of issue of securities, in the course of an international offering(s), in one or more foreign markets, at such time or times in one or more tranche or tranches, such Securities include Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) convertible into equity shares, Foreign Currency Convertible Bonds (FCCBs) 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').

The Company also intends to issue convertible warrants on Preferential basis to raise funds for the Company for which the desired resolutions are included in the Agenda for the ensuing Annual General Meeting for the consideration and approval of the members of the Company.

**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. Amar Narang and Mr. Navneet Gupta, Directors' of the Company retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Dhiraj Saluja is to be confirmed to be re-appointed as Whole-time Director of the Company for a further period of three years. Further Mr. Vinod Kumar Goyal and Mr. Prem Kumar were appointed as an Additional Director(s) respectively of the Company w.e.f. 13.07.2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company. The Company has received notice(s) along with requisite fee under the provisions of Section 257/258 of the Companies Act, 1956 proposing the name of Sh. Vinod Kumar Goyal and of Sh. Prem Kumar for the office of Director of the Company.

Further the appointment of Mr. Vinod Kumar Goyal as Executive Director of the Company for a period of three years is also to be confirmed. The required resolution(s) in this regard for their appointment/reappointment as such are included in the Agenda for the ensuing Annual General Meeting for the consideration and approval of the members of the Company.

#### **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 Global Depository Receipts (GDR) of the Company are listed with Luxembourg Stock Exchange. Further the Company has paid listing fees to both the exchanges (i.e. BSE and NSE) upto financial year 2010-11.

#### **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.

Further pursuant to auditors remarks in their Report on consolidated Accounts regarding non-compliance with AS-11 regarding non-provision of gratuity by its subsidiary firms the Board has to say that since the employee strength of the subsidiary partnership firm(s) is small, the gratuity is provided on cash basis.

#### **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. Amar Narang, Mr. Sanjiv Garg 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 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2010;
- 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.

**ACKNOWLEDGEMENTS:**

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 : 13.07.2010

(RAM SARAN SALUJA)  
CHAIRMAN



ANNEXURE-I TO THE DIRECTORS' REPORT

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

ADDITIONAL INFORMATION GIVEN IN TERMS OF NOTIFICATION 1029 OF 31.12.1988 ISSUED BY DEPARTMENT OF COMPANY AFFAIRS.

A. Conservation of energy

The company provides high priority to energy conservation schemes to conserve natural resources and is regularly taking effective steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaking regularly for further improvements.

FORM A

(Form of disclosure of particulars with respect to conservation of Energy)

	2009-10	2008-09
1. Power & fuel consumption		
(a) Electricity purchased		
Units (Lacs)	611.46	400.17
Total Amount (Rs.in Lacs)	3179.14	1907.95
Rate per Unit (Rs.)	5.20	4.77
(b) Electricity generated from Generator		
Units (Lacs)	61.35	78.47
Unit per Litre of Diesel Oil	3.58	3.69
Cost/Unit (Rs.)	8.25	9.11
(c) Captive Power Plant (CPP Turbine)		
Units (Lacs)	74.12	--
Husk per Unit (Kg)	1.28	--
Cost/Unit (Rs.)	5.25	--
2. Diesel Oil		
Quantity (Ltrs)	1711591	2124503
Cost (Rs. in Lacs)	511.56	687.76
Avg. Rate/Ltr (Rs.)	29.88	32.37
3. (A) Rice Husk used in Boiler/Turbine		
Qty. consumed in MT	9762	342
Amt. in Rs. (Lacs)	302.0	13.51
Rate per MT	3095	3950
(B) Petro Coke (MT)	905	299
Amt. in Rs. (Lacs)	67.58	22.50
Rate Per MT	7472	7520

Consumption per unit of Production

Product	Unit 1Kg(PSEB & DG)		Cost 1 Kg(PSEB & DG)		Rate/units(PSEB& DG)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Knitted Cloth	0.60	0.65	4.00	3.56	5.71	5.48
Cotton yarn 100% KH & CB and all blended yarn/mly (mallange)	3.77	3.57	20.26	19.55	5.71	5.48
Terry Towel	3.48	2.94	20.02	16.11	5.71	5.48
Readymade Garment (Unit Piece)	0.11	0.25	0.96	1.04	8.75	7.50
Cotton Double Yarn	0.87	--	4.48	--	5.71	--

**B. RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION**

Specific areas in which R & D activities were carried out by the company

- Quality Improvement
- Yield/Productivity Improvement
- Energy Conservation
- New Technology/Product development

Benefits Derived

- Better Quality; reduced wastages
- Cleaner environment
- Safer operations and improved competitiveness

Future Plan of Action

Management is committed to strengthen R & D activities for product development and to improve its competitiveness in the times to come.

Expenditure on R & D

a) Capital : Nil  
 b) Recurring : Nil  
 Total : Nil

Technology Absorption

The Company has not imported any technology from abroad during the last five years. However the company has been using the imported machinery. The Company has been making efforts for absorption of latest technology.

## Benefits Derived

The Company has achieved improvement in quality and lower cost of production.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO, EFFORTS AND INITIATIVES IN RELATION TO EXPORTS:

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. There have been concentrated efforts to maintain and improve exports performance and to meet the need of end users.

		(Rs. in Lacs)	
	2009-10	2008-09	
(i) Foreign Exchange earned (FOB) value of exports as per Balance Sheet	25981.62	18637.24	
(ii) Foreign Exchange used			
(a) CIF value of Imports	10230.89	4454.08	
(b) Expenditure on Commission	438.69	138.27	

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

PLACE : LUDHIANA  
DATED : 13.07.2010

(RAM SARAN SALUJA)  
CHAIRMAN

ANNEXURE-II TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010:

Name	Age (Yrs.)	Designation	Gross Remn. (Rs.)	Qualification	Experience (Yrs.)	Dt. Of joining	Previous Employment	No. of Shares held as on 31.03.2010
Mr. Neeraj Saluja	43	Managing Director	Rs. 53,41,935	Diploma in Business Administration	18 Yrs in Textile Industry	30.03.2006	SEL Mfg. Co. Ltd.	149060 (0.49%)
Mr. Dhiraj Saluja	37	Whole-time Director	Rs. 60,00,000	Degree in Mechanical Engineering	14 Yrs in Textile Industry	28.05.2007	SEL Mfg. Co. Ltd.	2505126 (8.25%)

\*Remuneration received includes basic salary, allowances, taxable value of perquisites etc..

\*The nature of employment i.e. the tenure of Appointment for Managing Director and Whole-time Director is for a period of 3 years each respectively.

Nature of Duties:

Mr. Neeraj Saluja, Managing Director is responsible for the overall management of the 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 etc.

Mr. Dhiraj Saluja, Whole time Director of the Company besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, he is also in charge of overseeing marketing of yarn and garments etc. and looks after the complete function of marketing and delivery of our Company's products to the end customer.

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

PLACE : LUDHIANA  
DATED : 13.07.2010

(RAM SARAN SALUJA)  
CHAIRMAN

## CORPORATE GOVERNANCE REPORT

Our Corporate governance practices focus on the following main principles:

To establish an effective mechanism for overseeing the affairs, keeping in view the Company's size, complexity, geographical operations and corporate tradition & culture, our framework is designed to:

- a) Enable the Board to provide strategic guidance for the Company and effective overseeing of the management;
- b) Define the respective roles and responsibilities of senior executives and officers to ensure accountability;
- c) Ensure a balance of authority such that no single individual has unfettered powers;
- d) Have a Board of proper understanding of, and competence to deal with the current and emerging issues of the business and the benefit of a variety of perspectives and skills;
- e) Have appropriate mix of executive and non-executive directors ensuring Directors' commitment and time to participate in the affairs fully;
- f) Provide timely and balanced disclosure of all material information concerning the company;

### 1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management discussion and Analysis Report, is a reflection of the current state of business. It also deals with the opportunities and challenges faced by your company and outlook in future.

#### (a) Industry Structure and Development

Your Company is vertically integrated textile Company, manufacturing and exporting carded and combed yarn, knitted fabrics, readymade garments and terry towels etc. with production facilities located in Ludhiana and Nawa Shehar in Punjab and Baddi in Himachal Pradesh.

After the completion of projects under implementation, the manufacturing capacities of the Company would be as under:-

Activity	Units	Existing Capacity	Ongoing project (s)	Capacity post expansion
Garments	Mn. pcs p.a.	8.50	-	8.50
Knitting	TPA	7,050	Nil	7,050
Spinning	Spindles	149856	326400	476256
Terry Towel	TPA	12,600	--	12,600
Open End Spinning	TPA	6480	8100	14,580
Captive Power Plant	MW	10	10	20
Fabric Processing	TPA	3000	4500	7500

Activity	Units	Existing Capacity	Ongoing project (s)	Capacity post expansion
Yarn Dyeing	TPA	--	3150	3150
Vertex Spinning	Spindles	--	2400	2400

The Company is also setting up an Integrated Textile and Apparels Park at Village Sekhan Majra, District Nawan Shaher for which concerned SPV has received approvals from the Ministry of Textiles of Government of India sanctioning the Project under the Scheme for Integrated Textile Park (SITP). Further the Company has acquired 99.75% stake in SEL Textiles Ltd.. SEL Textiles Ltd. is engaged in the business of textiles and the Company has acquired two spinning unit(s) one at Neemrana (Rajasthan) and one at Hansi, Hissar (Haryana). The unit at Neemrana has installed capacity of 24,960 spindles and is located on Delhi-Jaipur highway and is built on a land of 30 acres and has built up area of 28,153.50 Sq. Mtrs. The other unit has installed capacity of 25,200 spindles and is located at 23<sup>rd</sup> KM Stone, Delhi-Hisar Highway, Hansi (Hissar) Haryana. The unit is built on a land of approximately 23 acres and has built up area of 14800 Sq. Mtrs. SEL Textiles Ltd. also plans to set up a new facility for manufacturing of Terry Towels with an installed capacity of 3600 TPA and also plans to raise and IPO for the said purpose for which the Draft Red Herring Prospectus has been filed by it with the Securities and Exchange Board of India.

#### Company's Performance

During the year under review, your company has achieved Sales to the tune of Rs. 94221.62 lacs as compared to Rs. 58994.69 lacs in the previous year registering a growth of 59.71% on year on year basis. The profit before tax stood at Rs. 9238.89 lacs, a growth of 35.59%, as compared to Rs. 6813.66 lacs during the previous year. After providing for taxes and other adjustments, the Profit after tax stood at Rs. 6688.52 lacs as compared to Rs. 5488.44 lacs during the previous year, registering a growth of 21.86% on year on year basis

#### Segment wise Performance:

A Snapshot of Segmental Sales/turnover for the current year and its comparison with the previous fiscal is tabulated below:-

Segment	2009-10 (Rs. in Lacs)	2008-09 (Rs. in Lacs)	Growth (%)
Garments	20059.96	14448.93	38.83
Knitted Fabric/Cloth	28126.06	21172.87	32.84
Yarn	33641.34	21055.67	59.77
Terry Towel	3420.59	66.70	--

During FY 2009-10, Yarn Sales grew by 59.77%. The net sales of fabric grew by 32.84% & that of garments by 38.83%. For terry towel division the comparison is not made since it commenced operations only in the last year. The Company is functioning in only one Primary Segment i.e. Textiles, hence Segment Reporting required under AS-17 is not applicable.

(c) Dividend

In order to conserve resources for the ongoing and future expansion plans of the Company no dividend has been declared for the financial year 2009-10. Your directors believe in sustained increase in shareholder value, eventually resulting in a higher return threshold.

(d) Outlook: Opportunity, Threats, Risks & Concerns

Our principal operating strategies are to:

- Foray into value added yarns like slub fancy yarn, Dyed yarns, Bamboo cotton, Organic cotton, Millanges etc.
- expand our garment capacity to cater to more diverse export markets
- to become an integrated player in the textile market catering in all segments from carded and combed yarn, knitting fabrics, knitted garments and terry towels.
- reduction of operational costs
- invest in design and product development for setting new trends and lifestyles.
- develop and maintain strong relationship with our clients

Threats, risks and concerns

Our primary raw material is cotton, which we source from the domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could result in increased production costs, which we may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our business.

There can be no assurance that the price levels of cotton will remain favorable. Any increase in cotton prices would have a material adverse effect on our business. However, the Company has over the years developed considerable expertise in responding to the changes in prices & demand. Due to company's integration & order based pricing, the company is generally able to pass on the increase in raw material prices to its customers.

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities or may make our competitors plants more competitive. However, the Company's diversified product profile, quality approach, value-added segments, manufacturing flexibility, modern technology & strong marketing network has equipped the company well to meet competitors.

(e) Internal Control System and their adequacy

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilization and protection of assets, compliance with statutes and proper recording of all transactions. The internal audit department performs internal audit periodically to ascertain their adequacy and effectiveness of other controls in the organization.

The company has also an Audit committee constituted pursuant to the provisions of Listing Agreement and Section 292A of the Companies Act, 1956 that reviews internal control system of the Company from time to time besides looking into other areas in its scope.

(f) Human Resources:

Textile Industry is highly labour intensive in nature. Our human resource policies are targeted at creating a motivated work force. Our efforts in building a conducive work atmosphere have helped us in having lower attrition rates. The Company has established various training centres for up-gradation of worker skills. Our work force consists of approx. 4000 employees. We believe our sophisticated equipment and skilled employee resources, together with our strong management and design capabilities, enable us to successfully implement various expansion projects.

Cautionary Statement:

Statements in Management discussion and analysis report with regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the management envisages in terms of performance and outlook. Market data and product information contained in this report have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

The management of the Company reserves the right to re-visit any of the predictive statement to decide the best course of action for the maximization of the shareholders' value apart from meeting social and human obligations.

## **2. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Your Company is committed to the attainment of highest level of transparency, integrity, accountability and equity in all dealings with shareholders, employees, lenders, government and other business constituents in all dealings in pursuit of its overall organizational goals.

In pursuance of the above, the Board of Directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws. There is adequate representation of independent directors on the Board. We believe in timely and transparent disclosure of information.

Our focus on sustainable growth, productivity improvement, commitment to quality, self-discipline, value of time, safety in operations and total customer satisfaction is unrelenting.

The Company will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in place with the changing economic environment from time to time as it feels that the Corporate Governance should be need based and is not seen only as an issue of compliance dictated by Statutory requirements.



## 2(A) Code of Business Conduct and Ethics for Directors and Senior Management:

The Board has adopted the Code of Business Conduct and Ethics for Directors and Senior Management (“the code”). This code is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive as well as members of Senior Management. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers around the following theme- “ The Company’s Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.”

The Code has been circulated to all the members of the Board and Senior Management. A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2009-10.

Neeraj Saluja  
Mg. Director

## 2(B) Whistle Blower Mechanism:

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified person/Audit Committee and have never been denied access in reporting as such.

## 3. BOARD OF DIRECTORS:

### (a) Board Meetings

During the financial year 2009-10, 17 Board Meetings were held on 29.04.2009, 14.05.2009, 30.06.2009, 31.07.2009, 28.08.2009, 18.09.2009, 15.10.2009, 23.10.2009, 31.10.2009, 14.11.2009, 01.12.2009, 10.12.2009, 14.12.2009, 07.01.2010, 16.01.2010, 02.02.2010 and 10.03.2010 respectively.

### (b) Composition

The Board comprises of Eight Directors of which Four are Independent Non-Executive Directors.

The details of the Board composition, attendance of Directors at Board Meetings held during 2009-10 and their other memberships are given below:

S. No	Name	Designation	Category	No. of Board Meetings Attended	Attendance at Last AGM	Total Number of Directorships in other Public Ltd. Companies		No. of Committee Positions in Public Ltd. Companies*	
						Chairman	Member	Chairman	Member
1	R.S. Saluja	Chairman	Promoter	14	Yes	1	--	--	2
2	Neeraj Saluja	Managing Director	Promoter	10	Yes	1	2	1	--
3	Dhiraj Saluja	Whole time Director	Promoter	02	No	--	2	--	--
4	Ashwani Kumar	Director	Independent	04	Yes	--	7	5	3
5	Sanjiv Garg	Director	Independent	15	Yes	--	1	--	3
6	Amar Narang	Director	Independent	16	Yes	--	1	2	2
7	Navneet Gupta	Director	Executive	17	Yes	--	3	--	3
8	Ranjan Madaan	Director	Independent	12	No	--	--	--	--

**Notes:**

Mr. Neeraj Saluja and Mr. Dhiraj Saluja are sons of Mr. Ram Saran Saluja, all on the Board of the Company.

\*In accordance with Clause 49, Memberships/Chairmanships of only the Audit committees and Shareholders'/Investors Grievance Committees of all Public Limited Companies have been considered.

The holding(s) of Non-Executive directors in the Company as on 31.03.2010 is given as under:

Name of the Director	No. of shares held (face value of Rs.10/- each)
Mr. R.S. Saluja	3019335
Mr. Ashwani Kumar	75
Mr. Sanjiv Garg	--
Mr. Amar Narang	3590
Mr. Ranjan Madaan	--

(c) Information of Directors including those being Appointed/Re-appointed

Particulars of Directors seeking appointment/re-appointment are given in the Annexure annexed to the Notice for the ensuing Annual General Meeting.

(d) Audit Committee

The Audit Committee of the Company comprises of the following members namely Mr. Ashwani Kumar (Chairman), Mr. Amar Narang, Mr. Sanjiv Garg and Mr. Navneet Gupta. Mr. Ashwani Kumar, Mr. Amar Narang and Mr. Sanjiv Garg are non-executive Independent Directors of the Company.

The terms of reference of the Audit Committee are as contained in Clause 49 of the Listing Agreement and as in Section 292A of the Companies Act, 1956.

During the F.Y. 2009-10, the Audit Committee met on 07.05.2009, 30.06.2009, 31.07.2009, 31.10.2009 and 16.01.2010 respectively.

Attendance of each Member at the Audit committee meetings held during the year

Name of Member	No of meetings attended
Sh. Ashwani Kumar	3
Sh. Sanjiv Garg	5
Sh. Amar Narang	5
Sh. Navneet Gupta	4

(e) Remuneration Committee

The Company has constituted Remuneration Committee in line with Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreements.

The remuneration committee comprises of three members namely Mr. Amar Narang, Mr. Ashwani Kumar and Mr. Sanjiv Garg. Sh. Amar Narang is the chairman of the said committee.

All these members are non-executive Independent Directors of the Company. During the year the Remuneration Committee met on 31.07.2009 respectively.

Attendance of each Member at the Remuneration Committee meetings held during the year

Name of Member	No of meetings attended
Sh. Amar Narang	1
Sh. Sanjiv Garg	1
Sh. Ashwani Kumar	1

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors, based on performance.

The remuneration policy is directed towards rewarding performance, based on review of achievements. The remuneration policy is in consonance with the existing Industry practice.

#### 4. DIRECTORS' REMUNERATION:

The Company pays remuneration to the Managing Director, Whole time Director and Executive Director as approved by the members of the Company in the General Body Meeting and as recommended by the Remuneration Committee of the board. The details of remuneration paid to them during the Financial year 2009-10 are given below:

NAME	DESIGNATION	SALARY (Rs. in Lacs)	PERKS (Rs. in Lacs)	GROSS (Rs. in Lacs)
Sh. Neeraj Saluja	Managing Director	48.54	4.88	53.42
Sh. Dhiraj Saluja	Whole time Director	54.50	5.50	60.00
Sh. Navneet Gupta	Executive Director	6.28	0.32	6.60

The tenure of appointments with the Managing Director, Whole time Director and Executive Director are for a period of 3 years each respectively with no severance fees.

The Company at present does not have a Scheme for grant of Stock Options to the Managing Director/Executive Director(s) or Employees of the company.

Non-executive Directors have not been paid any other remuneration except Sitting fees for attending meeting(s) during the Financial Year 2009-10. The criteria for payment of remuneration is time spent by the Non-Executive directors at the Board/Committee meetings and advice given by these directors to the Management.

There were no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Non-Executive Directors.

#### 5. SHAREHOLDERS GRIEVANCE COMMITTEE:

The Shareholders Grievance Committee of the Company comprises of the following members namely Mr. Amar Narang, Mr. R.S. Saluja and Mr. Sanjiv Garg. Sh. Amar Narang is the chairman of the said committee.

The Compliance officer of the committee is Mr. Amar Narang. The quorum for the meeting is two Directors and the committee meets frequently to dispose of Investors complaints/requests as required.

During the F.Y. 2009-10, One Investor complaint was received which was resolved satisfactorily. Further, there was no pendency in respect of share received for transfers/dematerialization.

#### 6. GENERAL BODY MEETINGS:

The details of last three Annual General Meetings (AGM) are as follows:

MEETING	DAY, DATE & TIME OF MEETING	VENUE	NO. OF SPECIAL RESOLUTIONS
9 <sup>th</sup> AGM	Wednesday, 26.08.2009 9.00 A.M.	274, G.T. ROAD, DHANDARI KHURD, LUDHIANA (PUNJAB) 141010	TWO
8 <sup>th</sup> AGM	Tuesday, 30.09.2008 11.00 A.M.	274, G.T. ROAD, DHANDARI KHURD, LUDHIANA (PUNJAB) 141010	NONE
7 <sup>th</sup> AGM	Thursday, 19.07.2007 11.00 A.M.	274, G.T. ROAD, DHANDARI KHURD, LUDHIANA (PUNJAB) 141010	NONE

No Extra-ordinary General Meeting of the company was held during the F.Y. 2009-10.

The Company did not pass any resolution through postal ballot during the financial year 2009-10 and further the Company do not propose to pass any resolution through postal ballot in the ensuing Annual General Meeting.

#### 7. DISCLOSURES:

During the period under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the company at large.

There has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### Convertible Warrants and GDR Issue:

Out of 76,50,000 convertible warrants issued on 9<sup>th</sup> April, 2008, a total of 38,41,000 warrants were converted into Equivalent Number of Equity shares of the Company and the rest 38,09,000 warrants elapsed due to non-exercise of convertible option upon them, within a period of 18

months from the date of issue of the warrants and the 10% money paid upon them was forfeited by the Company. Further, during the year, the Company has with the approval of members, issued and allotted on 18<sup>th</sup> September, 2009, 66,00,000 convertible Equity warrants on preferential basis to various entities, entitling them to apply for equivalent number of Equity Shares of the face value of Rs.10/- each of the Company. These entities have paid 25% of the issue price on subscription to the warrants and the balance issue price is payable upon exercise of the right to apply for the Equity Shares within a period of 18 months from the date of issue of the warrants. Till date 57,00,000 warrants out of the said 66,00,000 warrants allotted, have been converted into Equity shares of the Company and the balance 9,00,000 warrants were pending as on 31.03.2010 and are still pending as on date.

During the year, the Company also raised funds through the GDR (Global Depositary Receipts) Issue. The company issued 56,00,000 Global Depositary Receipts (GDRs) on 14.12.2009 representing 56,00,000 Equity Shares of the Company at a price of US\$ 1.52 per GDR. The GDRs were listed on the Luxembourg Stock Exchange. The said GDRs were cancelled/converted and there was no share outstanding in lieu of the said GDRs as on 31.03.2010.

Further the Company issued its second tranche of GDR issue on 04.05.2010 whereby the Company issued 30,00,000 Global Depositary Receipts (GDRs) representing 3,00,00,000 Equity Shares of the Company (Each GDR representing 10 Equity shares of the Company) at a price of US\$ 15.50 per GDR. These GDRs are listed on the Luxembourg Stock Exchange.

#### Compliance with clause 49 Mandatory Requirements

The Company is compliant with the applicable mandatory requirements of the clause 49.

#### Non Mandatory Requirements

Remuneration Committee: The Board has constituted a Remuneration Committee, details of which have been given earlier.

Whistle Blower Policy: Though there is no formal Whistle Blower Policy, the Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified person/Audit Committee and have never been denied access in reporting as such.

