

# SEL MANUFACTURING COMPANY LIMITED

Regd Office: 274, Dhandari Khurd, G.T. Road, Ludhiana - 141 014, Punjab, India  
Tel: +91-161-6611111, Fax: +91-161-6611112, Website: www.selindia.in  
CIN:L51909PB2000PLC023679

SEL

SEL/BSE//2016-17

Dtd.: 04.10.2016

The Manager  
Bombay Stock Exchange Limited  
Floor 25, PJ Towers,  
Dalal Street,  
MUMBAI  
400 001

Dear Sir/Madam

**Sub: ANNUAL REPORT 2015-16 :**

**Scrip Code: 532886 Scrip ID: SELMCL ISIN No: INE105I01012**

We are pleased to enclose herewith, the Annual Report of the Company for the Financial year 2015-16 as required under Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The 16th Annual General Meeting of the Company was held on 30.09.2016.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,  
For SEL Manufacturing Company Limited

  
RAHUL KAPOOR  
(COMPANY SECRETARY)



Encl.: As above



# ANNUAL REPORT 2015-16

**SEL Manufacturing Company Ltd.**

# **BOARD OF DIRECTORS**

Sh. Ram Saran Saluja  
Sh. Neeraj Saluja  
Sh. Dhiraj Saluja  
Sh. Vinod K. Goyal  
Sh. Navneet Gupta  
Sh. Ashwani Kumar  
Sh. Amit Narang  
Sh. Kanwalnain Singh Kang  
Sh. Ranjan Madaan  
Sh. Prem Kumar  
Smt. Paramjit Kaur  
Sh. Joginder Kumar Gupta

Chairman  
Managing Director  
Jt. Managing Director  
Executive Director & CEO  
Executive Director & CFO

## **AUDITORS**

Dass Khanna & Co.  
Chartered Accountants,  
B-XX-2815, 1st Floor,  
Gurdev Nagar, Pakhowal Road,  
Ludhiana - 141 001 (Pb.)

## **REGISTERED OFFICE**

274, Dhandari Khurd, G. T. Road,  
Ludhiana (Pb.) 141 014 (India)  
Ph.: 91-161-6611111  
Fax : 91-161-6611112  
Website: www.selindia.in

## **REGISTRAR & TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
(Formerly Intime Spectrum Registry Ltd.)  
44, Community Centre, 2nd Floor,  
Naraina Ind. Area, Ph-I, PVR Naraina  
New Delhi- 110 028  
Phone No: 011- 41410592  
Fax no: 011- 41410591  
E-mail: delhi@linkintime.co.in

## **COMPANY SECRETARY**

Sh. Rahul Kapoor

**CIN : L51909PB2000PLC023679**

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# Chairman's Message

*Dear Shareholders,*

*My heartiest greetings to you all on behalf of SEL. India's economy is slowly gaining momentum, with an expected GDP growth. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships.*

*Let me, at the outset, sincerely thank each one of you for your unstinted support and cooperation without which your company would not have been able to pass through the difficulties. For SEL, the main challenge is to stay immune to the external pressure in the business environment.*

*There were some headwinds in the business environment for your Company. Sub-optimum utilization of manufacturing facilities due to financial crunch led to adverse financial performance. However we are hopeful in improving the operational efficiency of our business.*

*We look forward towards building happy communities and a sustainable future. The Corporate behaviour needs to be a reflection of how society perceives. We have maintained that to build a strong business we need to make our employees own the business whether in the form of a belief in the value of SEL. We are fortunate to have been able to attract the talent we see today in the Company, across all disciplines and at all levels and I thank all SEL employees for their dedication.*

*We are staring at a crucial juncture of addressing climatic and environmental changes and conservation of natural resources. We believe in the idea of sustainable development through conservation of natural resources, economic and social development and environmental protection. We have always anticipated changes and adapted ourselves to the environment without compromising on our core values. We ensure that our operations have minimal impact on the environment and our host communities.*

*Lastly, I am grateful to our stakeholders, customers, vendors, lenders and bankers for reposing their faith in us, employees for their resolve and unstinted devotion, our Members on the Board for their wisdom and continuous support and you, our shareholders for reposing trust & faith. Thank you for your support and we hope you continue your association with us.*

*With best wishes,*

*Ram Saran Saluja*

*Chairman*



## NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of the Company will be held on Friday, the 30th day of September, 2016 at 9.30 A.M. at the Registered office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141014 to transact the following business(es):

### **AS ORDINARY BUSINESS:-**

1. To receive, consider and adopt:
  - a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Board of Directors & Auditors thereon.
  - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Auditors thereon.
2. To appoint a Director in place of Mr. Dhiraj Saluja, (DIN: 01144870) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditors M/s Dass Khanna & Company, Chartered Accountants, Ludhiana, (Firm Registration No. 000402N), the Statutory Auditors of the Company whose term is ending at the conclusion of the forthcoming Annual General Meeting are eligible for re-appointment.

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Dass Khanna & Company, Chartered Accountants, Ludhiana, (Firm Registration No. 000402N), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company".

### **AS SPECIAL BUSINESS:-**

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

"RESOLVED THAT pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to M/s Jatinder

Sharma & Co., Cost Accountants, Firm Registration Number: 101845, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial year 2016-17 amounting to Rs.77,000 excluding of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

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

"RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the company by sending it to him by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the company be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the shareholder for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained by the company post the dispatch of such document by the company to the shareholder."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, director or key managerial personnel of the company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution."

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

"RESOLVED THAT Sh. Joginder Kumar Gupta (DIN:07463532) who has been appointed as Nominee Director on the Board of the Company, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

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





"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable sections/provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any, required, the consent of the Company be and is hereby accorded for the re-appointment of Sh. Dhiraj Saluja, (DIN: 01144870), as the Joint Managing Director of the Company for a further period of three years w.e.f. 28.05.2016 on a consolidated amount of Salary of Rs. 6,00,000/- per month.

RESOLVED FURTHER THAT he will be entitled to free use of Company's car for business purpose and of free use of telephone, at office and at residence, for business purposes of the Company.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company.

RESOLVED FURTHER THAT in case in any Financial year, the company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Joint Managing Director subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions, and the rules framed there under as amended from time to time.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to execute all such documents, instruments, and writings, if any, and further to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable sections/provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any, required, the consent of the Company be and is hereby accorded for the re-appointment of Sh. Vinod Kumar Goyal, (DIN: 02