#### 8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Report, filings made with Stock Exchanges and by filing reports & returns with the Statutory bodies like the Registrar of Companies.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS:

### 10<sup>th</sup> Annual General Meeting:

Date and Time : Saturday, the 7<sup>th</sup> day of August, 2010  
09.00 A.M.  
Venue : Regd. Office of the Company:  
274, G.T. Road, Dhandari Khurd, Ludhiana (Pb.)  
141 010

### Financial year 2010-11

First Quarterly Results : By end of July, 2010/Mid Aug. 2010  
Second Quarterly Results : By end of October, 2010/Mid. Nov. 2010  
Third Quarterly Results : By end of January, 2011/Mid. Feb. 2011  
Fourth Quarterly Results : By end of April, 2011/Mid. May, 2011  
Annual Results 2010-11 : In the month of May/June, 2011

Date of Book Closure : August 6, 2010 to  
August 7, 2010  
(both days inclusive)

(iv) Dividend Payment Date : No dividend has been declared for the F.Y.  
2009-10

(v) Listing :The Equity Shares of the Company are  
Listed with:  
Bombay Stock Exchange Limited,  
National Stock Exchange of India Limited

(vi) Stock code NSE: SELMCL  
BSE: 532886  
ISIN Number for NSDL/CDSL:  
INE105I01012

(vii) Stock Market Data

The highest and the lowest share prices are indicated below:

Month	BSE SENSEX		At Bombay Stock Exchange Limited (BSE) (in Rs.)		At National Stock Exchange of India Limited (NSE) (in Rs.)	
	High	Low	Month's high quoted price	Month's low quoted price	Month's high quoted price	Month's low quoted price
April, 2009	11,492.10	9,546.29	110.10	61.00	111.15	61.00
May, 2009	14,930.54	11,621.30	94.50	69.00	93.85	69.70
June, 2009	15,600.30	14,016.95	88.40	60.00	88.85	59.60
July, 2009	15,732.81	13,219.99	76.70	51.25	77.55	51.40
August 2009	16,002.46	14,684.45	78.90	61.75	79.85	60.10
September 2009	17,142.52	15,356.72	87.60	65.00	87.70	68.25
October 2009	17,493.17	15,805.20	82.40	66.25	82.45	65.25
November 2009	17,290.48	15,330.56	74.70	64.90	74.90	65.20
December 2009	17,530.94	16,577.78	86.25	69.85	86.20	70.40
January 2010	17,790.33	15,982.08	107.20	82.40	107.00	82.20
February 2010	16,669.25	15,651.99	98.00	79.10	97.90	79.00
March 2010	17,793.01	16,438.45	89.95	61.35	89.20	61.20

(viii) Dematerialisation of Shares/ Registrar Transfer Agents & Share Transfer system:

The equity shares of the Company are available for dematerialization through National Securities Depository Limited (NSDL) And Central Depository Services (India) Limited (CDSL).

The international Securities Identification Number (ISIN) IS ISIN-INE105I01012

The Company has appointed M/s Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Limited) having its office at A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi 110028 as Registrar for depository services and share transfer work.

The dematerialized shares will be directly transferred to the beneficiaries through the depositories. The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates/option letters is completed within a period of 10-15 days if the documents are in order in all respects.

The Shareholders Grievance Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.



(ix) Distribution of shareholding as on 31.03.2010

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to total
Up to 250	23952	77.738	1843053	6.071
251 to 500	3346	10.860	1318529	4.343
501 to 1000	1820	5.907	1464321	4.824
1001 to 2000	839	2.723	1265435	4.169
2001 to 3000	282	0.915	720881	2.375
3001 to 4000	110	0.357	394155	1.298
4001 to 5000	103	0.334	481623	1.587
5001 to 10000	174	0.565	1283653	4.229
10001 and above	185	0.600	21585350	71.105
<b>TOTAL</b>	<b>30811</b>	<b>100</b>	<b>30357000</b>	<b>100</b>
<b>Physical Mode</b>	<b>7</b>	<b>0.02</b>	<b>7593911</b>	<b>25.02</b>
<b>Electronic Mode</b>	<b>30804</b>	<b>99.98</b>	<b>22763089</b>	<b>74.98</b>

(x) Share Holding Pattern as on 31.03.2010

Category	Number of Shares	% to Total Shares
Promoter and Promoter Group	11739044	38.67
Financial Institutions/Banks	232330	00.77
Foreign Institutional Investors	100000	00.33
Bodies Corporate	9140220	30.11
Public (Individuals)	8061471	26.55
Others	1083935	03.57
<b>TOTAL</b>	<b>30357000</b>	<b>100</b>

(xi) Details of Unclaimed shares as on 31.03.2010 issued pursuant to Initial Public Offer (IPO):

S. No.	Particulars	Cases	No. of Shares
1.	Aggregate Number of Shareholders and the outstanding shares in the Suspense account (i.e. ISRL-IPO Escrow Account) lying at the beginning of the year i.e. 01.04.2009.	02	1079
2.	Number of shareholders who approached for transfer of shares from suspense/escrow account during the year.	01	718
3.	Number of Shareholders to whom shares were transferred from suspense/escrow account during the year.	01	718
4.	Aggregate number of Shareholders and outstanding shares in the Suspense Account at the end of the year i.e. 31.03.2010.	01	361

(xii) Registrars and Transfer Agents

Link Intime India Pvt. Ltd.  
(Formerly Intime Spectrum Registry Limited)  
A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase-II, Near Batra Banquet Hall,  
New Delhi 110 028  
Phone No: 011- 41410592, 93, 94  
Fax no: 011- 4141 0591  
E-mail [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

(xiii) Investors Correspondence:

- (a) Investor correspondence: All queries of investors regarding the Company's shares in physical/demat form, payment of dividend on shares, etc. may be sent to the following address:

Link Intime India Pvt. Ltd.  
(Formerly Intime Spectrum Registry Limited)  
A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase-II, Near Batra Banquet Hall,  
New Delhi 110 028  
Phone No: 011- 41410592, 93, 94  
Fax no: 011- 4141 0591  
E-mail [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

- (b) For securities held in Demat form

To the Depository Participant

- (c) Any query on Annual Report

Secretarial Department  
SEL Manufacturing Company Ltd.,  
274, G.T. Road, Dhandari Khurd,  
Ludhiana (Pb.) 141010

(xiv) Plant locations of the Company and its subsidiary(ies):

- (a) Vill: Lal Kalan. Teh: Samrala  
Ludhiana-Chandigarh Road, Near Neelon Canal Bridge, Ludhiana  
(b) Vill Bajra Road, Ludhiana 141 007  
(c) Plot No. 106, Industrial Area, Baddi (SFS) , Dist: Solan, H.P.  
(d) 274, G.T. Road, Dhandari Khurd, Ludhiana 141 010  
(e) C 256-257, Phase VIII, Focal Point, Ludhiana  
(f) A-15, Phase-VII, Focal Point, Ludhiana,

- (g) Plot No. 90, Industrial Area, Baddi (SFS), District Solan, Himachal Pradesh
- (h) Vill. Shekhan Majara, Machiwara Rahon Road, Teh. & Distt. Nawanshehar
- (i) 23KM Stone, Delhi-Hisar Highway, Hansi (Hisar)
- (j) 15B, RIICO Indl. Area, Neemrana, Distt. Alwar
- (k) Vill. Metwada, Teh. Ashta, Dist. Sehore, Madhya Pradesh

(xv) Unclaimed Dividends

There is no amount lying pending with the company till date which needed to be transferred to the Investor education and Protection fund administered by the Central Government.

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.

**CERTIFICATE**  
(on compliance of conditions of Corporate Governance)

To  
The Members of  
SEL Manufacturing Company Ltd.,

We have examined the compliance of conditions of Corporate Governance by SEL Manufacturing Company Ltd., for the year ended on 31st March, 2010, as per Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as per Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Dass Khanna & Co.,  
Chartered Accountants

Place: Ludhiana  
Date : 13.07.2010

(CHANDER SHEKHAR)  
PARTNER  
M. No: 093498

**Auditors' Report**

The Members  
**SEL Manufacturing Company Limited**

1. We have audited the attached balance sheet of **SEL Manufacturing Company Limited** for the year ended as at 31st March, 2010 and also the profit and loss account for the year ended on that date and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi)

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Non confirmation of debit/credit balances as stated in note no 5 in annexure "T" and read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2010,
- b) In the case of the profit and loss account, of the profit for the year ended on that date, and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
Registration No. 000402N**

**PLACE: LUDHIANA  
DATED: 17.05.2010**

**(RAKESH SONI)  
PARTNER  
M.No. 83142**

## ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF **SEL MANUFACTURING COMPANY LIMITED** AS AT AND FOR THE YEAR ENDED **31<sup>ST</sup> MARCH 2010**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for certain items of fixed assets, the quantitative details of which, we are informed, are in the process of being compiled.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to information and explanations given to us, the company has not made any substantial disposal of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any secured/unsecured loans to company, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. Hence, clauses (iii)-(b), (c) and (d) are not applicable.
- (b) The company has, during the year, taken unsecured loan from a company covered in register maintained under section 301 of Companies Act, 1956. The amount involved in the transaction is Rs. 10 crores.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions in respect of such interest free loan is not, prima-facie, prejudicial to the interest of the company.

- (d) The said loan has been repaid in full during the year and there is no amount payable at the close of the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) rules, 1975. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 209-(1) (d) of the Companies Act, 1956 and we are of opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, custom duty, sales tax, excise duty, service tax, cess and other material statutory dues applicable to it though there has been slight delays in few cases of service tax, employee state insurance and provident fund which are not material.



- (b) According to the information and explanations given to us, the undisputed amounts payable in respect of Employees State insurance , Employees Provident Fund & Income Tax, which are in arrears, as at 31<sup>st</sup> March, 2010 for the period of more than six months from the date they became payable are as under :

Name of Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates	Due date
Employees State Insurance Act	Employers & Employees Share	344,465	April 09 to Aug. 09	21st of Every Month
Employees Provident Fund Act,	Employers & Employees Share	154,970	April 09 to Aug. 09	15th of Every Month
Income Tax Act, 1961	Income Tax	68,366,187	Asst Year 2010-11	15 <sup>th</sup> Sept. 09

- (c) According to the records of the Company, the detail of disputed statutory dues aggregating to Rs. 20,328,612/- that have not been deposited on the account of matter pending before the appellate authorities in respect of income tax is given below:

Nature of Dues / Name of Statue	Disputed Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	1,629,768/-	2005-06	Income Tax Appellate Tribunal, Chandigarh.
Income Tax Act, 1961	887,907/-	2006-07	Income Tax Appellate Tribunal, Chandigarh.
Income Tax Act, 1961	17,810,937/-	2007-08	Commissioner of Income Tax (Appeals), Ludhiana

- (x) The company has no accumulated losses as at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investment.

- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by its subsidiary from banks are not prejudicial to the interest of the company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year were applied prima facie for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have prima facie not been used for long term investments.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of equity warrants to parties covered in the register maintained under section 301 of the Act. In our opinion, the price at which equity warrants have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued debentures.
- (xx) The company has raised money by way of issue of Global Depository Receipts during the year and the funds raised are still unutilized and lying with the bank in overseas as referred to note-15 in Annexure 'T' of the balance sheet.
- (xxi) Based on the audit procedures performed and the information and explanations given by the management to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
Registration No. 000402N**

**PLACE: LUDHIANA  
DATED: 17.05.2010**

**(RAKESH SONI)  
PARTNER  
M.No. 83142**

# SEL MANUFACTURING COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

PARTICULARS	ANNEXURE	AS AT 31.03.2010	AS AT 31.03.2009
<b>A. SOURCES OF FUNDS</b>			
<b>I. SHARE HOLDERS' FUNDS</b>			
SHARE CAPITAL	A	303,570,000	171,660,000
RESERVES & SURPLUS	B	4,676,248,689	2,984,875,459
SHARE WARRANT	C	15,750,000	105,450,001
		4,995,568,689	3,261,985,460
<b>II. LOANS FUNDS</b>			
SECURED LOANS	D	9,193,465,987	6,009,942,706
UNSECURED LOAN	E	223,739,898	227,225,508
		9,417,205,885	6,237,168,214
<b>III. DEFERRED TAX LIABILITY</b>			
		324,481,766	225,723,662
	<b>TOTAL</b>	<b>14,737,256,340</b>	<b>9,724,877,336</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>I. FIXED ASSETS</b>			
GROSS BLOCK	F	5,340,682,206	3,411,351,181
LESS : DEPRECIATION		662,593,220	348,310,110
NET BLOCK		4,678,088,986	3,063,041,071
CAPITAL WORK IN PROGRESS / ADVANCES		2,473,313,180	1,501,472,564
		7,151,402,166	4,564,513,635
<b>II. INVESTMENTS</b>			
	G	1,589,069,262	1,030,423,805
<b>III. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
-INVENTORIES	H	2,118,992,261	1,133,296,764
-SUNDRY DEBTORS	I	3,051,246,487	2,166,458,812
-CASH AND BANK BALANCES	J	564,568,931	1,088,159,027
-LOANS & ADVANCES	K	780,735,195	687,207,194
		6,515,542,873	5,075,121,797
<b>IV. CURRENT LIABILITIES &amp; PROVISIONS</b>			
	L	519,524,891	946,332,296
<b>V. NET CURRENT ASSETS</b>			
	(III-IV)	5,996,017,982	4,128,789,501
<b>VI. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>			
PRELIMINARY EXPENSES		766,929	1,150,395
	<b>TOTAL</b>	<b>14,737,256,340</b>	<b>9,724,877,336</b>

**Notes on Accounts**

Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

(Rakesh Soni)  
Partner  
M.No. 83142

Place: Ludhiana  
Date: 17.05.2010

T

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Neeraj Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

# SEL MANUFACTURING COMPANY LIMITED

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(In Rupees)

PARTICULARS	ANNEXURE	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>			
SALES		9,422,162,366	5,899,468,580
OTHER INCOME	M	394,978,368	415,433,920
<b>TOTAL</b>		<b>9,817,140,734</b>	<b>6,314,902,500</b>
<b>EXPENDITURE</b>			
COST OF RAW MATERIAL	N	6,846,277,488	4,365,997,666
MANUFACTURING EXPENSES	O	631,332,631	381,904,173
PERSONNEL EXPENSES	P	<b>197,731,342</b>	<b>117,463,028</b>
ADMINISTRATION EXPENSES	Q	105,581,631	76,808,775
FINANCIAL EXPENSES	R	593,603,474	377,715,406
SELLING EXPENSES	S	204,028,976	138,354,872
DEPRECIATION		314,312,988	174,909,451
PRELIMINARY EXPENSES		383,466	383,466
<b>TOTAL</b>		<b>8,893,251,996</b>	<b>5,633,536,837</b>
<b>PROFIT BEFORE TAXATION</b>		<b>923,888,738</b>	<b>681,365,663</b>
<b>LESS : PROVISION FOR TAXATION</b>			
-CURRENT TAX		160,000,000	63,200,000
-WEALTH TAX		225,000	200,000
-DEFERRED TAX		98,758,104	111,210,498
-MAT CREDIT ENTITLEMENT		(3,946,529)	(44,588,742)
-FRINGE BENEFIT TAX		-	2,500,000
<b>PROFIT AFTER TAX</b>		<b>668,852,163</b>	<b>548,843,907</b>
<b>BALANCE BROUGHT FORWARD</b>		<b>1,959,585,494</b>	<b>1,496,742,342</b>
<b>PROFITS AVAILABLE FOR APPROPRIATIONS</b>		<b>2,628,437,657</b>	<b>2,045,586,249</b>
<b>ADD: TAX AJUSTMENTS RELATING TO PREVIOUS YEAR</b>		<b>(49,861,575)</b>	<b>73,999,245</b>
<b>LESS: TRANSFERRED TO GENERAL RESERVE</b>		<b>250,000,000</b>	<b>160,000,000</b>
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>2,328,576,083</b>	<b>1,959,585,494</b>

**EARNINGS PER SHARE BASIC**  
**EARNINGS PER SHARE DILUTED**

**32.08**  
**31.90**

**32.75**  
**31.70**

Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Rakesh Soni)  
Partner  
M.No. 83142

(Neeraj Saluja)  
Managing Director

(Navneet Gupta)  
Director

Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

**Cash Flow Statement for the Year Ended 31st March, 2010**

Particulars	Details (Rs.)	Current Year (Rs.)	Details (Rs.)	Previous Year (Rs.)
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes & Extraordinary Items		923,888,738		681,365,663
<b>Adjustments for Non Cash Items:</b>				
Preliminary Expenses W/Off	383,466		383,466	
Depreciation	314,312,988		174,909,451	
Interest Charged	566,512,681		353,918,236	
Interest on Car Loan	3,001,311		2,537,776	
Interest Received	(56,242,990)		(75,499,031)	
Dividend Received	(65,306)		(47,500)	
Share of Profit from Firm	(124,425,948)		(163,598,214)	
(Profit) / Loss on Sale of Fixed Assets	38,174	703,514,376	(10,469,208)	282,134,976
<b>Adjustments for Changes in Working Capital:</b>				
(Increase)/ Decrease in Sundry Debtors	(884,787,675)		(660,332,431)	
Increase/ (Decrease) in Current Liabilities	(426,807,405)		236,700,580	
(Increase)/ Decrease in Loans & Advances	(144,399,730)		(175,669,803)	
(Increase)/ Decrease in Inventories	(985,695,497)	(2,441,690,307)	(404,703,284)	(1,004,004,938)
<b>Cash Generation from Operations</b>		<b>(814,287,192)</b>		<b>(40,504,299)</b>
Taxes Paid		155,268,302		66,910,169
<b>Net Cash from Operating Activities</b>		<b>(969,555,494)</b>		<b>(107,414,468)</b>
<b>B Cash Flows from Investing Activities</b>				
Purchase of Fixed Assets & Capital Work in Process	(2,901,889,209)		(2,501,480,818)	
Sale of Fixed Assets	649,500		59,757,812	
Purchase of Investments	(558,645,457)		(171,811,854)	
Interest Received	56,242,990		75,499,031	
Share of Profit from Firm	124,425,948		163,598,214	
Dividend Received	65,306		47,500	
<b>Net Cash Flows from Investing Activities</b>		<b>(3,279,150,922)</b>		<b>(2,374,390,115)</b>
<b>C Cash Flows from Financing Activities</b>				
Proceeds from Issue of Capital	1,114,592,640		403,300,001	
Proceeds/(Repayment) of Long term Borrowings	3,183,523,281		2,969,144,521	
Proceeds/(Repayment) of Short term Borrowings	(3,485,610)		9,688,295	
Interest Paid	(566,512,681)		(353,918,236)	
Interest on Car Loan	(3,001,311)		(2,537,776)	
<b>Net Cash Flows from Financing Activities</b>		<b>3,725,116,319</b>		<b>3,025,676,804</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>(523,590,096)</b>		<b>543,872,221</b>
Cash & Cash Equivalents - Opening Balance		1,088,159,027		544,286,806
Cash & Cash Equivalents - Closing Balance		564,568,931		1,088,159,027

Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rakesh Soni)  
Partner  
M.No. 83142  
Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

**SHARE CAPITAL**

**ANNEXURE-A**

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	In Rupees	In Rupees
<b>AUTHORISED</b> 75,000,000 EQUITY SHARES OF RS. 10 EACH (Previous Year 50,000,000 Equity Shares of Rs. 10 Each)	750,000,000	500,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b> 30,357,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP (Previous Year 17,166,000 Equity Shares of Rs. 10 Each)	303,570,000	171,660,000
<b>TOTAL</b>	<b>303,570,000</b>	<b>171,660,000</b>

**RESERVES & SURPLUS**

**ANNEXURE-B**

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	In Rupees	In Rupees
<b>CAPITAL RESERVE</b> Opening Balance 881,425 Addition during the year 70,466,501	71,347,926	881,425
<b>SECURITIES PREMIUM</b> Opening Balance 704,208,540 Add: Share Premium received during the year 1,014,009,800 Less: Utilised for write back off capital raising expenses 12,093,660	1,706,124,680	704,208,540
<b>GENERAL RESERVE</b> Opening Balance 320,200,000 Add: Transferred from Profit & Loss Account 250,000,000	570,200,000	320,200,000
<b>SURPLUS</b> SURPLUS AS PER ANNEXED PROFIT & LOSS A/C	2,328,576,083	1,959,585,494
<b>TOTAL</b>	<b>4,676,248,689</b>	<b>2,984,875,459</b>

**EQUITY WARRANTS**

**ANNEXURE-C**

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	In Rupees	In Rupees
Nil (Previous Year 57,00,000) equity warrants, allotted on a preferential basis carrying an option to the holder of such warrants to subscribe to one equity share of Rs. 10/- each at a premium of Rs. 175/- per share for every warrant held, within 18 months from the date of allotment, (i.e. from April 9, 2008) Amount Received (10% of the total allotment price)	-	105,450,001
900,000 equity warrants, allotted on a preferential basis carrying an option to the holder of such warrants to subscribe to one equity share of Rs. 10/- each at a premium of Rs. 60/- per share for every warrant held, within 18 months from the date of allotment, (i.e. from Sept. 18, 2009) Amount Received (25% of the total allotment price)	15,750,000	-
<b>TOTAL</b>	<b>15,750,000</b>	<b>105,450,001</b>

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

<b>SECURED LOANS</b>		<b>ANNEXURE-D</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>TERM LOANS</b>			
Loans and Advances from Banks	6,319,519,467	3,931,365,013	
- Term Loans	2,873,946,520	2,078,577,693	
- Working Capital			
<b>TOTAL (A)</b>	<b>9,193,465,987</b>	<b>6,009,942,706</b>	

**Notes:**

1. The term loans from Banks are secured by equitable mortgage of entire Land & Building of the Company and further secured by all the Fixed Assets of the Company, immovable & movable, both present and future ranking parri passu basis and personally guaranteed by the promoter directors.

2. Working Capital Loans are secured by the Hypothecation of Stock-in-trade, Book Debts and Receivables of the Company and further secured by the second parri-passu charge with all term lenders on the entire fixed assets of the Company and guarantee of promoter directors.

3. Term Loan due for repayment within one year is Rs. 86.68 crores (Previous Year Rs. 39.77 crores)

<b>UNSECURED LOANS</b>		<b>ANNEXURE-E</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
FROM BANKS	223,739,898	227,225,508	
<b>TOTAL</b>	<b>223,739,898</b>	<b>227,225,508</b>	

**Notes:**

1. Amount due for repayment within one year is Rs. 21.31 crores (Previous Year Rs. 21.37 crores)

**(Rakesh Soni)**  
Chartered Accountant

**(N.Saluja)**  
Managing Director

**(Navneet Gupta)**  
Director

**(Rahul Kapoor)**  
Company Secretary

FIXED ASSETS	ANNEXURE-F									
	GROSS BLOCK					NET BLOCK				
	BALANCE AS ON 01.04.2009	ADDITIONS DURING THE YEAR	SALES/ADJUSTMENT THE YEAR	BALANCE AS ON 31.03.2010	BALANCE AS ON 01.04.2009	DEPRECIATION PROVIDED DURING THE YEAR	SALES/ADJUSTMENT THE YEAR	BALANCE AS ON 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
FREEHOLD LAND	207,217,385	68,016,072	-	275,233,457	-	-	-	275,233,457	275,233,457	207,217,385
LEASEHOLD LAND	54,030,600	-	-	54,030,600	604,874	586,535	-	1,191,409	52,839,191	53,425,726
BUILDING	1,030,011,260	671,366,719	-	1,701,367,979	48,518,948	47,427,039	-	95,945,987	1,605,421,991	981,492,312
ROAD	5,850,448	-	-	5,850,448	293,059	97,210	-	390,269	5,460,179	5,557,389
PLANT & MACHINERY	1,967,857,182	1,156,268,274	-	3,124,125,456	280,244,437	254,622,037	-	534,866,474	2,589,258,983	1,687,612,745
FURNITURE & FIXTURES	72,283,719	15,450,048	-	87,733,767	7,249,116	3,995,681	-	11,244,987	76,488,770	65,034,604
VEHICLES	64,411,136	15,957,534	717,556	79,651,114	10,319,740	7,046,012	29,882	17,335,871	62,315,243	54,091,386
OFFICE EQUIPMENT	9,689,440	2,999,946	-	12,689,386	1,079,940	538,273	-	1,618,213	11,071,173	8,609,500
<b>TOTAL</b>	<b>3,411,361,169</b>	<b>1,930,048,593</b>	<b>717,556</b>	<b>5,340,662,206</b>	<b>348,310,114</b>	<b>314,312,989</b>	<b>29,882</b>	<b>662,653,220</b>	<b>4,678,086,986</b>	<b>3,063,041,056</b>
Previous Year	2,082,160,347	1,379,814,425	50,623,591	3,411,351,169	174,735,646	174,809,451	1,334,987	348,310,114	3,063,041,056	1,907,424,701

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary



## SEL MANUFACTURING COMPANY LIMITED

INVESTMENTS PARTICULARS	ANNEXURE-G	
	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
<b>LONG TERM INVESTMENTS (AT COST)</b>		
<b>OTHER THAN TRADE</b>		
<b>(QUOTED)</b>		
3124 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Lim (Previous Year 25000 Equity Shares of Rs. 10/- each fully paid up of Reliance Petroleum Ltd. Being converted into Reliance Industries Ltd. in the current year)	3,000,000	3,000,000
229 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Li	67,555	67,555
<b>(UNQUOTED)</b>		
15000 Units of Rs.10 each of SBI INFRASTRUCTURE FUND	1,500,000	1,500,000
299300 Equity Shares of Re. 1 Each fully paid up of The Delhi Stock Excha Association Limited	20,951,000	20,951,000
24000 Equity Shares of Re. 10 Each fully paid up of Rhythm Textile & Apparels Park Limited	240,000	240,000
48050 Equity Shares of Re. 10 Each fully paid up of Silverline Textile Park Limited	480,500	480,500
<b>INVESTMENTS IN SUBSIDIARY COMPANY</b>		
28557900 Equity Shares of Re. 10 Each fully paid up of SEL Textiles Limited	448,767,000	-
Share Application Money in Rhythm Textile & Apparels Park Limited	61,600,000	61,600,000
<b>INVESTMENTS IN PARTNERSHIP FIRM</b>		
<b>99% SHARE IN KUDU INDUSTRIES</b>		
Capital (After adjusting Drawings)	614,652,815	
Add: Share of Profits	887,048	
	615,539,863	506,270,787
<b>99% SHARE IN SE EXPORTS</b>		
Capital (After adjusting Drawings)	313,384,444	
Add: Share of Profits	123,538,901	
	436,923,344	436,313,963
<b>TOTAL</b>	<b>1,589,069,262</b>	<b>1,030,423,805</b>
Market Value of Quoted Investments	3,360,972	2,382,458
Aggregate Value of Quoted Investments	3,067,555	3,067,555
Aggregate Value of UnQuoted Investments	1,586,001,707	1,027,356,250

SEL MANUFACTURING COMPANY LIMITED

ANNEXURE-H		
INVENTORIES PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
(TAKEN AS, VALUED & CERTIFIED BY THE MANAGEMENT)		
RAW MATERIALS	473,822,354	324,692,866
WORK IN PROCESS	167,257,926	120,456,437
FINISHED GOODS	1,373,918,743	656,204,180
STORES & SPARES	103,993,237	31,943,281
<b>TOTAL</b>	<b>2,118,992,261</b>	<b>1,133,296,764</b>

ANNEXURE-I		
SUNDRY DEBTORS PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
(UNSECURED, CONSIDERED GOOD)		
SUNDRY DEBTORS	1,809,175,989	1,117,450,160
MORE THAN SIX MONTHS	1,242,070,498	1,049,008,652
OTHERS		
<b>TOTAL</b>	<b>3,051,246,487</b>	<b>2,166,458,812</b>

ANNEXURE-J		
CASH & BANK BALANCES PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
CASH IN HAND (INCLUDING IMPREST)	19,926,618	15,458,685
BALANCE WITH SCHEDULED BANKS		
IN CURRENT ACCOUNTS	76,965,976	145,156,823
IN FIXED DEPOSIT ACCOUNTS	467,676,337	927,543,519
<b>TOTAL</b>	<b>564,568,931</b>	<b>1,088,159,027</b>

ANNEXURE-K		
LOANS AND ADVANCES PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
(UNSECURED, CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR A VALUE TO BE RECEIVED	727,751,672	633,409,805
PREPAID TAXES	28,075,139	30,164,505
SECURITY DEPOSITS	24,908,384	23,632,884
<b>TOTAL</b>	<b>780,735,195</b>	<b>687,207,194</b>

ANNEXURE-L		
CURRENT LIABILITIES AND PROVISIONS PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS		
- Dues of Micro, Small & Medium Enterprises	189,952,731	191,599,212
- Others	169,347,160	688,833,083
OTHER LIABILITIES		
<b>PROVISIONS</b>		
INCOME TAX	160,000,000	63,200,000
WEALTH TAX	225,000	200,000
FRINGE BENEFIT TAX	-	2,500,000
<b>TOTAL</b>	<b>519,524,891</b>	<b>946,332,296</b>

(Rakesh Soni)  
Chartered Accountant

(N.Saiuja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

		ANNEXURE-M	
OTHER INCOME		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		In Rupees	In Rupees
EXPORT INCENTIVES		214,173,124	165,819,967
INTEREST (Gross)		56,242,990	75,499,031
(TDS Rs. 7,941,685/- , Previous Year Rs. 15,164,504/-)		124,425,948	163,598,214
SHARE OF PROFIT FROM SUBSIDIARIES		-	10,469,208
PROFIT ON SALE OF FIXED ASSETS		65,306	47,500
DIVIDEND RECEIVED		71,000	-
RENTAL INCOME		394,978,368	415,433,920
<b>TOTAL</b>			

		ANNEXURE-N	
MATERIAL CONSUMED		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		In Rupees	In Rupees
<b>OPENING STOCKS</b>			
RAW MATERIAL		324,692,866	339,542,527
WORK IN PROCESS		120,456,437	68,031,292
FINISHED GOODS		656,204,182	318,398,688
		<b>1,101,353,485</b>	<b>725,972,507</b>
<b>PURCHASES</b>		7,759,923,027	4,741,378,642
<b>CLOSING STOCKS</b>			
RAW MATERIAL		473,822,354	324,692,866
WORK IN PROCESS		167,257,926	120,456,437
FINISHED GOODS		1,373,918,743	656,204,180
		<b>2,014,999,024</b>	<b>1,101,353,483</b>
<b>MATERIAL CONSUMED</b>		<b>6,846,277,488</b>	<b>4,365,997,666</b>

		ANNEXURE-O	
MANUFACTURING EXPENSES		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		In Rupees	In Rupees
JOB WORK EXPENSES		115,511,364	102,951,480
POWER & FUEL		454,681,607	238,164,066
CONSUMABLE & OTHER MATERIALS		4,590,457	24,207,318
REPAIR & MAINTENANCE		56,549,203	16,581,309
<b>TOTAL</b>		<b>631,332,631</b>	<b>381,904,173</b>

		ANNEXURE-P	
PERSONNEL EXPENSES		CURRENT YEAR	PREVIOUS YEAR
PARTICULARS		In Rupees	In Rupees
WAGES, SALARIES & OTHER ALLOWANCES		177,908,109	105,216,325
CONTRIBUTION TO ESI & OTHER FUNDS		13,554,492	8,228,917
STAFF & LABOUR WELFARE		6,268,741	4,017,786
<b>TOTAL</b>		<b>197,731,342</b>	<b>117,463,028</b>

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

ADMINISTRATIVE AND OTHER EXPENSES		ANNEXURE-Q	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
PRINTING & STATIONERY	2,540,638	1,894,470	
INSURANCE	7,631,515	5,464,076	
FEES & TAXES	3,172,890	3,366,681	
DONATION	340,738	240,652	
LEGAL & PROFESSIONAL CHARGES	9,855,796	6,766,447	
POSTAGE & COURIER CHARGES	4,484,600	1,469,946	
TELEPHONE & FAX EXPENSES	2,779,535	2,544,398	
<u>AUDITORS' REMUNERATION</u>			
-AUDIT FEE	1,215,000	750,000	
-TAX AUDIT FEE	340,000	220,000	
-REIMBURSEMENT OF EXPENSES	93,397	39,702	
-SERVICE TAX	160,165	99,910	
DIRECTOR'S REMUNERATION	12,002,834	9,818,912	
GENERAL REPAIR & MAINTENANCE	2,941,423	1,232,204	
OFFICE EXPENSES	1,364,613	3,198,040	
FESTIVAL EXPENSES	2,836,448	2,041,321	
RENT	3,464,323	743,552	
TRAVELLING & CONVEYANCE	13,374,425	11,175,665	
WATER CHARGES	13,059	21,466	
MISCELLANEOUS EXPENSES	2,312,367	378,107	
SERVICE TAX PAID	1,406,052	2,322,924	
ADVERTISEMENT	1,741,762	2,895,591	
LOSS ON SALE OF FIXED ASSET	38,174	-	
FOREIGN EXCHANGE FLUCTUATION	15,110,374	15,934,352	
SECURITY EXPENSES	122,266	123,855	
BUILDING REPAIR & MAINTANENCE	795,046	622,827	
LOSS BY FIRE	9,324,829	-	
VEHICLES EXPENSES	6,119,363	3,443,677	
<b>TOTAL</b>	<b>105,581,631</b>	<b>76,808,775</b>	

FINANCIAL EXPENSES		ANNEXURE-R	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
INTEREST ON WORKING CAPITAL LIMITS	252,076,021	171,131,367	
INTEREST ON TERM LOAN	314,436,660	182,786,869	
BANK CHARGES	23,756,620	19,175,897	
INTEREST, TO OTHERS	332,862	2,083,497	
INTEREST ON CAR LOAN	3,001,311	2,537,776	
<b>TOTAL</b>	<b>593,603,474</b>	<b>377,715,406</b>	

SELLING EXPENSES		ANNEXURE-S	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
BUSINESS PROMOTION	2,733,323	2,068,377	
SUNDRY BALANCES WRITTEN OFF	8,288,351	-	
COMMISSION	33,941,107	13,205,560	
CLEARING & FORWARDING CHARGES	29,009,641	14,723,696	
SALES INCENTIVE	-	148,106	
SALES TAX	6,032	-	
SAMPLE EXPENSES	121,979	-	
PACKING EXPENSES	78,740,171	71,518,699	
REBATE & DISCOUNT	5,980,320	1,885,049	
FREIGHT OUTWARD	45,208,052	34,805,385	
<b>TOTAL</b>	<b>204,028,976</b>	<b>138,354,872</b>	

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**Significant Accounting Policies and Notes to Accounts****ANNEXURE-T****I. Significant Accounting Policies****A. Accounting Convention**

The accounts are prepared on historical cost convention in accordance with the generally accepted accounting principles, the applicable accounting standards referred to in section 211 (3C) and other relevant provisions of the Companies Act, 1956.

**B. Revenue Recognition****i) Sales**

Revenue from sale of goods is recognized:

- (i) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Export Incentives**

Revenue in respect of the above benefits is recognized on post export basis.

**iii) Dividend**

Dividend income is recognized when the right to receive the payment is established.

**iv) Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**C. Investments**

Long term Investments are carried at cost less provision, if any, for diminution in value which is other than temporary, and current investments are carried at lower of cost and fair value.

**D. Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- i) In respect of Raw Materials & Consumable Stores on FIFO basis.
- ii) In respect of Work in process and Finished Goods, at weighted average cost of raw material plus conversion cost & packing cost incurred to bring the goods to their present condition & location.
- iii) In respect of trading goods, on specific identification method.

**E. Foreign Currency Transactions**

1. Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction except sales that are recorded at rate notified by the customs for invoice purposes. Such rate is notified in the last week of every month and is adopted for recording export sales of next month.
2. Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at balance sheet date are recognized as income or expenses in period in which they arise, except the exchange difference in case of fixed assets which have been adjusted to the cost of fixed assets.
3. Foreign currency non monetary items, which are carried in terms of historical cost, are reported using exchange rate at the date of transaction.

**F. Fixed Assets****(i) Fixed Assets**

Fixed Assets are stated at acquisition cost including inward freight, duties, taxes and incidental expenses relating to acquisition net of subsidy relating to specific fixed asset and accumulated depreciation.

**(ii) Capital work in progress**

Capital work in progress includes cost of assets at site, construction expenditure and advances made for acquisition of capital assets.

**G. Cenvat Credit**

Cenvat Credit on excise duty paid inputs, capital assets and inputs services is recognized in accordance with the Cenvat Credit Rules, 2004.

**H. Depreciation/Amortisation**

- (i) Depreciation has been provided under Straight Line Method at the rates specified in Schedule XIV of Companies Act, 1956. Depreciation on assets costing Rs. 5000/- or below is charged @ 100% per annum on proportionate basis.
- (ii) The leasehold land is amortized over the lease period.

**I. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred.

**J. Employee Benefits****(i) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

**(ii) Gratuity:**

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme of Life Insurance Corporation of India (LIC) and contribution in respect of such scheme is recognized in the Profit & Loss Account. The liability/asset as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with Accounting Standard 15 on 'Employee Benefit'.

**(iii) Leave with wages**

Provision for earned leave due for the year is made on the actual valuation as at the close of the year.

**K. Expenditure incurred during construction period**

In respect of new/major expansion, the indirect expenditure incurred during construction period upto the date of commencement of commercial production, which is attributable to the construction of the project, is capitalized on various categories of fixed assets on proportionate basis.

**L. Miscellaneous Expenditure**

Preliminary Expenses are written off over a period of 5 years from the year in which the new unit commences production or operation.

**M. Accounting for Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

**N. Impairment of Assets**

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**O. Provisions and Contingent Liabilities**

- i) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:
  - a) The company has a present obligation as a result of a past event;
  - b) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - c) The amount of the obligation can be reliably estimated
- ii) Contingent liability is disclosed in the case of:
  - a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
  - b) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

**P. Earning per share**

Basic earning per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average numbers of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

**Notes on Accounts**

1. There are contingent liabilities in respect of the following items: No outflow is expected in view of the past history relating to these items:-

Particulars	(Rs. In Crores)	
	March 31, 2010	March 31, 2009
(i) Export Bills Discounted	32.63	17.18
(ii) Estimated amount of capital contracts remaining to be executed net of advances	19.97	16.44
(iii) Income Tax demand for AY 2004-05, 2005-06 & 2006-07 (Previous year for AY 2004-05) net of deposit of Rs. 3.61 crores (Previous year Rs. 3.56 crores) against the said demand.	1.86	0.31
(iv) Guarantees given by the Company on behalf of SEL Textiles Ltd. (Subsidiary Company)	67.15	-

**2. Related Party Disclosures**

Names of Related Parties and Relationships:

Sr. No.	Name of Related Party	Relationship
1	S. E. Exports	Subsidiary Partnership Firm
2	Kudu Industries	Subsidiary Partnership Firm
3	M/s SEL Textiles Ltd.	Subsidiary Company
4	*Mr. R. S. Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta	Key Management Personnel
5	Mrs. Sneh Lata Saluja Mrs. Ritu Saluja *Mrs. Reema Saluja	Relatives of KMP
6	M/s Rythm Textiles & Apparels Park Ltd. *M/s Silverline Textiles Park Ltd.	Associates
7	M/s Shiv Narayan Investments Pvt. Ltd. M/s Saluja International M/s Saluja Fabrics *M/s SEL Aviation Pvt. Ltd. *M/s SEL Developers Pvt. Ltd.	Enterprises over which key management personal and relatives of such personal is able to exercise significant influence

\* No transactions have taken place during the year.

Amounts (Rs. in Crores)

Transactions with Related Parties	Current Year	Previous Year
<b>Purchase &amp; Processing of Goods</b>		
Shiv Narayan Investments Pvt. Ltd.	-	5.35
Saluja Fabrics	-	2.00
SE Exports	4.78	17.76
Saluja International	4.93	17.15
Kudu Industries	79.65	21.40
SEL Textiles Ltd.	6.68	-
Purchase of Machinery-S.E. Export	-	0.05
Purchase of Machinery-Kudu Industries	0.01	0.08
Total	96.05	63.79
<b>Sale &amp; Processing of Goods</b>		



SE Exports	4.00	10.15
Saluja International	24.98	12.05
Kudu Industries	72.10	20.00
SEL Textiles Ltd.	3.43	-
Sale of land to Rythm Textiles & Apparels Park Ltd.	-	5.86
Total	104.51	48.06
<b>Investment</b>		
<b>Subsidiary Firms</b>		
-SE Exports	31.33	27.35
- Kudu Industries	61.47	50.55
<b>Subsidiary Company</b>		
- SEL Textiles Ltd.	44.88	-
<b>Associate Companies</b>		
- Rythm Textiles & Apparels Park Ltd.	-	0.02
- Silverline Textiles Park Ltd.	-	0.05
<b>Share Application Money Given-Received Back</b>		
<b>Associate Companies</b>		
- Rythm Textiles & Apparels Park Ltd.	3.99	-
<b>Subsidiary Company</b>		
- SEL Textiles Ltd.	24.00	-
<b>Others</b>		
- Shiv Narayan Investments Pvt. Ltd.	2.33	-
<b>Share Application Money Given</b>		
<b>Associate Companies</b>		
- Rythm Textiles & Apparels Park Ltd.	-	6.16
<b>Equity Contribution Received in Cash</b>		
<b>Key Management Personnel</b>		
- Dhiraj Saluja	27.02	-
<b>Relative of Key Management Personnel</b>		
-Reema Saluja	26.85	-
<b>Share of Profit</b>		
<b>Subsidiary Firms</b>		
-SE Exports	12.35	16.28
- Kudu Industries	0.09	0.08
<b>Advances Received-Repaid</b>		
<b>Relative of Key Management Personnel</b>		
-Ritu Saluja	0.30	-
<b>Others</b>		
-Shiv Narayan Investments Pvt. Ltd.	10.00	-
<b>Advances Given-Repaid</b>		
<b>Key Management Personnel</b>		
- Navneet Gupta	-	0.08
<b>Rent Paid</b>		
<b>Relative of Key Management Personnel</b>		
- Ritu Saluja	0.01	0.01
- Sneh Lata Saluja	0.01	0.01
<b>Rent Received</b>		
<b>Associate Companies</b>		
- Rythm Textiles & Apparels Park Ltd.	0.01	-
<b>Subsidiary Company</b>		
- SEL Textiles Ltd.	0.01	-
<b>Salary Paid</b>		
<b>Key Management Personnel</b>		
- Neeraj Saluja	0.53	0.52
- Dhiraj Saluja	0.60	0.40
- Navneet Gupta	0.07	0.06
<b>Relative of Key Management Personnel</b>		
	0.05	

-Ritu Saluja		0.05
<b>Corporate Guarantee Given</b>		
<b>Subsidiary Company</b>		
- SEL Textiles Ltd	67.15	-
<b>Summarized Closing Balance of Related Parties (Debit)</b>	177.24	100.56
<b>Summarized Closing Balance of Related Parties (Credit)</b>	-	8.49

### 3. Earnings Per Share

The calculation of Earnings per Share as disclosed in the statement of Profit & Loss has been in accordance with Accounting Standard (AS)-20 on "Earning per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of Basic & Diluted EPS is as under:

Particulars	Unit	Current Year	Previous Year
Profit after tax before Extra ordinary Items (A)	Rs. In Lacs	6688.52	5478.38
Weighted average number of equity shares (B)	No.	20847797	16756411
Weighted average number of Potential equity shares (C)	No.	120205	557507
Total (D)	No.	20968003	17313918
Basic EPS (A/B)	Rs.	32.08	32.75
Diluted EPS (A/D)	Rs.	31.90	31.70

### 4. Deferred Tax (Asset)/Liability

Particulars	DTL or (DTA) on 1 <sup>st</sup> April 2009	Current year charge/ (credit)	DTL or (DTA) as at 31st March 2010
Timing Difference due to Depreciation	228,715,347	97,946,495	326,661,842
Previous Year Adjustments	2,178,742	21,135	2,199,877
Disallowance u/s 35D	(31,686)	32,638	952
Loss on sale of fixed assets	(5,138,741)	757,836	(4,380,906)
<b>Total</b>	<b>225,723,661</b>	<b>98,758,104</b>	<b>324,481,765</b>

- Debit or Credit balances on whatsoever account are subject to confirmation from parties; as such their effect on profit and loss account cannot be reflected.
- In opinion of the Board, all the current assets, loans & advances have the value on realization in the ordinary course of business at-least equal to amount at which they are stated.
- Current Assets, Loans & Advances includes Rs. 20.85 Crores due from firms as debtors in which directors of the company are interested as partners.
- Expenses on issue of Shares & GDRs are being adjusted against Securities Premium Account as permitted by the Section 78 of the Companies Act.
- The Company is one of the partner in partnership firm M/S SE Exports and M/s Kudu Industries. The name of the partners and their profit sharing ratio are as under:

#### SE Exports

Name of Partner	Profit Sharing Ratio	Capital (Rs.) As on 31.03.10
Mr. Dhiraj Saluja	0.50%	1,725,098/-
Mrs. Reema Saluja	0.50%	1,436,660/-
SEL Manufacturing Co. Ltd.	99.00%	436,923,344/-

**Kudu Industries**

Name of Partner	Profit Sharing Ratio	Capital (Rs.) As on 31.03.10
Mr. Neeraj Saluja	0.50%	16,464/-
SEL Manufacturing Co. Ltd.	99.50%	615,539,863/-

## 10. Segment Reporting

## a) Primary Segment: Business Segment

The company is operating into a single business i.e Textile and all business activities revolve around this segment.

## b) Secondary Segment: Geographical segment

The company has identified geographical segment as its secondary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets. The financial information about geographical segment is presented below:

Particulars	India	Rest of World	(Rs. In crores)
			Total
Operating Revenue	626.01	316.21	942.22
Previous Year	(402.98)	(186.97)	(589.95)

11. The Company has purchased, through auction by Official Liquidator, the assets of a closed unit namely, Mangla Cotex Limited for Rs. 6.70 Crores. However, so far the Company has paid Rs. 1.675 Crores as advance for property, which has been shown under Capital Work in Process & Advances, and the possession of the same would be taken only after the confirmation of auction by the High Court.
12. The tax paid u/s 115JB (MAT) of Income Tax Act, 1961 has been treated as an asset in accordance with the provision of the Guidance note for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India. The MAT credit entitlement for the current year is on the basis of statement of assessable income prepared on provisional basis.
13. Cheques issued but not presented for payment amounting to Rs. 308,253,944/- (Previous Year Rs. 181,304,529/-) have been shown as Rs. 84,329,964/- (Previous Year Rs. 135,057,338/-) under the head other liabilities after netting of Cheques in Hand Rs. 223,923,980/- (Previous Year Rs. 46,247,191/-).
14. The Managing, Whole time Director & Executive Director have been paid remuneration in accordance with Schedule XIII to Companies Act, 1956 as per particulars given below:

Particulars	Amounts (Rs. In lacs)
Salary (Incl. Allowances)	119.37
Bonus & Leave with Wages	0.66
Total	120.03

15. The Company has issued 56,00,000 Global Depository Receipts (GDRs) at the rate of USD 1.52 per GDR amounting to Rs. 39.71 crores (USD 8,512,000), out of which USD 8,392,000 (after netting of USD 120,000 for GDRs issue expenses) is still unutilized and lying with Punjab National Bank, International Branch, London in the form of fixed deposit. The said amount is shown in "Balances with Scheduled Bank in Fixed Deposits Account" in Annexure-J of Cash & Bank Balances.

16. (i) During the year the Company had allotted 6,600,000 equity warrants on preferential basis, carrying an option to the holder of such warrants to subscribe to one equity share of Rs. 10/- each at a premium of Rs. 60/- per share for every warrant held, within 18 months from the date of allotment

(i.e. from Sept. 18, 2009), in terms of SEBI (DIP) Guidelines read with SEBI (Issue of Capital & Disclosure Requirements) Regulation, 2009. Out of above, holders of 5,700,000 equity warrants have exercised this option by depositing the remaining amount.

(ii) Out of the holders of 5,700,000 equity warrants issued on preferential basis in financial year 2008-09, 1,891,000 warrant holders have exercised their right for conversion of warrants into equity shares by depositing the balance consideration while the remaining holders of 3,809,000 warrants have not exercised their right of conversion within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited.

17. Payment to Auditors:

(Rs. In Crores)

Particulars	Current Year	Previous Year
Audit Fees	0.12	0.08
Tax Audit Fees	0.03	0.02
Service Tax	0.02	0.01
<b>Total</b>	<b>0.17</b>	<b>0.11</b>

18. The Micro, Small and Medium Enterprises Development Act, 2006 come into force w.e.f. 02.10.2006. The Company has not received any confirmation from its vendors / service providers regarding their status of registration under the said act. Hence, the disclosures required under the said Act have not been given.

19. The Company has under taken export obligation of Rs. 1077.92 crores to export of goods against the issuance of EPCG Licenses for the import of capital goods and duty free procurement of indigenous capital goods etc. Out of this, export obligations of Rs. 356.60 crores have already been fulfilled up to 31<sup>st</sup> March 2010.

20. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard (AS15) are as under:

a) **Gratuity**

The principal assumptions used in actuarial valuation of gratuity are as below

	<u>Current Year</u>	<u>Previous Year</u>
<b>1. Assumption</b>		
-Discount rate	8.00%	8.00%
-Expected rate of future salary escalation	7.00%	7.00%
<b>2. Change in present value of obligations as on 31.03.2010</b>		
- Present value of obligations as at beginning of year	1,376,747	-
- Interest Cost (LC Premium)	110,140	-
- Current service cost	1,130,003	-
- Benefits paid	(1,912)	(12,692)
- Actuarial gain on obligations	684,791	-
- Present value of obligations as at end of year	3,299,769	1,376,747
<b>3. Changes in fair value of plan assets as on 31.03.2010</b>		
-Fair value of plan assets at the beginning of year	2,644,014	-
-Expected return on plan assets	302,604	184,349
-Contributions	1,193,668	2,472,357
-Benefits paid	(1,912)	(12,692)
-Actuarial gain/(loss) on plan assets	-	-
-Fair value of plan assets at the end of year	4,138,374	2,644,014
<b>4. Fair value of plan assets</b>		
-Fair value of plan assets at beginning of year	2,644,014	-
-Actual return on plan assets	302,604	184,349

**SEL MANUFACTURING COMPANY LIMITED**

**Year Ending 31st March, 2010**

-Contributions	1,193,668	2,472,357
-Benefits paid	(1,912)	(12,692)
-Fair value of plan assets at the end of year	4,138,374	2,644,014
-Funded Status	838,605	1,267,267
-Excess of actual over estimated return on plan assets (Actual rate of return= Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	-	-
<b>5. Actuarial Gain/Loss recognized</b>	<b>(684,791)</b>	<b>-</b>
Actuarial (gain)/ loss on obligation	-	-
Actuarial (gain)/ loss for the year-plan assets	684,791	-
Actuarial (gain)/ loss on obligation	684,791	-
Actuarial (gain)/ loss recognized in the year	-	-
<b>6. Amount recognized in the Balance Sheet and Profit &amp; Loss Account</b>	<b>3,299,769</b>	<b>1,376,747</b>
- Present value of obligations as at the end of year	4,138,374	2,644,014
- Fair value of plan assets as at the end of the year	- 838,605	1,267,267
- Funded status	(838,605)	(1,267,267)
- Net Assets/ (Liability) recognized in Balance sheet	-	-
<b>7. Expenses recognized in Profit and Loss Account</b>	<b>1,130,003</b>	<b>-</b>
- Current service cost	110,140	-
- Interest cost (LC Premium)	(302,604)	(184,349)
- Expected return on plan assets	684,791	-
- Net Actuarial (Gain)/ Loss recognized in the year	1,622,330	-
Total Expense recognized in Profit and Loss Account	-	-

b) **Provident Fund:**  
During the year the company has recognized an expense of Rs 11,291,220/- towards provident fund scheme.

c) **Leave Encashment**  
During the year the company has recognized an expense of Rs 2,480,792/-.

21. Current Liabilities include Rs. 28348/- (Previous Year Rs 28348/-) on account of Unclaimed Dividend. Unclaimed Dividend does not include any amount due and outstanding to be credited to investor's Education and Protection Fund.

22. Project and Pre-operative Expenses:

		(Rs. In Crores)
Opening Balance	14.61	
Add: Expenses incurred during the year		
Bank Interest & Charges	11.86	
Power & Fuel	0.97	
Salary	0.23	
Consumables Stores	0.11	
Legal & Professional Charges	0.03	
Loss of Foreign Exchange Fluctuation	3.87	
Other Administration Charges	0.47	
	<u>17.54</u>	
	32.15	
Less: Allocated during the year		
Building	2.97	
Plant & Machinery	9.55	
Closing Balance	<u>19.63</u>	

23. The figures in bracket indicate deductions.

24. The figures of the previous year have been rearranged and / or regrouped, wherever considered necessary to facilitate comparison.
25. Additional information as required by paragraph 3&4 of Part II of Schedule VI of the Companies Act, 1956 and Balance Sheet abstract and Company's General Profile are enclosed herewith

Subject to our Separate  
Report of Even Date

For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Rakesh Soni)  
Partner  
M. No. 83142

(N. Saluja)  
Managing Director

(Navneet Gupta)  
Director

Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

1 Additional Information as required by paragraph 3 & 4 of the Part II of Schedule VI of the Companies Act, 1956

**A. PRODUCTION DATA**

Class of Goods			Licensed Capacity	Installed Capacity	Actual Production
Hosiery Garments	Pcs.	Current Year	N.A.	8,500,000	7,755,895
	Pcs.	Previous Year	N.A.	5,500,000	4,156,959
Knitted Cloth	Kgs.	Current Year	N.A.	7,050,000	5,163,360
	Kgs.	Previous Year	N.A.	7,050,000	3,624,631
Cotton/Polyster Yarn	Kgs.	Current Year	N.A.	149,856	20,506,084
	Kgs.	Previous Year	N.A.	99,456	17,153,339
Terry Towel	Tons	Current Year	N.A.	3,600	1,602
	Tons	Previous Year	N.A.	3,600	53

(Installed Capacities have been certified by the management and not verified by the Auditors being technical matter.)

(Installed Capacities per annum on the assumption of 300 working days in year except in the case cotton yarn where it is on the basis of 360 working days. The capacities in Garments and Dyed Knitted Cloth may vary depending on the quality of the final product desired.)

(In case of Cotton/Polyster Yarn , installed capacities are in the terms of spindles installed)

**B. Particulars of Sales**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Hosiery Garments	Pcs.	9,477,495	2,005,996,013	6,255,269	1,444,893,601
Yellow Soya Bean	MT	20,619	484,187,702	-	-
Waste	Kgs.	5,546,010	172,926,528	4,320,839	130,659,417
Knitted Cloth	Kgs.	13,246,025	2,812,606,665	11,298,761	1,913,374,888
Knitted Cloth	MT	-	-	1,580,990	203,912,485
Cotton/Polyster Yarn	Kgs.	28,043,075	3,364,133,768	16,270,843	2,105,566,697
Cotton	Kgs.	3,224,349	240,252,598	1,545,117	94,391,198
Terry Towel	Kgs.	1,262,325	342,059,092	27,020	6,670,294
<b>Total</b>			<b>9,422,162,366</b>		<b>5,899,468,580</b>

**C. Raw Material Consumed**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Yarn	Kgs.	7,890,808	948,555,479	7,477,094	1,179,765,033
Cotton	Kgs.	24,906,662	1,882,467,380	16,684,021	1,119,004,595
Cloth Consumed	Kgs.	912,200	186,408,336	811,661	167,243,630
Polyster Fibre	Kgs.	2,438,019	163,554,501	1,195,645	71,786,618
Dyed Yarn	Kgs.	999,159	152,836,077	99,363	9,634,319
		<b>37,146,848</b>	<b>3,333,821,773</b>	<b>26,267,784</b>	<b>2,547,434,195</b>

**D. Trading Goods Purchased**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Knitted Cloth	Kgs.	12,211,302	1,060,570,923	8,552,013	1,589,690,297
Hosiery Garments	Pcs.	3,592,018	690,396,656	3,143,690	619,103,811
Cotton Yarn	Kgs.	3,749,061	443,626,183	-	-
		<b>19,552,381</b>	<b>2,194,593,762</b>	<b>11,695,703</b>	<b>2,208,794,108</b>

**E. Opening and Closing Stock of Goods Produced and Traded in**

Current Year	Opening Stock		Closing Stock		
	Quantity	Value (Rs.)	Quantity	Value (Rs.)	
Knitted Cloth	Kgs.	907,678	145,371,307	1,169,336	304,957,400
Cotton Yarn	Kgs.	961,029	112,173,574	1,723,536	214,279,309
Polyster Yarn	Kgs.	67,214	6,255,617	(0)	-
Blended Yarn	Kgs.	187,311	18,696,298	83,823	8,804,643
Terry Towel	Kgs.	26,033	7,926,938	358,829	109,375,480
Hosiery Garments	Pcs.	2,258,848	356,552,483	4,129,266	672,386,388
Waste	Kgs.	271,398	9,227,963	1,653,309	64,115,523
			<u>656,204,180</u>		<u>1,373,918,743</u>

Note: Closing Stocks of Yarn includes 386867 kgs Lying at port and in warehouses.  
 Figures of Closing Stocks are given after adjusting Inter Unit Transfers and Internal Consumption.

**Opening and Closing Stock of Goods Produced and Traded in**

Previous Year	Opening Stock		Closing Stock		
	Quantity	Value (Rs.)	Quantity	Value (Rs.)	
Knitted Cloth	Kgs.	937,473	124,279,146	907,678	145,371,307
Cotton Yarn	Kgs.	333,055	34,664,775	961,029	112,173,574
Polyster Yarn	Kgs.	-	-	67,214	6,255,617
Blended Yarn	Kgs.	-	-	187,311	18,696,298
Terry Towel	Kgs.	-	-	26,033	7,926,938
Hosiery Garments	Pcs.	1,213,468	156,664,728	2,258,848	356,552,483
Waste	Kgs.	376,321	2,790,039	271,398	9,227,963
			<u>318,398,688</u>		<u>656,204,180</u>

**F. Bifurcation of Materials and Stores Consumed**

Class of Goods		Indigenous		Imported	
		Value	%	Value	%
Raw Material	Current Period	2,839,126,639	85%	494,695,134	15%
	Previous Year	2,547,434,195	100%	-	-
Stores & Spares	Current Period	47,614,590	83%	10,052,297	17%
	Previous Year	108,674,058	97%	3,633,268	3%

**G. CIF Value of Imports**

Current Period	1,023,088,839
Previous Year	445,408,558

**H. Expenditure in Foreign Currency**

Current Period	43,869,591
Previous Year	13,827,215

**I. FOB Value of Directs Exports**

Current Period	2,598,162,391
Previous Year	1,863,724,158



2 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	23679	State Code	16
Balance Sheet Date	31.03.2010		

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	56000	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	75910

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	14,737,252	Total Assets	14,737,252
		<u>Source of Funds</u>	
Paid-Up Capital	303,570	Reserve & Surplus	4,676,244
Secured Loan	9,193,466	Share Warrants	15,750
Unsecured Loans	223,740	Deferred Tax Liability	324,482
		<u>Application of Funds</u>	
Net Fixed Assets	7,151,402	Investments	1,589,065
Net Current Assets	5,996,018	Misc Expenditure	767

IV. Performance of Company (Amount in Rs. Thousand)

Turnover and other Income	9,817,136	Total Expenditure	8,893,252
Profit before Tax	923,884	Profit after Tax	668,848
Earning per Share (in Rs.)	32.08	Dividend (%)	-

V. Generic Names of Principle Products/Services of the Company (as per monetary terms)

Item Code No.	Product Description
5205.11	Hosiery Garments
5509.53	Knitted Cloth
5509.21	Cotton Yarn
6304.92	Terry Towel

**Statement pursuant to Section 212 of the Companies Act 1956 relating to Subsidiary Company**

Subsidiary	SEL Textiles Ltd.
Financial Year of the Subsidiary Company ended on	March 31, 2010
No. of Shares of the Subsidiary Company	28557900 shares of Rs. 10/- each fully paid up 99.75% Nil
Percentage of Holding ( Equity)	
Percentage of Holding ( Preference)	Nil
<b>The net aggregate of profit/losses of the Subsidiary Company for its financial year so far as they concern the members of the Holding Company</b>	
A) Dealt with in the Accounts for the period ended 31.03.2010	Nil
b) Not dealt with in the Accounts for the period ended 31.03.2010	24885455
<b>The net aggregate of profit/losses of the Subsidiary Company for its previous financial years so far as they concern the members of the Holding Company</b>	
a) Dealt with in the Accounts for all the previous financial years of the subsidiary	Nil
b) Not Dealt with in the Accounts all for the previous financial years of the subsidiary	Nil

(N.Saluja) (Navneet Gupta) (Rahul Kapoor)  
Managing Director Director Company Secretary

**Auditors' Report on Consolidated Financial Statements**

To the Board of Directors  
**SEL Manufacturing Company Limited**

- 1) We have audited the attached Consolidated Balance Sheet of **SEL Manufacturing Company Limited (the Company) and its subsidiaries (collectively referred to as "the group")** as at **31st March 2010**, the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) a) The Financial statements of the SEL manufacturing Company Limited incorporate the accounts of S.E Exports (partnership firm) for the year ended 31<sup>st</sup> March, 2010 which have been audited by us.  
  
a) We have not audited the financial statements of M/S Kudu Industries, a subsidiary partnership firm and M/s SEL Textiles Ltd., a subsidiary company whose financial statements reflect total assets of Rs 177.81 crores as at March 31, 2010, total revenues of Rs.144.87 crores and net cash outflows amounting to Rs. 0.09 crores for the year ended on that date (these figures include intra group balances and transactions which were eliminated on the consolidation) as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

4) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with requirements of Accounting Standard-21, Consolidated Financial Statements, and Accounting Standard-23, Accounting for Investments in Associates in Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

5) We report that

The Consolidated balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, subject to

- (a) non compliance of AS-15 "Employee Benefits" w.r.t. accounting of gratuity liability on cash basis by its subsidiaries M/S Kudu Industries and M/S S.E Exports as referred to in note no K (ii) of the annexure-T for Significant Accounting Policies and Notes to Accounts.

The impact of our observation in para 5 (a) regarding non compliance of AS-15 on relevant assets & liabilities and profit for the year could not be ascertained due to non availability of information.

6) Based on our audit and on the consideration of reports of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements subject to above and Non confirmation of debit/credit balances read together with notes thereon (as per Annexure T) gives a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the company as at 31st March 2010,
- b) In the case of the Consolidated Profit and Loss account, of the profit for the Group of the year ended on that date, and
- c) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
Registration No. 000402N**

**PLACE: LUDHIANA  
DATED: 17.05.2010**

**(RAKESH SONI)  
PARTNER  
M.No. 83142**

# SEL MANUFACTURING COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

PARTICULARS	ANNEXURE	AS AT 31.03.2010	AS AT 31.03.2009
<b>A.SOURCES OF FUNDS</b>			
<b>I.SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	A	303,570,000	171,660,000
RESERVES & SURPLUS	B	4,721,512,909	2,982,593,104
SHARE WARRANT	C	15,750,000	105,450,001
		<b>5,040,832,909</b>	<b>3,259,703,105</b>
<b>II. MINORITY INTEREST</b>		3,613,317	2,735,967
<b>III. LOANS FUNDS</b>			
SECURED LOANS	D	9,906,913,213	6,135,971,466
UNSECURED LOANS	E	225,656,936	227,225,509
		<b>10,132,570,149</b>	<b>6,363,196,975</b>
<b>IV. DEFERRED TAX LIABILITY</b>		336,416,927	225,723,662
	<b>TOTAL</b>	<b>15,513,433,302</b>	<b>9,851,359,710</b>
<b>B.APPLICATION OF FUNDS</b>			
<b>I. FIXED ASSETS</b>			
GROSS BLOCK	F	5,871,154,256	3,523,920,843
LESS : DEPRECIATION		691,012,045	358,150,400
NET BLOCK		5,180,142,211	3,165,770,443
CAPITAL WORK IN PROGRESS		2,726,609,356	1,539,682,230
		<b>7,906,751,567</b>	<b>4,705,452,673</b>
<b>II.INVESTMENTS</b>	G	131,919,055	87,939,055
<b>III.CURRENT ASSETS,LOANS &amp; ADVANCES</b>			
-INVENTORIES	H	2,788,221,763	1,177,369,990
-SUNDRY DEBTORS	I	3,759,774,571	2,944,373,804
-CASH AND BANK BALANCES	J	604,298,622	1,130,919,927
-LOANS & ADVANCES	K	1,122,663,056	822,403,752
		<b>8,274,958,012</b>	<b>6,075,067,473</b>
<b>IV. CURRENT LIABILITIES &amp; PROVISIONS</b>	L	800,962,259	1,018,249,885
<b>V. NET CURRENT ASSETS</b>	(III-IV)	7,473,995,752	5,056,817,588
<b>VI. MISCELLANEOUS EXPENDITURES</b> (To the extent not written off or adjusted)			
PRELIMINARY EXPENSES		766,929	1,150,395
	<b>TOTAL</b>	<b>15,513,433,302</b>	<b>9,851,359,710</b>

Notes on Accounts

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Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Rakesh Soni)  
Partner  
M.No. 83142

(Neeraj Saluja)  
Managing Director

(Navneet Gupta)  
Director

Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

# SEL MANUFACTURING COMPANY LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(IN RUPEES)

PARTICULARS	ANNEXURE	CURRENT YEAR	PREVIOUS YEAR
INCOME		9,375,498,472	6,041,660,258
SALES	M	305,628,426	282,622,660
OTHER INCOME			
TOTAL		9,681,126,898	6,324,282,918
EXPENDITURE	N	6,415,587,400	4,264,215,366
COST OF RAW MATERIAL	O	748,132,559	408,835,562
MANUFACTURING EXPENSES	P	244,066,884	148,041,149
PERSONNEL EXPENSES	Q	95,301,391	63,296,685
ADMINISTRATION EXPENSES	R	627,072,511	397,393,709
FINANCIAL EXPENSES	S	227,700,786	152,366,972
SELLING EXPENSES		332,999,697	179,734,662
DEPRECIATION		383,466	383,465
PRELIMINARY EXPENSES W/OFF			
TOTAL		8,691,244,693	5,614,267,570
		989,882,205	710,015,348
PROFIT BEFORE TAXATION			
LESS: PROVISION FOR TAXATION		167,650,000	63,675,800
-CURRENT TAX		225,000	200,000
-WEALTH TAX		110,693,265	111,210,498
-DEFERRED TAX		(9,257,720)	(44,588,742)
-MAT CREDIT ENTITLEMENT		-	2,540,307
-FRINGE BENEFIT TAX		720,571,660	576,977,485
PROFIT AFTER TAX		1,561,015	1,811,716
LESS: MINORITY INTEREST		719,010,645	575,165,769
PROFIT AFTER TAX AND MINORITY INTEREST			
APPROPRIATIONS		1,957,264,736	1,468,138,124
BALANCE BROUGHT FORWARD		(49,861,575)	73,999,245
ADD: TAX AJUSTMENTS RELATING TO PREVIOUS YEAR		250,000,000	160,000,000
LESS: TRANSFERRED TO GENERAL RESERVE			
BALANCE CARRIED OVER TO BALANCE SHEET		2,376,413,806	1,957,303,139

EARNINGS PER SHARE BASIC  
EARNINGS PER SHARE DILUTED

34.49  
34.29

34.32  
33.22

Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Rakesh Soni)  
Partner  
M.No. 83142

(Neeraj Saluja)  
Managing Director

(Navneet Gupta)  
Director

Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

Consolidated Cash Flow Statement for the Yera Ended 31st March, 2010

Particulars	Details (Rs.)	Current Year	Details (Rs.)	Previous Year
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes & Extraordinary Items after Dep. W/b		988,321,189		708,203,633
<b>Adjustments for Non Cash Items:</b>				
Preliminary Expenses Written Off	383,466		383,465	
Depreciation	332,999,697		179,734,662	
Interest Charged	595,055,624		371,599,542	
Interest on Car Loan	3,040,739		2,537,776	
Interest Received	(56,270,613)		(78,873,664)	
Dividend Received	(65,306)		(47,500)	
(Profit) / Loss on Sale of Fixed Assets	38,174		(10,469,208)	
		875,181,781		464,865,074
<b>Adjustments for Changes in Working Capital:</b>				
(Increase)/ Decrease in Sundry Debtors	(815,400,767)		(770,074,057)	
Increase/ (Decrease) in Current Liabilities	(217,287,626)		182,101,294	
(Increase)/ Decrease in Loans & Advances	(351,131,047)		(118,959,297)	
(Increase)/ Decrease in Inventories	(1,610,851,773)	(2,994,671,213)	(415,269,675)	(1,122,201,735)
Cash Generation from Operations		(1,131,168,243)		50,866,972
Taxes Paid		157,607,111		67,426,276
Net Cash from Operating Activities		(1,288,775,354)		(16,559,304)
<b>B Cash Flows from Investing Activities</b>				
Purchase of Fixed Assets & Capital Work in Process	(3,536,727,346)		(2,541,783,776)	
Sale of Fixed Assets	2,466,916		61,246,912	
Purchase of Investments	(43,980,000)		(62,320,500)	
Interest Received	56,270,613		78,873,664	
Dividend Received	65,306		47,500	
Net Cash Flows from Investing Activities		(3,522,019,251)		(2,463,936,199)
<b>C Cash Flows from Financing Activities</b>				
Increase / (Decrease) in Share Capital / Minority Interest	1,112,896,487		404,745,634	
Proceeds/(Repayment) of Secured Loans	3,770,941,747		2,989,558,647	
Proceeds/(Repayment) of Unsecured Loans	(1,568,573)		74,075	
Interest Paid	(595,055,624)		(371,599,542)	
Interest on Car Loan	(3,040,739)		(2,537,776)	
Net Cash Flows from Financing Activities		4,284,173,298		3,020,241,039
Net Increase/(Decrease) in Cash & Cash Equivalent		(526,621,305)		539,745,536
Cash & Cash Equivalents - Opening Balance		1,130,919,927		591,174,391
Cash & Cash Equivalents - Closing Balance		604,298,622		1,130,919,927

Subject to our Separate Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rakesh Soni)  
Partner  
M.No. 83142

(Rahul Kapoor)  
Company Secretary

Place: Ludhiana  
Date: 17.05.2010

SHARE CAPITAL PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
<b>AUTHORISED</b> 75,000,000 EQUITY SHARES OF RS. 10 EACH (Previous Year 50,000,000 Equity Shares of Rs. 10/- Each)	750,000,000	500,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b> 30,357,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP (Previous Year 17,166,000 Equity Shares of Rs. 10 Each)	303,570,000	171,660,000
<b>TOTAL</b>	<b>303,570,000</b>	<b>171,660,000</b>

RESERVES & SURPLUS PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
<b>CAPITAL RESERVE</b> Opening Balance 881,425 Addition during the year 70,466,501	71,347,926	881,425
<b>SECURITIES PREMIUM</b> Opening Balance 704,208,540 Addition during the year 1,014,009,800 Deduction during the year 14,667,163	1,703,551,177	704,208,540
<b>GENERAL RESERVE</b> Opening Balance 320,200,000 Add: Transferred from Profit & Loss Account 250,000,000	570,200,000	320,200,000
<b>SURPLUS</b> SURPLUS AS PER ANNEXED PROFIT & LOSS A/C	2,376,413,806	1,957,303,139
<b>TOTAL</b>	<b>4,721,512,909</b>	<b>2,982,593,104</b>

EQUITY WARRANTS PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
Nil (Previous Year 57,00,000) equity warrants, allotted on a preferential basis carrying an option to the holder of such warrants to subscribe to one equity share of Rs.10/- each at a premium of Rs.175/- per share for every warrant held, within 18 months from the date of allotment, (i.e. from April 9, 2008) Amount Received (10% of the total allotment price)	-	105,450,001
9,00,000 equity warrants, allotted on a preferential basis carrying an option to the holder of such warrants to subscribe to one equity share of Rs.10/- each at a premium of Rs. 60/- per share for every warrant held, within 18 months from the date of allotment, (i.e. from Sept. 18, 2009) Amount Received (25% of the total allotment price)	15,750,000	-
<b>TOTAL</b>	<b>15,750,000</b>	<b>105,450,001</b>

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary



**SEL MANUFACTURING COMPANY LIMITED**

<b>SECURED LOANS</b>		<b>ANNEXURE - D</b>	
<b>PARTICULARS</b>	<b>AS AT 31.03.2010</b>	<b>AS AT 31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>LOANS AND ADVANCES FROM BANKS</b>			
-TERM LOAN	6,700,791,238	3,971,846,744	
-WORKING CAPITALS	3,206,121,975	2,164,124,722	
<b>TOTAL</b>	<b>9,906,913,213</b>	<b>6,135,971,466</b>	

**Notes:**

1. The term loans from Banks are secured by equitable mortgage of entire Land & Building of the Company and further secured by all the Fixed Assets of the Company, immovable & movable, both present and future ranking parri passu basis and personally guaranteed by the promoter directors.

2. Working Capital Loans are secured by the Hypothecation of Stock-in-trade, Book Debts and Receivables of the Company and further secured by the second parri-passu charge with all term lenders on the entire fixed assets of the Company and guarantee of promoter

3. Term Loan due for repayment within one year is Rs. 90.70 crores (Previous Year Rs. 39.77 crores)

<b>UNSECURED LOANS</b>		<b>ANNEXURE - E</b>	
<b>PARTICULARS</b>	<b>AS AT 31.03.2010</b>	<b>AS AT 31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>FROM BANKS</b>	225,656,936	227,225,509	
<b>TOTAL</b>	<b>225,656,936</b>	<b>227,225,509</b>	

**Notes:**

1. Amount due for repayment within one year is Rs. 21.31 crores (Previous Year Rs. 21.37 crores)

**(Rakesh Soni)**  
Chartered Accountant

**(N.Saluja)**  
Managing Director

**(Navneet Gupta)**  
Director

**(Rahul Kapoor)**  
Company Secretary

## ANNEXURE F

CONSOLIDATED FIXED ASSETS PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	BALANCE AS ON 01.04.2009	ADDITIONS DURING THE YEAR	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	BALANCE AS ON 01.04.2009	PROVIDED DURING THE YEAR	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	BALANCE AS ON 31.03.2010	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	AS ON 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
FREEHOLD LAND	208,872,122	169,156,072	-	378,028,194	-	-	-	1,191,409	378,028,194	52,839,191	53,425,726	
LEASEHOLD LAND	54,030,600	-	-	54,030,600	604,874	586,535	-	102,593,759	1,821,599,200	1,018,476,654		
BUILDING	1,069,151,386	855,041,573	-	1,924,192,959	50,672,732	51,921,027	-	390,269	5,460,173	5,557,389		
ROAD	5,850,448	-	-	5,850,448	293,059	97,210	-	-	-	-		
PLANT & MACHINERY	2,036,309,499	1,283,220,183	1,849,239	3,317,680,443	288,970,083	268,439,212	108,171	555,301,124	2,762,379,319	1,749,339,416		
FURNITURE & FIXTURES	74,029,674	19,408,561	-	93,438,235	7,457,688	4,161,583	-	11,619,271	81,818,965	66,571,987		
VEHICLES	65,624,301	19,898,673	717,556	84,745,418	11,025,267	7,234,523	29,862	18,229,908	66,515,510	54,599,034		
OFFICE EQUIPMENT	10,052,802	3,135,156	-	13,187,960	1,126,700	559,605	-	1,686,305	11,501,654	8,926,102		
<b>TOTAL</b>	<b>3,523,920,831</b>	<b>2,349,800,220</b>	<b>2,566,795</b>	<b>5,971,154,256</b>	<b>358,150,402</b>	<b>332,999,696</b>	<b>138,053</b>	<b>691,012,045</b>	<b>5,180,142,211</b>	<b>3,165,770,429</b>		
Previous Year	2,194,125,817	1,381,907,717	52,112,691	3,523,920,831	179,734,662	179,734,662	1,334,987	358,150,402	3,165,770,429	2,014,375,093		

(Rakesh Soni)  
Chartered Accountant(N.Sajuja)  
Managing Director(Navneet Gupta)  
Director(Rahul Kapoor)  
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

INVESTMENTS PARTICULARS	ANNEXURE - G	
	AS AT 31.03.2010	AS AT 31.03.2009
	In Rupees	In Rupees
<b>LONG TERM INVESTMENTS AT COST</b>		
<b>INVESTMENTS IN GOVERNMENT SECURITIES (QUOTED)</b>		
SBI MF Magnum Texgain Scheme (1648.95 Units of Face Value of Rs. 10 Each)	100,000	100,000
<b>INVESTMENT IN EQUITY SHARE (QUOTED)</b>		
3124 Equity Shares of Rs. 10 Each fully paid up of Reliance Industries Ltd. (Previous Year 25000 Equity Shares of Rs. 10/- each fully paid up of Reliance Petroleum Ltd. Being converted into Reliance Industries Ltd. in the current year)	3,000,000	3,000,000
229 Equity Shares of Rs. 10 Each fully paid up of Dhanus Technologies Ltd.	67,555	67,555
<b>INVESTMENT IN EQUITY SHARE (UNQUOTED)</b>		
299300 Equity Shares of Re. 1 Each fully paid up of The Delhi Stock Exchange Association Limited	20,951,000	20,951,000
<b>INVESTMENT IN EQUITY SHARE (UNQUOTED)</b>		
SBI INFRASTRUCTURE FUND 15000 Units of Rs. 10 Each	1,500,000	1,500,000
24000 Equity Share of Rs. 10 Each fully paid up of Rhythm Textile & Apparels Park Limited	240,000	240,000
48050 Equity Shares of Re. 10 Each fully paid up of Silverline Textile Park Limited	480,500	480,500
Share Application Money in Rhythm Textile & Apparels Park Limited	105,580,000	61,600,000
<b>TOTAL</b>	<b>131,919,055</b>	<b>87,939,055</b>

Market Value of Quoted Investment	3,360,972	2,382,458
Aggregate Value of Quoted Investment	100,000	100,000
Aggregate Value of UnQuoted Investment	128,751,500	84,771,500

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

<b>INVENTORIES</b>		<b>ANNEXURE - H</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>(TAKEN AS VALUED &amp; CERTIFIED BY THE MANAGEMENT)</b>			
RAW MATERIAL	1,042,701,550	332,933,088	
WORK IN PROCESS	185,794,284	127,035,803	
FINISHED GOODS	1,446,385,686	679,393,065	
STORES & SPARES	113,340,242	33,003,034	
<b>TOTAL</b>	<b>2,788,221,763</b>	<b>1,177,363,990</b>	

<b>SUNDRY DEBTORS</b>		<b>ANNEXURE - I</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>(UNSECURED, CONSIDERED GOOD)</b>			
OUTSTANDING FOR A PERIOD EXCEEDING			
SUNDRY DEBTORS	2,075,967,477	1,718,252,345	
OTHERS	1,683,807,095	1,226,121,459	
<b>TOTAL</b>	<b>3,759,774,571</b>	<b>2,944,373,804</b>	

<b>CASH &amp; BANK BALANCES</b>		<b>ANNEXURE - J</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
CASH IN HAND (INCLUDING IMPREST)	42,086,189	27,504,596	
<b>BALANCE WITH SCHEDULED BANKS</b>			
IN CURRENT ACCOUNTS	94,398,585	175,739,302	
IN FIXED DEPOSIT ACCOUNTS	467,813,848	927,676,030	
<b>TOTAL</b>	<b>604,298,622</b>	<b>1,130,919,927</b>	

<b>LOANS AND ADVANCES</b>		<b>ANNEXURE - K</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>(UNSECURED, CONSIDERED GOOD)</b>			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR			
FOR A VALUE TO BE RECEIVED	1,029,583,820	739,824,739	
PREPAID TAXES	61,789,682	57,505,344	
SECURITY DEPOSITS	31,289,554	25,073,669	
<b>TOTAL</b>	<b>1,122,663,056</b>	<b>822,403,752</b>	

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

**CURRENT LIABILITIES AND PROVISIONS**

**ANNEXURE - L**

PARTICULARS	AS AT	AS AT
	31.03.2010	31.03.2009
	In Rupees	In Rupees
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS	403,772,832	247,753,928
OTHER LIABILITIES	229,314,427	704,087,237
<b>PROVISIONS</b>		
PROVISION FOR CURRENT TAXATION	167,650,000	63,675,800
PROVISION FOR WEALTH TAXATION	225,000	200,000
PROVISION FOR FRINGE BENEFIT TAX	-	2,532,920
<b>TOTAL</b>	<b>800,962,259</b>	<b>1,018,249,885</b>

**OTHER INCOME**

**ANNEXURE - M**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
EXPORT INCENTIVES	245,821,728	176,718,126
INTEREST ON FDR's (Gross)	56,270,613	78,873,664
(TDS Rs. 7,941,685/- , Previous Year Rs. 15,164,504/-)		
JOB WORK INCOME (Gross)	610,660	469,419
(TDS Rs. 13,343/- , Previous Year TDS Rs. 8.670/-)		
DIVIDEND RECEIVED	65,306	47,500
PROFIT ON SALE OF FIXED ASSETS	-	10,469,208
FOREIGN EXCHANGE FLUCTUATION	2,839,119	16,044,743
RENTAL INCOME	21,000	-
<b>TOTAL</b>	<b>305,628,426</b>	<b>282,622,660</b>

**MATERIALS CONSUMED**

**ANNEXURE - N**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
<b>OPENING STOCK</b>		
RAW MATERIAL	332,933,088	339,542,527
WORK IN PROGRESS	127,035,803	72,123,770
FINISHED GOODS	679,393,065	345,071,288
	<b>1,139,361,956</b>	<b>756,737,585</b>
<b>ADD : PURCHASES</b>	<b>7,866,844,737</b>	<b>4,646,839,737</b>
<b>CLOSING STOCKS</b>		
RAW MATERIAL	960,391,670	332,933,088
WORK IN PROGRESS	185,794,284	127,035,803
FINISHED GOODS	1,444,433,338	679,393,065
	<b>2,590,619,293</b>	<b>1,139,361,956</b>
<b>MATERIALS CONSUMED</b>	<b>6,415,587,400</b>	<b>4,264,215,366</b>

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

MANUFACTURING EXPENSES		ANNEXURE - O	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
JOB WORK EXPENSES	18,858,663	15,335,726	
POWER & FUEL	602,810,546	300,792,915	
CONSUMABLE & OTHER MATERIALS	64,942,644	72,454,356	
REPAIR & MAINTANENCE	61,520,706	20,252,565	
<b>TOTAL</b>	<b>748,132,559</b>	<b>408,835,562</b>	

PERSONNEL EXPENSES		ANNEXURE - P	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
WAGES, SALARIES & OTHER ALLOWANCES	219,415,326	133,280,630	
CONTRIBUTION TO ESI & OTHER FUNDS	17,465,173	10,529,842	
STAFF & LABOUR WELFARE	7,186,385	4,230,677	
<b>TOTAL</b>	<b>244,066,884</b>	<b>148,041,149</b>	

ADMINISTRATIVE AND OTHER EXPENSES		ANNEXURE - Q	
PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees	
PRINTING & STATIONERY	3,068,959	2,090,539	
INSURANCE	8,143,453	5,594,800	
FEES & TAXES	3,595,210	3,700,099	
DONATION	321,838	261,652	
LEGAL & PROFESSIONAL CHARGES	10,150,831	7,129,341	
POSTAGE & COURIER CHARGES	4,571,000	1,489,518	
TELEPHONE & FAX EXPENSES	3,039,740	2,555,028	
<b>AUDITORS' REMUNERATION</b>	<b>1,327,500</b>	<b>817,000</b>	
-AUDIT FEE	359,000	224,000	
-TAX AUDIT FEE	93,397	39,702	
-REIMBURSEMENT OF EXPENSES	171,753	105,266	
-SERVICE TAX	12,233,802	9,825,567	
DIRECTOR'S REMUNERATION	3,238,208	1,335,537	
GENERAL REPAIR & MAINTENANCE	1,597,819	3,203,189	
OFFICE EXPENSES	3,068,688	2,107,061	
FESTIVAL EXPENSES	3,464,323	1,114,552	
RENT	13,557,285	11,292,712	
TRAVELLING & CONVEYANCE	236,955	190,607	
WATER CHARGES	2,536,350	491,261	
MICELLANEOUS EXPENSES	1,787,136	2,458,899	
SERVICE TAX PAID	1,744,762	2,895,591	
ADVERTISEMENT	38,174	-	
LOSS ON SALE OF FIXED ASSET	286,034	246,419	
SECURITY EXPENSES	952,153	677,996	
BUILDING REPAIR & MAINTANENCE	9,324,829	-	
LOSS BY FIRE	6,392,193	3,450,349	
VEHICLES EXPENSES			
<b>TOTAL</b>	<b>95,301,391</b>	<b>63,296,685</b>	

(Rakesh Soni)  
Chartered Accountant

(N.Saluja)  
Managing Director

(Navneet Gupta)  
Director

(Rahul Kapoor)  
Company Secretary

**SEL MANUFACTURING COMPANY LIMITED**

<b>FINANCIAL EXPENSES</b>		<b>ANNEXURE - R</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
INTEREST ON WORKING CAPITAL LIMITS	267,586,647	183,438,223	
INTEREST ON TERM LOAN	327,468,977	188,161,319	
BANK CHARGES	28,602,097	21,172,753	
INTEREST TO OTHERS	374,051	2,083,638	
INTEREST ON CAR LOAN	3,040,739	2,537,776	
<b>TOTAL</b>	<b>627,072,511</b>	<b>397,393,709</b>	

<b>SELLING EXPENSES</b>		<b>ANNEXURE - S</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
BUSINESS PROMOTION	2,751,521	2,083,014	
COMMISSION	38,831,569	13,496,669	
CLEARING & FORWARDING CHARGES	31,854,969	13,414,240	
SALES INCENTIVE	-	233,750	
SALES TAX	6,032	-	
SAMPLE EXPENSES	128,969	1,748,024	
PACKING EXPENSES	84,694,015	5,653,727	
REBATE & DISCOUNT	17,482,059	79,763,956	
FREIGHT OUTWARD	51,951,652	35,973,592	
<b>TOTAL</b>	<b>227,700,786</b>	<b>152,366,972</b>	

**(Rakesh Soni)**  
Chartered Accountant

**(N.Saluja)**  
Managing Director

**(Navneet Gupta)**  
Director

**(Rahul Kapoor)**  
Company Secretary

**Significant Accounting Policies and Notes to Accounts****ANNEXURE-T****Significant Accounting Policies****A. Accounting Convention**

The Financial Statements have been prepared under historical cost convention in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and other relevant presentational requirements of the Companies Act, 1956.

**B. Principles of Consolidation**

In Preparing consolidated financial statements; the financial statements of parent company and subsidiary are combined on line-by-line basis by adding together the like items of assets, liabilities, income and expenses. The inter group balances and transactions and unrealized profits and losses are fully eliminated.

Minority Interest's in net profit of consolidated financial statements, for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

Minority Interest's in the net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented in the same manner as Company's separate financial statements.

**C. Revenue Recognition****i) Sales**

Revenue from sale of goods is recognized:

- (i) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership: and
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Export Incentives**

Revenue in respect of the above benefits is recognized on post export basis.

**iii) Dividend**

Dividend income is recognized when the right to receive the payment is established.

**iv) Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**D. Investments**

Long term Investments are carried at cost less provision, if any, for diminution in value which is other than temporary, and current investments are carried at lower of cost and fair value.



**Schedule forming part of Consolidated Financial Statements****E. Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- i) In respect of Raw Materials & Consumable Stores cost is determined on FIFO basis.
- ii) In respect of Work in process and Finished Goods, cost is determined on weighted average cost of raw material plus conversion cost incurred to bring the goods to their present condition & location.
- iii) In respect of trading goods, cost is determined on specific identification method.

**F. Foreign Currency Transactions**

1. Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction except sales that are recorded at rate notified by the customs for invoice purposes. Such rate is notified in the last week of every month and is adopted for recording export sales of next month.
2. Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at balance sheet date are recognized as income or expenses in period in which they arise, except the exchange difference in case of fixed assets which have been adjusted to the cost of fixed assets.
3. Foreign currency non monetary items, which are carried in terms of historical cost, are reported using exchange rate at the date of transaction.

**G. Fixed Assets****(i) Fixed Assets**

Fixed Assets are stated at acquisition cost including inward freight, duties, taxes and incidental expenses relating to acquisition net of subsidy relating to specific fixed asset and accumulated depreciation.

**(ii) Capital work in progress**

Capital work in progress includes cost of assets at site, construction expenditure and advances made for acquisition of capital assets.

**H. Cenvat Credit**

Cenvat Credit if excise duty paid on inputs, capital assets and inputs services is recognized in accordance with the Cenvat Credit Rules, 2004.

**I. Depreciation/Amortisation**

- (i) Depreciation has been provided under Straight Line Method at the rates specified in Schedule XIV of Companies Act, 1956. Depreciation on assets costing Rs. 5000/- or below is charged @ 100% per annum on proportionate basis.
- (ii) The leasehold land is amortized over the lease period.

**J. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred.

**Schedule forming part of Consolidated Financial Statements****K. Employee Benefits****(i) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

**(ii) Gratuity:**

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme of Life Insurance Corporation of India (LIC) and contribution in respect of such scheme is recognized in the Profit & Loss Account. The liability/asset as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with Accounting Standard 15 on 'Employee Benefit'. However in subsidiaries namely M/s SE Exports & M/s Kudu Industries gratuity is accounted for on cash basis.

**(iii) Leave with wages**

Provision for earned leave due for the year is made on the actual valuation as at the close of the year.

**L. Expenditure incurred during construction period**

In respect of new/major expansion, the indirect expenditure incurred during construction period upto the date of commencement of commercial production, which is attributable to the construction of the project, is capitalized on various categories of fixed assets on proportionate basis.

**M. Miscellaneous Expenditure**

Preliminary Expenses are written off over a period of 5 years from the year in which the new unit commences production or operation.

**N. Accounting for Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent period.

**O. Impairment of Assets**

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

**P. Provisions and Contingent Liabilities**

i) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:

1. The company has a present obligation as a result of a past event;
2. A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
3. The amount of the obligation can be reliably estimated

ii) Contingent liability is disclosed in the case of:

- a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- b) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

## Schedule forming part of Consolidated Financial Statements

**Q. Earning per share**

Basic earning per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average numbers of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

**Notes on Accounts**

1. There are contingent liabilities in respect of the following items: (No outflow is expected in view of the past history relating to these items)

Particulars	(Rs. In Crores)	
	March 31, 2010	March 31, 2009
(i) Export Bills Discounted	35.91	22.39
(ii) Estimated amount of capital contracts remaining to be executed (net of advances)	27.05	18.50
(iii) Income Tax demand for AY 2004-05, 2005-06 & 2006-07 (Previous year for AY 2004-05) (net of deposit of Rs. 6.50 crores ) (Previous year Rs. 5.95 crores).	7.62	0.34

**2. Related Party Disclosures**

Names of Related Parties and Relationships:

Sr. No.	Name of Related Party	Relationship
1	S. E. Exports	Subsidiary Partnership Firm
2	Kudu Industries	Subsidiary Partnership Firm
3	**M/s SEL Textiles Ltd.	Subsidiary Company (w.e.f. 27.07.2009)
4	Mr. R. S. Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta	Key Management Personnel
5	Mrs. Sneha Lata Saluja Mrs. Ritu Saluja *Mrs. Reema Saluja	Relatives of KMP
6	M/s Rythm Textiles & Apparels Park Ltd. M/s Silverline Textiles Park Ltd.	Associates
7	M/s Shiv Narayan Investments Pvt. Ltd. M/s Saluja International M/s Saluja Fabrics *M/s SEL Aviation Pvt. Ltd. *M/s SEL Developers Pvt. Ltd.	Enterprises over which key management personal and relatives of such personal is able to exercise significant influence

\* No transactions have taken place during the year.

\*\* SEL Textiles Ltd. became subsidiary of SEL Manufacturing Co. Ltd. during the financial year 2009-10.

(Rs. in Crores)

Transactions with Related Parties	Current Year	Previous Year
<b>Purchase &amp; Processing of Goods</b>		
Shiv Narayan Investments Pvt. Ltd.	-	5.35
Saluja Fabrics	0.25	2.00
Saluja International	4.95	21.16
<b>Sale &amp; Processing of Goods</b>		
Saluja International	24.98	20.00
Saluja Fabrics	-	2.00
Sale of land to Rythm Textiles & Apparels Park Ltd.	-	5.86
<b>Investment</b>		

## Schedule forming part of Consolidated Financial Statements

<b>Associate Companies</b>			0.02
- Rythm Textiles & Apparels Park Ltd.			0.05
- Silverline Textiles Park Ltd.			
<b>Share Application Money Given</b>			
<b>Associate Companies</b>		8.39	6.16
- Rythm Textiles & Apparels Park Ltd.			
<b>Others</b>		2.33	-
- Shiv Narayan Investments Pvt. Ltd.			
<b>Share Application Money Received Back</b>			
<b>Associate Companies</b>		3.99	-
- Rythm Textiles & Apparels Park Ltd.			
<b>Others</b>		2.33	-
- Shiv Narayan Investments Pvt. Ltd.			
<b>Equity Contribution Received in Cash</b>			
<b>Key Management Personnel</b>		27.02	-
- Dhiraj Saluja			
<b>Relative of Key Management Personnel</b>		26.85	-
- Reema Saluja			
<b>Advances Received</b>			
<b>Relative of Key Management Personnel</b>		9.55	0.49
- Ritu Saluja			
<b>Others</b>		10.00	-
- Shiv Narayan Investments Pvt. Ltd.		10.54	5.45
- Saluja International			
<b>Advances Repaid</b>			
<b>Relative of Key Management Personnel</b>		9.55	1.06
- Ritu Saluja			
<b>Others</b>		-	-
- Shiv Narayan Investments Pvt. Ltd.		2.01	5.32
- Saluja International			
<b>Advances Given</b>			
<b>Key Management Personnel</b>		0.19	-
- Neeraj Saluja			0.08
- Navneet Gupta			
<b>Relative of Key Management Personnel</b>		0.45	-
- Ritu Saluja		0.03	0.54
- Sneh Lata Saluja			
<b>Others</b>		10.76	13.29
- Shiv Narayan Investments Pvt. Ltd.			
<b>Advances Repayment</b>			
<b>Key Management Personnel</b>		0.19	-
- Neeraj Saluja			0.01
- R.S. Saluja			
<b>Relative of Key Management Personnel</b>		0.03	0.15
- Sneh Lata Saluja		0.45	-
- Ritu Saluja			
<b>Others</b>		4.50	2.09
- Shiv Narayan Investments Pvt. Ltd.			
<b>Rent Paid</b>			
<b>Relative of Key Management Personnel</b>		0.01	0.01
- Ritu Saluja		0.01	0.01
- Sneh Lata Saluja			
<b>Rent Received</b>			
<b>Associate Companies</b>		0.01	-
- Rythm Textiles & Apparels Park Ltd.			
<b>Salary Paid</b>			
<b>Key Management Personnel</b>			

## Schedule forming part of Consolidated Financial Statements

- Neeraj Saluja	0.53	0.52
- Dhiraj Saluja	0.60	0.40
- Navneet Gupta	0.07	0.06
-R. S Saluja	0.26	0.24
<b>Relative of Key Management Personnel</b>		
-Ritu Saluja	0.05	0.05

<b>Current Account Transaction with Sh. Neeraj Saluja (Retired Partner) in SE Exports</b>		
Opening Balance- Credit / (Debit)	0.00	(2.20)
Credits Received in the account.	0.00	2.59
Debits Raised	0.00	0.38
Closing Balance- (Debit) / Credit	0.00	0.00

<b>Capital Account Transaction with Partners</b>		
Capital Raised – Dhiraj Saluja	0.00	0.31
- Reema Saluja	0.00	0.02
Drawings – Dhiraj Saluja	0.04	0.32
- Reema Saluja	0.02	0.07

**3. Earnings Per Share**

The calculation of Earnings per Share as disclosed in the Balance Sheet Abstract has been in accordance with Accounting Standard (AS)-20 on Earnings per Share issued by the Institute of Chartered Accountants of India.

A statement on calculation of Basic & Diluted EPS is as under:

Particulars	Unit	Current Year	Previous Year
Profit after tax before Extra ordinary Items (A)	Rs. In Lacs	7190.11	5741.55
Weighted average number of equity shares (B)	No.	20847797	16756411
Weighted average number of Potential equity shares (C)	No.	120205	557507
Total (D)	No.	20968003	17313918
Basic EPS (A/B)	Rs.	34.49	34.32
Diluted EPS (A/D)	Rs.	34.29	33.22

**4. Deferred Tax (Asset)/Liability**

Particulars	DTL or (DTA) on 1 <sup>st</sup> April 2009	Current year charge/ (credit)	DTL or (DTA) as at 31st March 2010
Timing Difference due to Depreciation	228,715,347	109,985,619	338,700,966
Disallowance u/s 36(1)(v)	-	(103,964)	(103,964)
Previous Year Adjustments	2,178,742	21,135	2,199,877
Disallowance u/s 35D	(31,686)	32,638	952
Loss on sale of fixed assets	(5,138,741)	757,836	(4,380,906)
<b>Total</b>	<b>225,723,661</b>	<b>110,693,265</b>	<b>336,416,926</b>

5. Cheques issued but not presented for payment amounting to Rs. 432,558,493/- (Previous Year Rs. 209,672,284/-) have been shown as Rs. 119,634,513/- (Previous Year Rs. 163,622,285/-) under the head other liabilities after netting of Cheques in Hand Rs. 312,923,980/- (Previous Year Rs. 46,049,999/-).

## Schedule forming part of Consolidated Financial Statements

## 5 Segment Reporting

## a) Primary Segment: Business Segment

The company is operating into a single business i.e. Textile and all business activities revolve around this segment.

## b) Secondary Segment: Geographical segment

The company has identified geographical segment as its secondary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets. The financial information about geographical segment is presented below:

Particulars	(Rs. In crores)		
	India	Rest of World	Total
Operating Revenue	571.50	366.05	937.55
Previous Year	(385.28)	(218.89)	(604.17)

7. Current Assets, Loans & Advances includes Rs. 20.85 Crores due from firms as debtors in which directors of the company are interested as partners.

8. SEL Textiles Ltd. became subsidiary of SEL Manufacturing Co. Ltd. during the financial year 2009-10, hence previous year figures are not comparable with current year figures.

9. a) The Consolidated Financial Statements present the consolidated accounts of SEL Manufacturing Co. Ltd. With its following subsidiaries.

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest as at	
		31.03.2010	31.03.2009
SEL Textiles Ltd.	India	99.75%	-
S.E. Exports	India	99.00%	99.00%
Kudu Industries	India	99.00%	99.00%

b) In case of associates where the company directly holds more than 20% of equity investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23- "Accounting for Investments in Associates in Consolidated Financial Statement".

Name of Associates	Country of Incorporation	Proportion of Ownership Interest as at	
		31.03.2010	31.03.2009
Rhythm Textiles & Apparels Park Ltd.	India	40.85%	40.85%
Silverline Textiles Park Ltd.	India	49.00%	49.00%

Subject to our Separate  
Report of Even Date  
For Dass Khanna & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Manufacturing Company Limited

(Rakesh Soni)  
Partner  
M. No. 83142

(N. Saluja)  
Managing Director

(Navneet Gupta)  
Director

Place: Ludhiana  
Date: 17.05.2010

(Rahul Kapoor)  
Company Secretary

## Directors' Report

To,  
The Members  
SEL Textiles Ltd.

The Director has pleasure in presenting the second Annual Report of the company together with the Balance Sheet and Profit and Loss Account for the period ending 31<sup>st</sup> March, 2010 duly audited.

### **1. Financial Performance**

The Financial performances of the Company for the financial year ending 2009-10 are as follows:

(Amt. Rs. In Crores)

<b>INCOME</b>	<b>2009-10</b>	<b>2008-09</b>
Sales	38.63	-
Other income	1.38	-
<b>TOTAL</b>	40.01	-
<b>EXPENDITURE</b>	36.11	0.004
	3.90	(0.004)
<b>Profit Before Tax</b>		
<b>LESS: Provision for Taxation</b>	1.40	-
<b>Profit After Tax</b>	2.49	(0.004)

### **2. Operations**

This being the first year of commercial operation, the Company has achieved Gross Sales to the tune of Rs. 3862.61 lacs. The Profit Before Tax stood at Rs. 389.72 lacs. After providing for taxes and other adjustments, the Profit after tax comes to Rs. 249.47 lacs.

### **3. Appointment of Auditors**

M/s Dinesh Mehtani & Co., Chartered Accountants, who were appointed as the Auditors of the company in the last Annual General Meeting and are eligible for re-appointment.

#### 4. AUDITORS' REPORT

With reference to the auditors remarks regarding non-confirmation of debit/ credit balances, the same were not confirmed by the respective parties despite the letters in this regard been sent to them.

Further, the observations of Auditor in their report, read with the relevant notes to accounts are self explanatory and therefore do not require further explanation.

#### 5. Deposit

The company has not accepted any deposits during the year. There are no unclaimed or undue deposits as on 31<sup>st</sup> March 2010.

#### 6. Share Capital

The Company has increased its Authorized Share Capital from Rs.10,00,000 (Rupees ten lakh) consisting of 1,00,000 Equity Shares of Rs. 10 each) to Rs. 5,00,00,000 (Rupees Five Crore) Equity Share Capital (50,00,000 Equity Shares of Rs. 10 each in the EGM held on 23.07.2009 and further increased its Authorized Share Capital from Rs. 5,00,00,000 (Rupees Five Crore) Equity Share capital to Rs. 50,00,00,000 (Rupees Fifty Crore) Equity Share Capital during the year by addition of 4,50,00,000 (Four crore Fifty lakh) Equity Shares of Rs.10/- each aggregating to Rs. 45,00,00,000 (Rupees Forty Five Crore) in the EGM held on 08.10.2009 .

Further, the Company has also raised its paid up Share capital as summarized below:

No. of Shares Issued & Allotted	Date of Allotment	of Consideration
9,89,000	27.07.09	Cash
30,91,000	21.09.09	Cash
2,45,40,000	20.10.09	Bonus

Further the company intends to raise funds from the Primary Market for funding its expansion plans i.e. setting up of a Terry Towel Plant with an appx. Capacity of 10 TPD and in this direction it has also filed DRHP with SEBI during the year.

#### 7. DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Sh. Dhiraj Saluja,



Director retire by rotation and being eligible has offered himself for re-appointment.

During the year under review Sh. Ashwani Kumar, Sh. Gulshan Kumar, Sh. Amar Narang and Sh. Sandeep Gupta were appointed as additional directors upto the conclusion of the forthcoming Annual General Meeting .Further the company has received a notice from a shareholder pursuant to the provisions of Section 257 of the Companies Act, 1956 in respect of Sh. Ashwani Kumar, Sh. Gulshan Kumar, Sh. Amar Narang and Sh. Sandeep Gupta for their appointment as directors of the company liable to retire by rotation.

Further the Board of Directors has received confirmation from all the directors that the none of the directors is disqualified from being appointed as director pursuant to the provisions of Section 274 (1) (g) of the Companies Act, 1956.

#### **8. Audit Committee**

The Board of Directors of the Company in their meeting held on 31.10.2009 has constituted the Audit Committee as per the provisions of Section 292A of the Companies Act, 1956. The Committee was reconstituted on 25.11.2009. Accordingly, after reconstitution, Shri Amar Narang, Non-Executive & Independent Director is the Chairman of the Committee and Shri Ashwani Kumar, Non-Executive & Independent Director & Navneet Gupta, Executive & Non-Independent Director, are the other members of the said committee w.e.f. 25.11.2009.

#### **9. Acquisition of unit at Hansi**

In furtherance to our expansion plans, your company has acquired a spinning unit at Hansi, Haryana with an installed capacity of 25,200 spindles to produce about 17.08 tonnes of cotton yarn per day. The unit built up on an industrial plot of 21 acres has a built up area of 14833 sq. metres.

#### **10. Particulars of employees**

There was not any employee who was drawing Remuneration falling within the parameters of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

### **11. Conservation of Energy, Technology Absorption & Foreign Exchange Earning and Outgo.**

The Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies Act, 1956, is set out in a separate statement attached to this Report (Annexure 'A') and forms part of it.

### **12. Dividend**

During the year under review your Directors do not recommend any dividend.

### **13. Directors Responsibility Statement**

- (i) The financial statements are in full conformity with the requirements of the Companies Act, 1956 and applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (ii) The directors have selected such accounting policy and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

### **14. Acknowledgement**

The Board wishes to place on record its appreciation of the dedicated efforts of all employees. Industrial relation continued to be cordial during the year.

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS**

Dated: 14.05.2010  
Place: Ludhiana

RAM SARAN SALUJA  
(CHAIRMAN)

**ANNEXURE – ‘A’ TO DIRECTORS’ REPORT**

***Additional Information as required Under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures in the Report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the Year ended 31<sup>st</sup> March, 2010.***

**CONSERVATION OF ENERGY:**

In line with the Company’s commitment towards conservation of natural resources, all business units have continued with their efforts to improve energy usage efficiencies. The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices.

**FORM A**

(Form of disclosure of particulars with respect to conservation of Energy)

<b>1. Power &amp; fuel consumption</b>	<b>2009-10</b>	<b>2008-09</b>
<b>(a) Electricity purchased</b>		
Units (Lacs)	80.62	--
<b>Total Amount (Rs.in Lacs)</b>	<b>381.71</b>	<b>--</b>
Rate per Unit (Rs.)	4.73	--
<b>(b) Electricity generated from Generator</b>		
Units (Lacs)	1.96	--
Unit per Litre of Diesel Oil	3.53	--
Cost/Unit (Rs.)	8.98	--
<b>2. Diesel Oil</b>		
Quantity (Ltrs)	55542	--
Cost (Rs. in Lacs)	17.17	--
Avg. Rate/Ltr (Rs.)	30.91	--

**Consumption per unit of Production**

Product	Unit 1Kg(PSEB & DG)		Cost 1 Kg(PSEB & DG)		Rate/units(PSEB& DG)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Cotton Yarn (Carded + combed)	2.77	--	13.38	--	4.84	--

**Further the company continues its effort towards Research and Development activities.**

**I. RESEARCH AND DEVELOPMENT**

Nil

(R&D):

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION: Nil

III. FOREIGN EXCHANGE EARNING AND OUTGO:

**Total Foreign Exchange Earned and Outgo:**

Foreign Exchange Earned (Rs.)	17,76,12,439
Foreign Exchange Outgo (Rs.)	31,35,112

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS**

Dated: 14.05.2010  
Place: Ludhiana

RAM SARAN SALUJA  
(CHAIRMAN)

**Auditors' Report**

The Members  
**SEL Textiles Limited**

1. We have audited the attached balance sheet of **SEL Textiles Limited** for the year ended as at 31st March, 2010 and also the profit and loss account for the year ended on that date and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to non confirmation of debit/credit balances as stated in note no 5 in annexure "S" and read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2010,
- b) In the case of the profit and loss account, of the profit for the year ended on that date, and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR DINESH MEHTANI & CO.,  
CHARTERED ACCOUNTANTS**

**PLACE: LUDHIANA  
DATED: 14.05.2010**

**(DINESH KUMAR)  
PROP.  
M.No. 091676**

## ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE STATEMENT OF ACCOUNTS FOR **SEL TEXTILES LIMITED** AS AT AND FOR THE YEAR ENDED **31<sup>ST</sup> MARCH 2010**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to information and explanations given to us, the company has not made any substantial disposal of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted unsecured loans to company, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken unsecured loans from company, firms or parties covered in register maintained under section 301 of Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) rules, 1975. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 209-(1) (d) of the Companies Act, 1956 and are of opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, custom duty, sales tax, excise duty, service tax, cess and other material statutory dues applicable to it though there has been slight delays in few cases of employee state insurance and provident fund which are not material.
- b) According to the information and explanations given to us, the undisputed amount payable in respect of Income Tax, which is in arrears, as at 31<sup>st</sup> March, 2010 for the period of more than six months from the date they became payable are as under :

Name of Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates	Due date
Income Tax Act, 1961	Income Tax	3,330,000	Asst Year 2010-11	15 <sup>th</sup> Sept. 09

- (x) The company has no accumulated losses as at the end of the financial year. The company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to banks or financial institutions.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- (xiii) In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investment.
- (xv) In our opinion, the company has not given guarantee for loans taken by others from bank or financial institution.
- (xvi) In our opinion and according to explanations given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have prima facie not been used for long term investments.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued debentures.
- (xix) The company has raised money by way of private placement of equity shares during the year.
- (xx) Based on the audit procedures performed and the information and explanations given by the management to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR DINESH MEHTANI & CO.,  
CHARTERED ACCOUNTANTS**

**PLACE: LUDHIANA  
DATED: 14.05.2010**

**(DINESH MEHTANI)  
PARTNER  
M.No.: 091676**

**SEL TEXTILES LIMITED**

(In Rupees)

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	ANNEXURE	AS AT 31.03.2010	AS AT 31.03.2009
<b>A. SOURCES OF FUNDS</b>			
<b>I. SHARE HOLDERS' FUNDS</b>			
SHARE CAPITAL	A	286,300,000	100,000
RESERVES & SURPLUS	B	184,929,325	(38,500)
		471,229,325	61,500
<b>II. LOANS FUNDS</b>			
SECURED LOANS	C	301,029,536	-
UNSECURED LOAN	D	1,917,038	-
		592,946,574	-
<b>III. DEFERRED TAX LIABILITY</b>			
		11,935,161	-
	<b>TOTAL</b>	<b>1,076,111,060</b>	<b>61,500</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>I. FIXED ASSETS</b>			
GROSS BLOCK	E	418,498,482	-
LESS: DEPRECIATION		10,073,897	-
NET BLOCK		408,424,585	-
CAPITAL WORK IN PROGRESS / ADVANCES		199,070,898	-
		607,495,483	-
<b>II. INVESTMENTS</b>			
	F	43,980,000	-
<b>III. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
-INVENTORIES	G	485,893,967	-
-SUNDRY DEBTORS	H	27,972,574	-
-CASH AND BANK BALANCES	I	24,486,111	64,000
-LOANS & ADVANCES	J	131,953,770	-
		670,306,422	64,000
<b>IV. CURRENT LIABILITIES &amp; PROVISIONS</b>			
	K	245,670,845	2,500
<b>V. NET CURRENT ASSETS</b>	(III-IV)	424,635,577	61,500
<b>VI. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
		-	-
	<b>TOTAL</b>	<b>1,076,111,060</b>	<b>61,500</b>

S

Notes on Accounts

Subject to our Separate Report of Even Date  
For Dinesh Mehtani & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Textiles Limited

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Dinesh Kumar)  
Prop.  
M.No. 091676  
Place: Ludhiana  
Date: 14.05.2010

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary



SEL TEXTILES LIMITED

Cash Flow Statement for the Year Ended 31st March, 2010

Particulars	Details (Rs.)	Current Year (Rs.)	Details (Rs.)	Previous Year (Rs.)
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes & Extraordinary Items		38,971,795		(38,500)
Adjustments for Non Cash Items:				
Depreciation	10,085,069		-	
Interest Charged	13,835,746		-	
Hire Charges	39,428		-	
Interest Received	(11,828)	23,948,415	-	
<b>Adjustments for Changes in Working Capital:</b>				
(Increase)/ Decrease in Sundry Debtors	(27,972,574)		-	
Increase/ (Decrease) in Current Liabilities	245,668,345		2,500	
(Increase)/ Decrease in Loans & Advances	(131,953,770)		-	
(Increase)/ Decrease in Inventories	(485,893,967)	(400,151,966)	-	2,500
<b>Cash Generation from Operations</b>		<b>(337,231,756)</b>		<b>(36,000)</b>
Taxes Paid		2,088,809		-
<b>Net Cash from Operating Activities</b>		<b>(339,320,566)</b>		<b>(36,000)</b>
<b>B Cash Flows from Investing Activities</b>				
Purchase of Fixed Assets/ CWIP	(618,005,552)		-	
Sale of Fixed Assets	425,000		-	
Purchase of Investments	(43,980,000)		-	
Interest Received	11,828		-	
<b>Net Cash Flows from Investing Activities</b>		<b>(661,548,724)</b>		<b>-</b>
<b>C Cash Flows from Financing Activities</b>				
Proceeds from Issue of Capital	446,220,000		100,000	
Proceeds/(Repayment) of Long term Borrowings	591,029,536		-	
Proceeds/(Repayment) of Short term Borrowings	1,917,038		-	
Interest Paid	(13,835,746)		-	
Hire Charges	(39,428)		-	
<b>Net Cash Flows from Financing Activities</b>		<b>1,025,291,400</b>		<b>100,000</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>24,422,111</b>		<b>64,000</b>
Cash & Cash Equivalents - Opening Balance		64,000		-
Cash & Cash Equivalents - Closing Balance		24,486,111		64,000

Subject to our Separate Report of Even Date  
For Dinesh Mehtani & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Textiles Limited

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Dinesh Kumar)  
Prop.  
M.No. 091676  
Place: Ludhiana  
Date: 14.05.2010

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary

**SEL TEXTILES LIMITED**

<b>SHARE CAPITAL</b>		<b>ANNEXURE-A</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>AUTHORISED</b>			
50,000,000 EQUITY SHARES OF RS. 10 EACH	500,000,000	1,000,000	
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
28,630,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP (Previous Year 100,000 Equity Shares of Rs. 10 Each)	286,300,000	100,000	
<b>TOTAL</b>	<b>286,300,000</b>	<b>100,000</b>	

<b>RESERVES &amp; SURPLUS</b>		<b>ANNEXURE-B</b>	
<b>PARTICULARS</b>	<b>AS AT</b>	<b>AS AT</b>	
	<b>31.03.2010</b>	<b>31.03.2009</b>	
	<b>In Rupees</b>	<b>In Rupees</b>	
<b>SECURITIES PREMIUM</b>	160,020,000	-	
<b>SURPLUS</b>			
SURPLUS AS PER ANNEXED PROFIT & LOSS A/C	24,909,325	(38,500)	
<b>TOTAL</b>	<b>184,929,325</b>	<b>(38,500)</b>	

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary

SEL TEXTILES LIMITED

		ANNEXURE-C	
SECURED LOANS		AS AT	AS AT
PARTICULARS		31.03.2010	31.03.2009
		In Rupees	In Rupees
TERM LOANS			
LOANS AND ADVANCES FROM BANKS		347,868,815	-
- TERM LOANS		243,160,721	-
- WORKING CAPITAL			
TOTAL (A)		591,029,536	-

Notes:

1. The term loans from Banks are secured by equitable mortgage of entire Land & Building of the Company further secured by all the Fixed Assets of the Company, immovable & movable, both present and future ranking pari passu basis and personally guaranteed by the promoter directors.

2. Working Capital Loans are secured by the Hypothecation of Stock-in-trade, Book Debts and Receivables of the Company and further secured by the second pari-passu charge with all term lenders on the entire fixed assets of the Company and guarantee of promoter directors.

3. Term Loan due for repayment within one year is Rs. 3.42 crores (Previous Year Rs. Nil crores)

		ANNEXURE-D	
UNSECURED LOANS		AS AT	AS AT
PARTICULARS		31.03.2010	31.03.2009
		In Rupees	In Rupees
FROM BANKS		1,917,038	-
TOTAL		1,917,038	-

Notes:

1. Amount due for repayment within one year is Rs. 0.06 crores (Previous Year Rs. Nil crores)

		ANNEXURE-F	
INVESTMENTS		AS AT	AS AT
PARTICULARS		31.03.2010	31.03.2009
		In Rupees	In Rupees
INVESTMENT IN EQUITY SHARE (UNQUOTED)			
Share Application Money in Rhythm Textile & Apparels Park Ltd.		43,980,000	-
TOTAL		43,980,000	-

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary

SEL TEXTILES LIMITED

FIXED ASSETS PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK				
	BALANCE AS ON 01.04.2009	ADDITIONS DURING THE YEAR	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	PROVIDED DURING THE YEAR	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	BALANCE AS ON 31.03.2010	SALES/ ADJUST- MENT THE YEAR	BALANCE AS ON 31.03.2010	BALANCE AS ON 31.03.2009	AS ON 31.03.2010	AS ON 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	101,140,000	-	-	101,140,000	3,186,707	-	3,186,707	-	3,186,707	-	180,498,147	-	-
BUILDING	183,684,854	-	-	183,684,854	6,690,161	11,172	6,678,989	-	6,678,989	-	115,519,830	-	-
PLANT & MACHINERY	122,634,991	436,172	-	122,198,819	74,820	-	74,820	-	74,820	-	3,700,376	-	-
ELECTRIC FITTING	3,775,196	-	-	3,775,196	36,007	-	36,007	-	36,007	-	2,983,602	-	-
ELECTRIC INSTALLATION	3,019,609	-	-	3,019,609	2,921	-	2,921	-	2,921	-	173,646	-	-
FURNITURE & FIXTURES	176,567	-	-	176,567	-	-	-	-	-	-	3,807,879	-	-
VEHICLES	3,881,139	-	-	3,881,139	73,260	-	73,260	-	73,260	-	506,011	-	-
COMPUTER	524,150	-	-	524,150	18,139	-	18,139	-	18,139	-	95,095	-	-
OFFICE EQUIPMENTS	98,148	-	-	98,148	3,053	-	3,053	-	3,053	-	408,424,585	-	-
<b>TOTAL</b>	<b>418,934,654</b>	<b>436,172</b>	<b>436,172</b>	<b>418,498,482</b>	<b>10,085,069</b>	<b>11,172</b>	<b>10,073,897</b>	<b>11,172</b>	<b>10,073,897</b>	<b>10,073,897</b>	<b>408,424,585</b>	<b>408,424,585</b>	<b>408,424,585</b>

PREVIOUS YEAR

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himant Dua)  
Company Secretary

INVENTORIES		ANNEXURE-G	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
	In Rupees	In Rupees	
(TAKEN AS VALUED & CERTIFIED BY THE MANAGEMENT)			
RAW MATERIALS	331,564,320	-	
WORK IN PROCESS	16,637,187	-	
FINISHED GOODS	44,083,228	-	
STORES & SPARES	9,347,005	-	
HANSI UNIT	82,309,880	-	
RAW MATERIALS	1,952,348	-	
FINISHED GOODS			
<b>TOTAL</b>	<b>485,893,967</b>		

SUNDRY DEBTORS		ANNEXURE-H	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
	In Rupees	In Rupees	
(UNSECURED, CONSIDERED GOOD)			
SUNDRY DEBTORS	-	-	
MORE THAN SIX MONTHS	27,972,574	-	
OTHERS			
<b>TOTAL</b>	<b>27,972,574</b>		

CASH & BANK BALANCES		ANNEXURE-I	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
	In Rupees	In Rupees	
CASH IN HAND (INCLUDING IMPREST)	9,814,047	64,000	
BALANCE WITH SCHEDULED BANKS			
IN CURRENT ACCOUNTS	14,672,064	-	
<b>TOTAL</b>	<b>24,486,111</b>	<b>64,000</b>	

LOANS AND ADVANCES		ANNEXURE-J	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
	In Rupees	In Rupees	
(UNSECURED, CONSIDERED GOOD)			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR	127,013,385	-	
FOR A VALUE TO BE RECEIVED			
SECURITY DEPOSITS	4,940,385	-	
<b>TOTAL</b>	<b>131,953,770</b>		

CURRENT LIABILITIES AND PROVISIONS		ANNEXURE-K	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
	In Rupees	In Rupees	
<b>CURRENT LIABILITIES</b>			
<b>SUNDRY CREDITORS</b>			
- Dues of Micro, Small & Medium Enterprises	-	-	
- Others	199,417,886	-	
<b>OTHER LIABILITIES</b>	<b>38,852,959</b>	<b>2,500</b>	
<b>PROVISIONS</b>			
INCOME TAX	7,400,000	-	
<b>TOTAL</b>	<b>245,670,845</b>	<b>2,500</b>	

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary



**SEL TEXTILES LIMITED**

<b>OTHER INCOME</b>		<b>ANNEXURE-L</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR In Rupees</b>	<b>PREVIOUS YEAR In Rupees</b>	
EXPORT INCENTIVES	13,604,283	-	
INTEREST (Gross) (TDS Rs. Nil , Previous Year Rs. Nil)	11,828	-	
FOREIGN EXCHANGE FLUCTUATION	202,382	-	
<b>TOTAL</b>	<b>13,818,493</b>	-	

<b>MATERIAL CONSUMED</b>		<b>ANNEXURE-M</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR In Rupees</b>	<b>PREVIOUS YEAR In Rupees</b>	
OPENING STOCKS	-	-	
RAW MATERIAL	-	-	
WORK IN PROGRESS	-	-	
FINISHED GOODS	-	-	
<b>PURCHASES</b>	<b>642,243,680</b>	-	
CLOSING STOCKS	-	-	
RAW MATERIAL	331,564,320	-	
WORK IN PROGRESS	16,637,187	-	
FINISHED GOODS	44,083,228	-	
	392,284,734	-	
<b>MATERIAL CONSUMED</b>	<b>249,958,946</b>	-	

<b>MANUFACTURING EXPENSES</b>		<b>ANNEXURE-N</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR In Rupees</b>	<b>PREVIOUS YEAR In Rupees</b>	
JOB WORK EXPENSES	766,968	-	
POWER & FUEL	40,578,808	-	
CONSUMABLE & OTHER MATERIALS	580,703	-	
REPAIR & MAINTENANCE	1,389,439	-	
<b>TOTAL</b>	<b>43,315,918</b>	-	

<b>PERSONNEL EXPENSES</b>		<b>ANNEXURE-O</b>	
<b>PARTICULARS</b>	<b>CURRENT YEAR In Rupees</b>	<b>PREVIOUS YEAR In Rupees</b>	
WAGES, SALARIES & OTHER ALLOWANCES	16,375,554	-	
CONTRIBUTION TO ESI & OTHER FUNDS	1,568,279	-	
STAFF & LABOUR WELFARE	750,730	-	
<b>TOTAL</b>	<b>18,694,563</b>	-	

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary

SEL TEXTILES LIMITED

ADMINISTRATIVE AND OTHER EXPENSES PARTICULARS	ANNEXURE-P	
	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
PRINTING & STATIONERY	330,165	-
INSURANCE	101,503	-
FEES & TAXES	203,039	27,200
DONATION	2,100	-
LEGAL & PROFESSIONAL CHARGES	115,856	-
POSTAGE & COURIER CHARGES	75,444	-
TELEPHONE & FAX EXPENSES	189,829	-
<b>AUDITORS' REMUNERATION</b>		
-AUDIT FEE	60,000	2,500
-TAX AUDIT FEE	15,000	-
-SERVICE TAX	7,725	-
DIRECTOR'S REMUNERATION	230,968	-
GENERAL REPAIR & MAINTENANCE	160,033	8,800
OFFICE EXPENSES	233,206	-
FESTIVAL EXPENSES	215,015	-
RENT	50,000	-
TRAVELLING & CONVEYANCE	150,044	-
MISCELLANEOUS EXPENSES	68,024	-
SERVICE TAX PAID	214,019	-
ADVERTISEMENT	3,000	-
SECURITY EXPENSES	37,502	-
BUILDING REPAIR & MAINTENANCE	43,329	-
VEHICLES' EXPENSES	99,083	-
<b>TOTAL</b>	<b>2,604,684</b>	<b>38,500</b>

FINANCIAL EXPENSES PARTICULARS	ANNEXURE-Q	
	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
INTEREST ON WORKING CAPITAL LIMITS	5,031,616	-
INTEREST ON TERM LOAN	8,804,130	-
BANK CHARGES	3,036,848	-
INTEREST TO OTHERS	2,354	-
INTEREST ON CAR LOAN	39,428	-
<b>TOTAL</b>	<b>16,914,376</b>	<b>-</b>

SELLING EXPENSES PARTICULARS	ANNEXURE-R	
	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
BUSINESS PROMOTION	9,373	-
COMMISSION	4,890,462	-
CLEARING & FORWARDING CHARGES	2,353,635	-
PACKING EXPENSES	5,953,844	-
REBATE & DISCOUNT	569,712	-
FREIGHT OUTWARD	5,757,281	-
<b>TOTAL</b>	<b>19,534,307</b>	<b>-</b>

(Dinesh Kumar)  
Chartered Accountant

(Ram Saran Saluja)  
Director

(Neeraj Saluja)  
Director

(Navneet Gupta)  
Director

(Himani Dua)  
Company Secretary

**Significant Accounting Policies and Notes to Accounts****ANNEXURE-S****I. Significant Accounting Policies****A. Accounting Convention**

The accounts are prepared on historical cost convention in accordance with the generally accepted accounting principles, the applicable accounting standards referred to in section 211 (3C) and other relevant provisions of the Companies Act, 1956.

**B. Revenue Recognition****i) Sales**

Revenue from sale of goods is recognized:

- (i) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership: and
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Export Incentives**

Revenue in respect of the above benefits is recognized on post export basis.

**iii) Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**C. Investments**

Long term Investments are carried at cost less provision, if any, for diminution in value which is other than temporary, and current investments are carried at lower of cost and fair value.

**D. Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- i) In respect of Raw Materials & Consumable Stores on FIFO basis.
- ii) In respect of Work in process and Finished Goods, at weighted average cost of raw material plus conversion cost & packing cost incurred to bring the goods to their present condition & location.

**E. Foreign Currency Transactions**

1. Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction except sales that are recorded at rate notified by the customs for invoice purposes. Such rate is notified in the last week of every month and is adopted for recording export sales of next month.
2. Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at balance sheet date are recognized as income or expenses in period in which they arise.
3. Foreign currency non monetary items, which are carried in terms of historical cost, are reported using exchange rate at the date of transaction.

**F. Fixed Assets****(i) Fixed Assets**

Fixed Assets are stated at acquisition cost including inward freight, duties, taxes and incidental expenses relating to acquisition net of subsidy relating to specific fixed asset and accumulated depreciation.

**(ii) Capital work in progress**

Capital work in progress includes cost of assets at site, construction expenditure and advances made for acquisition of capital assets.

**G. Cenvat Credit**

Cenvat Credit on excise duty paid inputs, capital assets and inputs services is recognized in accordance with the Cenvat Credit Rules, 2004.

**H. Depreciation/Amortisation**

Depreciation has been provided under Straight Line Value Method at the rates specified in Schedule XIV of Companies Act, 1956. Depreciation on assets costing Rs. 5000/- or below is charged @ 100% per annum on proportionate basis.

**I. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred.

**J. Employee Benefits****(i) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

**(ii) Gratuity:**

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme of Life Insurance of India (LIC) and contribution in respect of such scheme is recognized in the Profit & Loss Account. The liability/asset as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with Accounting Standard 15 on 'Employee Benefit'.

**(iii) Leave with wages**

Provision for earned leave due for the year is made on the actual valuation as at the close of the year.

**K. Expenditure incurred during construction/acquisition period**

In respect of new/major expansion, the indirect expenditure incurred during construction period upto the date of commencement of commercial production, which is attributable to the construction/acquisition of the project, is capitalized on various categories of fixed assets on proportionate basis.

**L. Miscellaneous Expenditure**

Preliminary Expenses are written off over a period of 5 years from the year in which the new unit commences production or operation.

**M. Accounting for Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

**N. Impairment of Assets**

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**O. Provisions and Contingent Liabilities**

- i) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:
  - a) The company has a present obligation as a result of a past event;
  - b) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - c) The amount of the obligation can be reliably estimated
- ii) Contingent liability is disclosed in the case of:
  - a) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
  - b) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

**P. Earning per share**

Basic earning per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period. Diluted earning per share is also computed by taking into account the aggregate of the weighted average numbers of equity shares outstanding during the period.

## Notes on Accounts

1. There are contingent liabilities in respect of the following items: No outflow is expected in view of the past history relating to these items:-

Particulars	(Rs. In Crores)	
	March 31, 2010	March 31, 2009
(i) Export Bills Discounted	1.63	-
(ii) Estimated amount of capital contracts remaining to be executed net of advances	6.36	-

2. Related Party Disclosures

Names of Related Parties and Relationships:

Sr. No.	Name of Related Party	Relationship
1	SEL Manufacturing Co. Ltd.	Holding Company
2	Mr. R. S. Saluja *Mr. Neeraj Saluja *Mr. Dhiraj Saluja *Mr. Navneet Gupta	Key Management Personnel
3	*M/s Shiv Narayan Investments Pvt. Ltd. *M/s Saluja International *M/s Saluja Fabrics *M/s SEL Aviation Pvt. Ltd. *M/s SEL Developers Pvt. Ltd. M/s Rythm Textiles & Apparels Park Ltd. *M/s Silverline Textiles Park Ltd. * M/s SE Exports M/s Kudu Industries	Enterprises over which key management personal and relatives of such personal is able to exercise significant influence

\* No transactions have taken place during the year.

Amounts (Rs. in Crores)

Transactions with Related Parties	Current Year	Previous Year
<b>Purchase &amp; Processing of Goods</b>		
SEL Manufacturing Co. Ltd.	3.43	-
Total	3.43	-
<b>Sale &amp; Processing of Goods</b>		
SEL Manufacturing Co. Ltd.	6.68	-
SEL Manufacturing Co. Ltd. – Sale Of Machinery	4.25	-
Total	6.73	-
Share Application Money with Rythm Textiles & Apparels Park Ltd.	4.40	-
<b>Rent Paid</b>		
SEL Manufacturing Co. Ltd.	0.01	-
<b>Salary Paid</b>		
R.S. Saluja	0.02	-

**3. Earnings Per Share**

The calculation of Earnings per Share as disclosed in the statement of Profit & Loss has been in accordance with Accounting Standard (AS)-20 on "Earning per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of Basic & Diluted EPS is as under:

Particulars	Unit	Current Year	Previous Year
Profit after tax before Extra ordinary Items (A)	Rs. In Laacs	249.47	-
Weighted average number of equity shares (B)	No.	13266888	-
Weighted average number of Potential equity shares (C)	No.	-	-
Total (D)	No.	13266888	-
Basic EPS (A/B)	Rs.	1.88	-
Diluted EPS (A/D)	Rs.	1.88	-

**4. Deferred Tax (Asset)/Liability**

Particulars	DTL or (DTA) on 1 <sup>st</sup> April 2009	Current year charge/ (credit)	DTL or (DTA) as at 31st March 2010
Timing Difference due to Depreciation	-	12039124	12039124
Disallowance u/s 36 (i) (v)	-	(103964)	(103964)
<b>Total</b>	-	<b>11935161</b>	<b>11935161</b>

5. Debit or Credit balances on whatsoever account are subject to confirmation from parties; as such their effect on profit and loss account cannot be reflected.
6. In opinion of the Board, all the current assets, loans & advances have the value on realization in the ordinary course of business at-least equal to amount at which they are stated.
7. Segment Reporting

## a) Primary Segment: Business Segment

The company is operating into a single business i.e. Textile and all business activities revolve around this segment.

## b) Secondary Segment: Geographical segment

The company has identified geographical segment as its secondary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets. The financial information about geographical segment is presented below:

Particulars	(Rs. In crores)		
	India	Rest of World	Total
Operating Revenue	14.15 (Nil)	24.46 (Nil)	38.61 (Nil)

8. The Company has purchased the assets of a closed unit namely, Radhika Fibres India Ltd. for Rs. 26.89 Crores. However, so far the Company has paid Rs. 13.21 Crores as advance for building and plant & machinery, which has been shown under Capital Work in Process & also paid Rs. 7.32 crores for unpaid statutory liabilities of the company, which has been shown under Loans & Advances, and the ownership would be registered by June 30th, 2010.

9. The tax paid u/s 115JB (MAT) of Income Tax Act, 1961 has been treated as an asset in accordance with the provision of the Guidance note for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India. The MAT credit entitlement for the current year entitlement is on the basis of statement of assessable income prepared on provisional basis.
10. Cheques issued but not presented for payment amounting to Rs. 21,776,467/- (Previous Year Rs. Nil) have been shown under the head other liabilities
11. The Managing, Whole time Director & Executive Director have been paid remuneration in accordance with Schedule XIII to Companies Act, 1956 as per particulars given below:

<u>Particulars</u>	<u>Amounts (Rs. In lacs)</u>
Salary (Incl. Allowances)	2.31
Total	<u>2.31</u>

12. Payment to Auditors:

<u>Particulars</u>	(In. Rs.)	
	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	60,000	2,500
Tax Audit Fees	15,000	-
Service Tax	7,725	-
<b>Total</b>	<b>82,725</b>	<b>2,500</b>

13. The Micro, Small and Medium Enterprises Development Act, 2006 come into force w.e.f. 02.10.2006. The Company has not received any confirmation from its vendors / service providers regarding their status of registration under the said act. Hence, the disclosures required under the said Act have not been given.
14. The Company has under taken export obligation of Rs. 22.27 crores to export of goods against the issuance of EPCG Licenses for the import of capital goods and duty free procurement of indigenous capital goods etc. Out of this, export obligations of Rs. 7.72 crores have already been fulfilled up to 31<sup>st</sup> March 2010.
15. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard (AS15) are as under:

a) **Gratuity**

The principal assumptions used in actuarial valuation of gratuity are as below

1. Assumption

-Discount rate	8.00%
-Expected rate of future salary escalation	7.00%

2. Change in present value of obligations as on 31.03.2010

- Present value of obligations as at beginning of year	-
- Interest Cost (LC Premium)	-
- Current service cost	-
- Benefits paid	-
- Actuarial gain on obligations	-
- Present value of obligations as at 31.03.2010	305865



<u>3. Changes in fair value of plan assets as on 31.03.2010</u>	
-Fair value of plan assets at the beginning of year	0
-Expected return on plan assets	0
-Contributions	0
-Benefits paid	0
-Actuarial gain/(loss) on plan assets	0
-Fair value of plan assets at the end of year	0
<u>4. Fair value of plan assets</u>	
-Fair value of plan assets at beginning of year	0
-Actual return on plan assets	0
-Contributions	0
-Benefits paid	0
-Fair value of plan assets at the end of year	0
-Funded Status	0
-Excess of actual over estimated return on plan assets	0
(Actual rate of return= Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	
<u>5. Actuarial Gain/Loss recognized</u>	
Actuarial (gain)/ loss on obligation	0
Actuarial (gain)/ loss for the year-plan assets	0
Actuarial (gain)/ loss on obligation	0
Actuarial (gain)/ loss recognized in the year	0
<u>6. Amount recognized in the Balance Sheet and Profit &amp; Loss Account</u>	
- Present value of obligations as at the end of year	305865
- Fair value of plan assets as at the end of the year	0
- Funded status	0
- Net Assets/ (Liability) recognized in Balance sheet	305865
<u>7. Expenses recognized in Profit and Loss Account</u>	
- Current service cost	0
- Interest cost (LC Premium)	0
- Expected return on plan assets	(305865)
- Net Actuarial (Gain)/ Loss recognized in the year	0
- Total Expense recognized in Profit and Loss Account	

b) **Provident Fund:**  
During the year the company has recognized an expense of Rs. 1,075,884/- towards provident fund scheme.

c) **Leave Encashment**  
During the year the company has recognized an expense of Rs. 252,760/-.

16. The figures in bracket indicate deductions.

17. The figures of the previous year have been rearranged and / or regrouped, wherever considered necessary to facilitate comparison.
18. Additional information as required by paragraph 3&4 of Part II of Schedule VI of the Companies Act, 1956 and Balance Sheet abstract and Company's General Profile are enclosed herewith.

Subject to our Separate  
Report of Even Date  
For Dinesh Mehtani & Co.  
Chartered Accountants

For and on the behalf of Board of  
SEL Textiles Ltd.

**(Dinesh Mehtani)**  
Prop.  
M. No. 091676  
Place: Ludhiana  
Date : 14.05.2010

**(Ram Saran Saluja)**  
Director

**(Neeraj Saluja)**  
Director

**(Navneet Gupta)**  
Director

**(Himani Dua)**  
Company Secretary

**SEL TEXTILES LIMITED**

1 Additional Information as required by paragraph 3 & 4 of the Part II of Schedule VI of the Companies Act, 1956

**A. PRODUCTION DATA**

Class of Goods	Unit	Licensed Capacity		Installed Capacity	Actual Production
		Current Year	Previous Year		
Cotton Yarn	Kgs.	N.A.	N.A.	24,960	3,148,551
	Kgs.				

(Installed Capacities have been certified by the management and not verified by the Auditors being technical matter.)

(Installed Capacities per annum on the basis of 360 working days. Installed Capacities are in terms of spindles installed)

**B. Particulars of Sales**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton Yarn	Kgs.	3,137,945	364,859,772	-	-
Waste	Kgs.	542,832	21,156,655	-	-
Other Scrap	Kgs.	-	244,738	-	-
<b>Total</b>			<b>386,261,165</b>		

**C. Raw Material Consumed**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton	Kgs.	4,270,207	278,310,624	-	-
<b>Total</b>		<b>4,270,207</b>	<b>278,310,624</b>		

**D. Trading Goods Purchased**

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton Yarn	Kgs.	298,015	32,368,736	-	-
Waste	Kgs.	34,863	1,952,348	-	-
<b>Total</b>		<b>332,878</b>	<b>34,321,084</b>		

**E. Opening and Closing Stock of Goods Produced and Traded in**

Current Year	Unit	Opening Stock		Closing Stock	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Cotton Yarn	Kgs.	-	-	308,622	29,019,468
Waste	Kgs.	-	-	376,594	15,063,760
Waste (Hansi Unit)	Kgs.	-	-	34,863	1,952,348
<b>Total</b>					<b>46,035,576</b>

**F. Bifurcation of Materials and Stores Consumed**

Class of Goods	Period	Indigenous		Imported	
		Value	%	Value	%
Raw Material	Current Period	278,310,624	100%	--	--
	Previous Year	-	100%	--	--
Stores & Spares	Current Period	1,704,221	87%	265,921	13%
	Previous Year	-	100%	--	--

**G. CIF Value of Imports**

Current Period	265,921
Previous Year	-

**H. Expenditure in Foreign Currency**

Current Period	2,869,191
Previous Year	-

**I. FOB Value of Directs Exports**

Current Period	177,612,439
Previous Year	-

Balance Sheet Abstract and Company's General Business Profile

Registration Details

Registration No.	032050	State Code	16
Balance Sheet Date	31.03.2010		

Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	286,200

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1,076,111	Total Assets	1,076,111
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Source of Funds

Paid-Up Capital	286,300	Reserve & Surplus	184,929
Secured Loan	591,030	Share Application Money	-
Unsecured Loans	1,917	Deferred Tax Liabilities	11,935

Application of Funds

Net Fixed Assets	607,495	Investments	43,980
Net Current Assets	424,636	Misc Expenditure	-

Performance of Company (Amount in Rs. Thousand)

Turnover and other Income	400,080	Total Expenditure	361,108
Profit before Tax	38,972	Profit after Tax	24,948
Earning per Share (in Rs )	1.88	Dividend (%)	-

Generic Names of Principle Products/Services of the Company (as per monetary terms)

Item Code No.	Product Description
5509.21	Cotton Yarn

# SE EXPORTS, BADDI

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	ANNEXURE	AMOUNT (IN RS.)
<b><u>LIABILITIES</u></b>		
PARTNERS' CAPITAL	"A"	440,085,102
<b><u>SECURED LOANS</u></b>		
SBBJ EPC		65,533,147
<b><u>CURRENT LIABILITIES AND PROVISIONS</u></b>		
OTHER LIABILITIES	"B"	6,171,845
<b>TOTAL</b>		<b>511,790,094</b>
<b><u>ASSETS</u></b>		
FIXED ASSETS	"C"	9,018,275
CAPITAL WIP		35,399,503
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
SUNDRY DEBTORS	"D"	326,609,788
INVESTMENT		100,000
CLOSING STOCK (As Taken, Valued and Certified by Partners of the Firm)		88,500,795
CASH AND BANK BALANCES	"E"	6,070,409
LOANS AND ADVANCES	"F"	46,091,324
<b>TOTAL</b>		<b>511,790,094</b>

**NOTES ON ACCOUNTS**

**"G"**

For SE Exports

Subject to our Separate Report of  
Even Date  
For Dass Khanna & Co.  
Chartered Accountants

Partner  
SEL Manufacturing Company Limited  
through its Director Navneet Gupta  
Date : 14.05.2010  
Place : Ludhiana

Rakesh Soni  
Partner  
M.No.: 83142

# SE EXPORTS, BADDI

## TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2010

PARTICULARS	AMOUNT (IN RS.)	PARTICULARS	AMOUNT (IN RS.)
To Opening Stock	44,082,041	By Sales	254,448,883
To Purchases	188,992,954	By Closing Stock	88,500,795
To Wages & Other Allowances	5,472,603		
To Power & Fuel	1,160,577		
To Consumables Stores	453,745		
To Gross Profit	102,787,758		
<b>TOTAL</b>	<b>342,949,678</b>	<b>TOTAL</b>	<b>342,949,678</b>
To Administrative Expenses		By Gross Profit	102,787,758
-Insurance Expenses	68,999	By Foreign Exchange Fluctuation	17,747,111
-General Expenses	32,734	By Interest on FDR	15,795
-Printing & Stationary	2,574	By Duty Draw Back	18,044,321
-Water Charges	7,896	By Sundry Balance Written Off	1,120
-Postage and Courier	132		
-Fee & Taxes	34,335		
-Security Charges	126,266		
-General Repair	1,855		
-Building Repair	12,420		
-Service Tax	10,628		
-Interest on Late Deposit of TDS	78		
-Telephone Expenses	9,026		
-Audit Fee	41,363		
-Vehicle Expenses	84,944		
-Legal & Professional Charges	161,819		
To Personnal Expenses			
-Salary	756,864		
-Bonus	49,992		
-Leave with Wages	37,302		
-Employer Contribution towards EPF& FP	97,147		
-Employer Contribution towards ESI	30,021		
-Staff & Labour Welfare	26,696		
To Financial Expenses			
-Bank Charges	1,610,671		
-Bank Interest	8,230,372		
To Selling Expenses			
-Sample Expenses	2,490		
-Freight Outward	840,639		
-Clearing & Forwarding	491,693		
-Business Promotion	1,840		
To Depreciation	1,038,541		
To Net profit transferred to Capital Accounts	124,786,768		
<b>TOTAL</b>	<b>138,596,105</b>	<b>TOTAL</b>	<b>138,596,105</b>

For SE Exports

Partner  
**SEL Manufacturing Company Limited**  
 through its Director Navneet Gupta  
 Date : 14.05.2010  
 Place : Ludhiana

Subject to our Separate Report of  
 Even Date  
**For Dass Khanna & Co.**  
 Chartered Accountants

Rakesh Soni  
 Partner  
 M.No.: 83142

**Cash Flow Statement for the Year Ended 31st March, 2010**

Particulars	Details (Rs.)	Current Year
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Taxes & Extraordinary Items		124,786,768
<b>Adjustments for:</b>		
Depreciation	1,038,541	-
Interest Charged	8,230,372	
Interest Received	<u>(15,795)</u>	9,253,118
<b>Adjustments for Changes in Working Capital:</b>		
(Increase)/ Decrease in Sundry Debtors	120,813,967	
Increase/ (Decrease) in Current Liabilities	(46,978,836)	
(Increase)/ Decrease in Loans & Advances	(13,815,904)	
(Increase)/ Decrease in Inventories	<u>(44,418,755)</u>	15,600,472
<b>Cash Generation from Operations</b>		<b>149,640,358</b>
Taxes Paid		-
<b>Net Cash from Operating Activities</b>		<b>149,640,358</b>
<b>B Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(13,443,564)	
Interest Received	15,795	
<b>Net Cash Flows from Investing Activities</b>		<b><u>(13,427,769)</u></b>
<b>C Cash Flows from Financing Activities</b>		
Increase/Decrease in Partners Capital	(123,580,683)	
Proceeds/(Repayment) of Short term Borrowings	(6,661,246)	
Interest Paid	(8,230,372)	
<b>Net Cash Flows from Financing Activities</b>		<b><u>(138,472,301)</u></b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>(2,259,712)</b>
Cash & Cash Equivalents - Opening Balance		8,330,120
Cash & Cash Equivalents - Closing Balance		6,070,408

For SE Exports

Partner  
SEL Manufacturing Company Limited  
through its Director Navneet Gupta  
Date : 14.05.2010  
Place : Ludhiana

Subject to our Separate Report of  
Even Date  
For Dass Khanna & Co.  
Chartered Accountants

Rakesh Soni  
Partner  
M.No. 83142

# SE EXPORTS, BADDI

PARTNERS' CAPITAL

ANNEXURE-A

NAME OF PARTNER	PROFIT SHARING RATIO	BALANCE AS ON 01.04.2009	ADDITIONS	SHARE OF PROFIT	DRAWINGS	BALANCE AS ON 31.03.2010
DHIRAJ SALUJA	0.50%	1,503,365	-	623,934	402,201	1,725,098
REEMA SALUJA	0.50%	1,061,638	-	623,934	248,962	1,436,660
SEL MFG. CO. LTD.	99.00%	436,313,964	314,757,980	123,538,901	437,687,500	436,923,344
	100.00%	438,879,016	314,757,980	124,786,768	438,338,663	440,085,102



## SE EXPORTS, BADDI

OTHER LIABILITIES	ANNEXURE-B
PARTICULARS	AMOUNT
Cheque Outstanding	4,511,872
Bonus Payable	49,992
LWW Payable	37,302
Ashwani & Associates	133,004
Expenses Payable	52,959
Vat Output	13,070
Dass Khanna & Co	37,227
Gratuity Payable	221,821
RNG International	578,976
TCS Payable	4,076
TDS Payable	11,471
Corporate Detective & Security Services (Regd)	3,920
Hi Tech Fire Services	7,650
Salary & Wages Payable	508,505
<b>Total</b>	<b>6,171,845</b>

# SE EXPORTS, BADDI

## FIXED ASSETS

ANNEXURE-C

DESCRIPTION OF ASSETS	RATE OF DEPRECIATION	RATE OF ADDITIONAL DEPRECIATION	W.D.V AS ON 1.04.2009	ADDITIONS UPTO 30.09.09	AFTER 30.09.09	SALES/ ADJUSTMENT DURING THE YEAR	TOTAL	DEPRECIATION	ADDITIONAL DEPRECIATION	TOTAL DEPRECIATION	W.D.V AS ON 31.03.2010
LAND	-	0%	1,654,737	-	-	-	1,654,737	-	-	-	1,654,737
BUILDING	10%	0%	4,246,217	-	-	-	4,246,217	424,622	-	424,622	3,821,595
MACHINERY	15%	20%	3,042,386	-	-	-	3,042,386	456,358	-	456,358	2,586,028
ELECTRIC FITTING	10%	0%	136,536	-	-	-	136,536	13,654	-	13,654	122,882
OFFICE EQUIPMENT	15%	0%	164,029	-	-	-	164,029	24,604	-	24,604	139,425
GENERATOR	15%	0%	486,850	-	-	-	486,850	73,028	-	73,028	413,823
COMPUTER	60%	0%	90	-	-	-	90	54	-	54	36
PLASTIC CRATES	15%	0%	2,060	-	-	-	2,060	309	-	309	1,751
FURNITURE & FIXTURE	10%	0%	53,475	-	-	-	53,475	5,348	-	5,348	48,128
TATA 407 TRUCK	15%	0%	95,554	-	-	-	95,554	14,333	-	14,333	81,221
CAR	15%	0%	161,704	-	-	-	161,704	24,256	-	24,256	137,448
FIRE FIGHTING EQUIPMEN	15%	0%	2,454	-	-	-	2,454	368	-	368	2,086
MOTOR CYCLE	15%	0%	10,724	-	-	-	10,724	1,609	-	1,609	9,115
<b>TOTAL</b>			<b>10,056,816</b>				<b>10,056,816</b>	<b>1,038,541</b>		<b>1,038,541</b>	<b>9,018,275</b>

## SE EXPORTS, BADDI

### SUNDRY DEBTORS

### ANNEXURE-D

PARTICULARS	AMOUNT
Goyal Readymade Garments Trading	46,553,005
Geeta Woolen Mills	820,143
Al Shemail Garment & Perfumer	43,979,141
OOO ROPL	171,294,100
Raduga Trading	80,494,149
<b>Total</b>	<b>343,140,538</b>
Less: Balances in FBP / FBNLC	16,530,750
<b>Net Debtors</b>	<b>326,609,788</b>

### CASH AND BANK BALANCES

### ANNEXURE-E

PARTICULARS	AMOUNT
Cash in hand & Imprest	4,332,806
ICICI Bnk New A/c No. 631905001200	140,265
PNB 4209002100042538	20,018
PNB (New Custome House)-5683	15,464
Sbbj A/C 51011000599	881,212
Sbbj FDR	137,511
State Bank of India-Mumbai	10,000
State Bank of Patiala-5865	193,407
SBOP A/c no 6505664744	339,725
<b>Total</b>	<b>6,070,409</b>

### LOANS AND ADVANCES RECOVERABLE IN CASH OR KIND

### ANNEXURE-F

PARTICULARS	AMOUNT
Akash International	732,551
Prepaid Expenses	186,122
Duty Drawback Receivable	10,442,011
Edge Apparels	332,400
Income Tax for earlier years	28,922,853
Interest receivable	219,463
Suresh Fabrics	5,255,924
<b>Total</b>	<b>46,091,324</b>

Notes on Accounts & Significant Accounting Policies

**A. Accounting Convention**

The accounts are prepared on historical cost convention in accordance with the generally accepted accounting principles and the applicable accounting standards

**B. Revenue Recognition**

**i) Sales**

Revenue from sale of goods is recognized:

- (i) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

**ii) Export Incentives**

Revenue in respect of the above benefits is recognized on post export basis.

**iii) Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**C. Fixed Assets**

**(i) Fixed Assets**

Fixed Assets are stated at acquisition cost including inward freight, duties, taxes and incidental expenses relating to acquisition net of subsidy relating to specific fixed asset and accumulated depreciation.

**(ii) Capital work in progress**

Capital work in progress includes cost of assets at site, construction expenditure and advances made for acquisition of capital assets.

**D. Inventory Valuation**

Inventories are valued at cost or market price whichever is lower except waste, which has been valued at realizable value. The various types of inventories are valued as under:

- Raw material and Stores & Spares are valued at FIFO basis.
- Work in Process is valued at material cost plus appropriate share of manufacturing expenses/relevant overheads.
- Finished goods are valued at material cost plus appropriate share of manufacturing expenses/relevant overheads or market prices whichever is lower.

**E. Depreciation**

Depreciation on Fixed Assets has been provided as per method prescribed by Income Tax Act 1961.

**F. Employee Benefits**

**(i) Short term benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**(ii) Post employment benefits**

**(i) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

**(ii) Gratuity:**

The liability for gratuity is accounted on cash basis.

**(iii) Leave with wages**

Provision for earned leave due for the year is made at the close of the year.

**G. Accounting for Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions.

**H. Impairment of Assets**

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

**I. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred.

**J. Provisions and Contingent Liabilities**

i. Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:

1. The company has a present obligation as a result of a past event;
2. A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
3. The amount of the obligation can be reliably estimated

ii. Contingent liability is disclosed in the case of:

1. a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
2. a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

**2) Foreign Exchange Transactions**

- i) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.
- ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or as reported at balance sheet date are recognized as income or expenses in period in which they arise.
- ii) Foreign currency non monetary items, which are carried in terms of historical cost, are reported using exchange rate at the date of transaction.

Notes to Accounts

1. There are contingent liabilities in respect of the following items: No outflow is expected in view of the past history relating to these items:-

Particulars	(Rs. In Lacs)
	March 31, 2010
(i) Export Bills Discounted	165.30
(ii) Income Tax demand for AY 2004-05,2005-06, 2006-07 & 2007-08 (net of deposit of Rs 289.22 lacs)	575.77
(iii) Estimated amount of capital contracts remaining to be executed.( net of advances)	71.63

2. Debit or Credit balances on whatsoever account are subject to confirmation from parties; as such their effect on profit and loss account cannot be reflected.

3. Related Party Disclosures

Names of Related Parties and Relationships:

Sr. No.	Name of Related Party	Relationship
1	SEL Manufacturing Company limited	Holding Company
2	Kudu Industries	Co-Subsidiary of Holding Company
3	Partner (Key Management Personnel)	Mrs. Reema Saluja Mr. Dhiraj Saluja
4	Relatives of KMP	Mrs. Sneha Lata Saluja Mrs. Ritu Saluja Mr. R.S Saluja Mr. Neeraj Saluja
5	Enterprises over which key management personal and relatives of such personal is able exercise significant influence	*M/s Shiv Narayan Investment Pvt. Ltd. M/s Saluja International *M/s Saluja Fabrics *M/s SEL Aviation Pvt. Ltd. *M/s SEL Developers Pvt. Ltd. M/s SEL Textiles Ltd. *M/s Rythm Textiles & Apparels Park Ltd. *M/S Silverline Textile Park Ltd.

\* No transactions have taken place during the year.

Transactions with Related Parties	(Rs. In lacs) March 31, 2010
Purchases-Kudu Industries	288.87
Purchases-SEL Manufacturing Co. Ltd.	400.00
Sales-SEL Manufacturing Co. Ltd.	478.63
Repayment of Loan- Saluja International	13.15
Loans & Advances (Given) – SEL Textiles Ltd.	18.20
Loans & Advances (Repayment) – SEL Textiles Ltd.	18.20
Loans & Advances (Given) – Smt. Sneha Lata Saluja	3.00
Loans & Advances (Repayment) – Smt. Sneha Lata Saluja	3.00
Loans & Advances (Given) – Mr. Neeraj Saluja	18.53
Loans & Advances (Repayment) – Mr. Neeraj Saluja	18.53

Loans & Advances (Acceptance) – Mrs. Ritu Saluja	925.00
Loans & Advances (Repaid) – Mrs. Ritu Saluja	925.00
Loans & Advances (Given) – Mrs. Ritu Saluja	45.16
Loans & Advances (Repayment) – Mrs. Ritu Saluja	45.16
<u>Capital Account Transaction with Partners</u>	
Drawings – Dhiraj Saluja	4.02
Drawings – Reema Saluja	2.49
Drawings (Net of Additions) – SEL Manufacturing Co. Ltd.	1150.66

4. The Micro, Small and Medium Enterprises Development Act, 2006 come into force w.e.f 02.10.2006. The Firm has not received any confirmation from its vendors/service providers regarding their status of registration under the said act. Hence, the disclosure required under the said Act has not been given.

5. Segment Reporting  
a) Primary Segment: Business Segment

The firm is operating into a single business i.e. Textile and all business activities revolve around this segment.

b) Secondary Segment: Geographical segment

The firm has identified geographical segment as its secondary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets. The financial information about geographical segment is presented below:

Particulars	(Rs. In crores)		
	India	Rest of World	Total
Operating Revenue	0.06	25.38	25.44

6. In opinion of the partners, all the current assets, loans & advances have the value on realization in the ordinary course of business at-least equal to amount at which they are stated.

7. Annexure A to I form an integral part of the balance sheet and the Profit & Loss Account and have been duly authenticated as such.

**SUBJECT TO OUR SEPARATE  
REPORT OF EVEN DATE**

**FOR SE EXPORTS**

**FOR DASS KHANNA & CO.  
CHARTERED ACCOUNTANTS**

**(PARTNER)**  
**SEL Manufacturing Company Limited**  
**through its Director Mr. Navneet Gupta**

**(RAKESH SONI)**  
**PARTNER**  
**M.No.: 83142**

**DATED: 14.05.10**  
**PLACE: LUDHIANA**

**KUDU INDUSTRIES**  
**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	ANNEXURE	AMOUNT (Rs.)
<b><u>LIABILITIES</u></b>		
<b>PARTNERS' CAPITAL</b>	<b>"A"</b>	615,556,326
<b><u>SECURED LOANS</u></b>	<b>"B"</b>	56,884,543
<b><u>CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b>SUNDRY CREDITORS</b>	<b>"C"</b>	14,402,215
<b>OTHER LIABILITIES</b>	<b>"D"</b>	15,191,263
	<b>TOTAL</b>	<b><u>702,034,347</u></b>
<b><u>ASSETS</u></b>		
<b><u>FIXED ASSETS</u></b>	<b>"E"</b>	61,373,374
<b><u>CAPITAL WORK IN PROGRESS</u></b>		18,825,775
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
<b>SUNDRY DEBTORS</b>	<b>"F"</b>	353,945,723
<b>CLOSING STOCK</b> (As Taken, Valued and Certified by Partners of the Firm)		94,834,739
<b>CASH AND BANK BALANCES</b>	<b>"G"</b>	9,173,171
<b>LOANS AND ADVANCES</b>	<b>"H"</b>	163,881,567
	<b>TOTAL</b>	<b><u>702,034,347</u></b>
<b>NOTES ON ACCOUNTS</b>	<b>"I"</b>	

For KUDU INDUSTRIES

Partner  
SEL Manufacturing Company Limited Through  
its Director Mr. Navneet Gupta

Date: 14.05.2010  
Place: Ludhiana

Subject to our Separate Report of  
Even Date  
For Dinesh Mehtani & Co.  
Chartered Accountants

Dinesh Kumar  
Proprietor  
M.No. 091676



**KUDU INDUSTRIES**

**TRADING AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING 31ST MARCH, 2010**

PARTICULARS	AMOUNT (IN RS.)	PARTICULARS	AMOUNT (IN RS.)
Opening Stock	23,726,886	Sales	948,696,159
Purchases	905,690,421	Job Work (Sales)	99,941,715
Dyes & Chemical	54,213,343		<u>1,048,637,874</u>
Packing & Other Materials	5,104,396	Closing Stock	94,834,739
Wages & Other Allowances	13,401,302		
Power & Fuel	106,389,554		
Job Work Charges	1,911,386		
Machinery Repair & Consumable Stores	3,582,064		
Gross Profit	29,453,261		
<b>Total</b>	<u><b>1,143,472,613</b></u>	<b>Total</b>	<u><b>1,143,472,613</b></u>
Bank Charges	197,958	Gross Profit	29,453,261
Bank Interest	2,248,638		
Interest on T/L	4,228,187		
Audit fee	15,000		
Tax Audit fee	4,000		
Depreciation	9,346,743		
Entertainment Exp	6,985		
ESI and EPF	2,215,234		
Fee & Taxes	184,946		
Freight Outward	145,680		
Fire Fighting Expenses	6,764		
Postage & Courier	10,824		
General Expense	123,225		
Bonus	265,190		
Leave with Wages	68,307		
Legal & Professional Charges	17,560		
Printing & Stationary	195,582		
Interest on TDS	18,402		
Telephone Expenses	61,350		
Donation	(21,000)		
Insurance	341,436		
Salary	5,080,103		
Sample Expenses	4,500		
Water Charges	216,000		
Festival Expenses	17,225		
General Repair	79,184		
Interest on Sales	20,355		
Service Tax	156,437		
Staff & Labour Welfare	140,218		
LAB Expenses	48,949		
Vehicle Expenses	88,803		
Travelling & Conveyance Expenses	32,816		
Building Repair	101,358		
Rebate & Discount	2,644,796		
Provision for Taxation	250,000		
Net profit transferred to capital accounts	891,505		
<b>TOTAL</b>	<u><b>29,453,261</b></u>	<b>TOTAL</b>	<u><b>29,453,261</b></u>

**For KUDU INDUSTRIES**

**Partner**  
**SEL Manufacturing Company Limited Thorough**  
**its Director Mr. Navneet Gupta**

**Date: 14.05.2010**  
**Place: Ludhiana**

Subject to our Separate Report of  
 Even Date  
**For Dinesh Mehtani & Co.**  
**Chartered Accountants**

**Dinesh Kumar**  
**Proprietor**  
**M.No 091676**

**Cash Flow Statement for the Year Ended 31st March, 2010**

Particulars	Details (Rs.)	Current Year
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Taxes & Extraordinary Items		1,141,505
Adjustments for:		
Depreciation	9,346,743	
Interest Charged	6,476,825	
		15,823,568
<b>Adjustments for Changes in Working Capital:</b>		
(Increase)/ Decrease in Sundry Debtors	(23,454,486)	
Increase/ (Decrease) in Current Liabilities	10,826,569	
(Increase)/ Decrease in Loans & Advances	(60,960,429)	
(Increase)/ Decrease in Inventories	(71,107,853)	(144,696,198)
		(127,731,125)
<b>Cash Generation from Operations</b>		<b>(127,731,125)</b>
Taxes Paid		250,000
<b>Net Cash from Operating Activities</b>		<b>(127,981,125)</b>
<b>B Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(816,973)	
Capital Work In Process	(2,572,048)	
Sale of Fixed Assets	1,152,745	
<b>Net Cash Flows from Investing Activities</b>		<b>(2,236,276)</b>
<b>C Cash Flows from Financing Activities</b>		
Proceeds from Partners Capital	108,386,441	
Proceeds/(Repayment) of Long term Borrowings	3,050,176	
Interest Paid	(6,476,825)	
<b>Net Cash Flows from Financing Activities</b>		<b>104,959,792</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>(25,257,609)</b>
Cash & Cash Equivalents - Opening Balance		34,430,780
Cash & Cash Equivalents - Closing Balance		9,173,171

For KUDU INDUSTRIES

Subject to our Separate Report of  
Even Date  
For Dinesh Mehtani & Co.  
Chartered Accountants

Partner  
SEL Manufacturing Company Limited Thorough  
its Director Mr. Navneet Gupta  
Place: Ludhiana  
Date: 14.05.2010

Dinesh Kumar  
Proprietor  
M.No. 091676

KUDU INDUSTRIES

ANNEXURE-A

PARTNERS' CAPITAL

NAME OF PARTNER	BALANCE AS ON 01.04.2009	ADDITIONS	PROFIT	TOTAL	DRAWINGS	BALANCE AS ON 31.03.2010
NEERAJ SALUJA	7,593	775,036	4,458	787,087	770,623	16,464
SEL MFG. CO. LTD	506,270,787	1,210,259,969	887,048	1,717,417,804	1,101,877,941	615,539,863
	<b>506,278,380</b>	<b>1,211,035,005</b>	<b>891,505</b>	<b>1,718,204,890</b>	<b>1,102,648,564</b>	<b>615,556,326</b>

**KUDU INDUSTRIES**

**SECURED LOAN**

**ANNEXURE - B**

<b>PARTICULARS</b>	<b>AMOUNT (IN RS.)</b>
State Bank of Patiala - CC-65031663720	23481587
State Bank of Patiala - TL-65031656123	33402956
<b>Total</b>	<b>56884543</b>

UDU INDUSTRIES

SUNDRY CREDITORS PARTICULARS	ANNEXURE-C AMOUNT(IN RS.)
Aadita Enterprises	112259
Baba Goods Carriers	177847
Bhupal Electrical Works	14360
Bombay Sales Corporation	166045
Bristol Dyes & Chemicals	503690
COLOURTEX INDUSTRIES LTD.	86687
Deol Enterprises	40716
Eclat Traders	31290
Emson Power Engineers	24128
FIBERCHEM	132827
Goodwill Elektro Controls	62853
G.S.Engineers	18601
Hindustan Udyog	571388
Icon Chemicals	82601
INDIANA ACIDS & CHEMICALS PVT. LTD.	5920548
Janta Industries	25569
JINDAL CHEMICALS	79125
JINDAL DYES & CHEMICALS	102335
Khalsa Boring Company	32324
Kumra Plastic Industries	49728
Kusum Enterprises	20256
Magan Enterprises	5385
Mago Tools Corporation	1048
Mehra Wax Products Pvt Ltd	32863
Metal Linx	4968
Mukesh Udyog Ltd.	30637
NIHAL CHAND & SONS	177557
N.S.Dyes & Chemicals	34815
Nuchem Dyestuff Pvt.Ltd.	546802
P DEWAN & CO	125345
Raj Traders	369633
Rattan Singh Jaswant Singh	144060
Saber Packaging Pvt. Limited.	305952
Sanil Chemicals	32442
Sham Salt Suppliers	63399
Sharman Yarn Agency	264031
SHIVA SALTS	92749
Singhania Chemicas Unit-1	193607
S.P.K.Fuels	133673
Sun Polyfab Pvt.Ltd.	74726
Suraj International	402525
Swisdyes Corporation	2847114
V.Cube Chemical Industries	7030
Vijay Shanker Chandak & Co.	27611
Woolways India Limited (Yarn)	229066
<b>Total</b>	<b>14402215</b>

**KUDU INDUSTRIES****OTHER LIABILITIES****ANNEXURE - D**

<b>PARTICULARS</b>	<b>AMOUNT(IN RS.)</b>
Bonus Payable	265190
Cheques Issued But not Presented	9016210
Audit Fee	19000
Expenses Payable	2589690
Leave with Wages Payable	68307
Salary/Wages Payable	1263459
Service Tax Payable	42120
TCS 1.2%	1751
Tds Payable	81811
Provision for Tax	250000
3A Exports	1458092
P.V.M. ENTERPRISES PVT. LTD	100000
S.K. Industries	35633
<b>Total</b>	<b>15191263</b>

KUDU INDUSTRIES

FIXED ASSETS

PARTICULARS	RATE OF DEPRECIATION	W.D.V AS ON 01.04.2009	ADDITIONS UPTO 30.09.09	ADDITIONS AFTER 30.09.09	SALES/ ADJUSTMENT DURING THE YEAR	DEPRECIATION	ADDITIONAL DEPRECIATION	W.D.V AS ON 31.03.2010
BUILDING	10%	27,051,538	-	-	-	2,705,154	-	24,346,384
MACHINERY	15%	35,939,326	660,492	112,667	-	5,498,423	137,732	31,076,331
MACHINERY (old)	15%	6,538,047	-	-	1,152,745	807,795	-	4,577,507
ELECTRIC FITTING	10%	963,305	-	-	-	96,331	-	866,975
LIFT	15%	200,494	-	-	-	30,074	-	170,420
OFFICE EQUIPMENT	15%	21,579	5,973	10,719	-	4,937	-	33,334
COMPUTER	60%	45,445	-	-	-	27,267	-	18,178
FURNITURE & FIXTURE	10%	175,700	-	6,750	-	17,908	-	164,543
FIRE FIGHTING EQUIP	15%	40,164	-	-	-	6,025	-	34,139
AIR CONDITIONERS	15%	20,995	-	-	-	3,149	-	17,846
WATER COOLER	15%	26,350	14,652	-	-	6,150	-	34,852
WEIGHING SCALE	15%	32,946	5,720	-	-	5,800	-	32,866
<b>TOTAL</b>		<b>71,055,889</b>	<b>686,837</b>	<b>130,136</b>	<b>1,152,745</b>	<b>9,209,012</b>	<b>137,732</b>	<b>61,373,374</b>

**KUDU INDUSTRIES****SUNDRY DEBTORS****ANNEXURE - F**

<b>PARTICULARS</b>	<b>AMOUNT(IN RS.)</b>
Addi Industries Ltd	674
Anant Business Services	10534
Ankush Knitwears	170431
Apparels & Lines India (P)Ltd	14155
Avam Agro & Finance Pvt.Ltd	1741
Avion Knit Crafts	94616
Ganga Fabrics	7005
Ganga Knit Pvt. Ltd.	5716688
Ganpati Fabrics Pvt Ltd	19392
Geesun India Inc	15072
Girnar Hosiery Works	291569
Greenway Clothing	793094
Group Overseas	97764
Himachal Steel Udyog Ltd	3555000
Hummingbird Apparels	401420
JAIN YARNS	940448
Kapoor & Kapoor Hosiery	16661
Kay Jain Hosiery	23813
KHANNA KNITWEAR	5955
Knitwell Apparels Pvt Ltd	66165
Kudu Industries Ltd.	3732891
Mahaveer Sales	733804
MONTU SHALLU KNITWEAR	2672
Nagesh Knitwear Pvt.Ltd	3140
Nittu Knitfab	5004
Opk Knits	4046
OSWAL FASHION PVT. LTD.	1629
Preet Hosiery Exports Ltd	12270
PRINCE FABRICS	36236
Priyadharshini Textile ( Tripu	396984
Pruthi International	2816
Rosy Hosiery Mills	58373
R S Knitters	96156
Sahayog International	10389
Saluja Fabrics	54057094
Saluja International	143087250
Sangu Knit Lands	1589306
Shankheshwar Cottex (P) Ltd	65830
Sharman Ji Fabrics	38063
SHIVA TEXFABS LTD	136132875
SHIV OM FABRICS	7945
Shree Bajrang Enterprises	7106
Shree Enterprises	1524
Shri Anuragavi Garments	93066
Shri Yansh Knitters P Ltd	17493
S.K JUNEJA.HOSIERY	34564
S N Tex Apparels P Ltd	113370
Star Fabrics	115715
Sumeet Exports India	262647
Super Fine Knitters Ltd.	121322
T.J Apparels Inc.	4561
Trend Setters(Knits)	3765
Yogindera Worsted Ltd.	853620
<b>Total</b>	<b>353945723</b>



## ASH AND BANK BALANCES

## ANNEXURE- G

ARTICULARS	AMOUNT(IN RS.)
Cash in hand	6912718
Siti Bank	1691
CICI Bank Limited	948673
SB&J C/A-9425	174980
HDFC C/A NO. 02592740000040	35110
mprest Account	1100000
<b>Total</b>	<b>9173171</b>

## LOANS AND ADVANCES RECOVERABLE IN CASH OR KIND

## ANNEXURE - H

PARTICULARS	AMOUNT(IN RS.)
Abhay Trading Co	1000000
Digitech Industrial Automation System	22500
Fertichem Cotspin Limited	25455
Harish Enterprises P Ltd	216627
Madhav Enterprises	771244
Nanku Plumber	8000
National Engineer Enterprises	20000
Pacific Engineers	140563
Peass Industrial Engineers Ltd.	200000
S S Spintex Limited	31768
Gautam Spinners	2000000
Jai Chand (Adv Agst HSD ST Tank)	4000
Loan-Lalit Chander Bhardwaj (1101)	15000
Loan Subhash Chand 1143	13500
Prepaid Insurance	37141
Security with PSEB	1439800
Shiv Narayan Investment Pvt. Ltd.	152728808
TDS Receivable (AY 2010-11)	2334647
TDS Recievable Ass Year 2008-09	171920
TDS Recievable Ass Year 2009-10	2285123
Telephone Security	985
Input Vat	414486
<b>Total</b>	<b>163881567</b>

**KUDU INDUSTRIES****Notes on Accounts & Significant Accounting Policies****Revenue Recognition**

Sales revenue recognized on dispatch of goods, net of sale tax and return made by the parties.

**Fixed Assets**

Fixed assets are stated at cost of acquisition including any attributable cost for bringing to assets to its working condition for its intended use less depreciation up to date.

**Inventory Valuation**

Inventories are valued at cost or market price whichever is lower except waste which has been valued at realizable value. The various type of inventories are valued as under:

- Raw material and Stores & Spares are valued at FIFO.
- Work in Process is valued at material cost plus appropriate share of manufacturing expenses/relevant overheads.
- Finished goods are valued at material cost plus appropriate share of manufacturing expenses/relevant overheads or market price whichever is lower.

**Depreciation**

Depreciation on Fixed Assets has been provided rate prescribed by Income Tax Act, 1961.

**Employee Benefits****(i) Short term benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**(ii) Post employment benefits****(i) Provident Fund:**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

**(ii) Gratuity:**

The liability for gratuity is accounted on cash basis.

**(iii) Leave with wages**

Provision for earned leave due for the year is made at the close of the year.

**Accounting Convention**

The financial statements have been prepared accordance with the historical cost convention and on mercantile basis.

## Notes to Accounts

### 1. Related Party Disclosures

(Rs. In lacs)

<b>Transactions with Related Parties</b>	<b>March 31, 2010</b>
Purchases-Saluja International	2.13
Purchases-Saluja Fabrics	24.62
Purchases-SEL Manufacturing Co. Ltd.	7210.34
Sales-SEL Manufacturing Co. Ltd.	7964.62
Sales-SE Exports	288.87
Loan & Advance (Given) - Shiv Narayan Investments Pvt. Ltd.	1075.70
Loan & Advance (Repaid) - Shiv Narayan Investments Pvt. Ltd.	450.00
Remuneration-R.S.Saluja	24.00

2. Debit and Credit balance on whatsoever account are subject to confirmation from the parties.
  3. The Micro, Small and Medium Enterprises Development Act, 2006 come into force w.e.f 02.10.2006. The Company has not received any confirmation from its vendors/service providers regarding their status of registration under the said act. Hence, the disclosure required under the said Act has not been given.
- A. Annexure A to I form an integral part of the balance sheet and the Profit & Loss Account and have been duly authenticated as such.

**SUBJECT TO OUR SEPARATE  
REPORT OF EVEN DATE**

**FOR DINESH MEHTANI & CO.  
CHARTERED ACCOUNTANTS**

**FOR KUDU INDUSTRIES**

**(PARTNER)  
SEL Manufacturing Company Limited  
through its Director Mr. Navneet Gupta  
DATE: 14.05.2010  
PLACE: LUDHIANA**

**(DINESH KUMAR)  
PROPRIETOR  
M. NO. 091676**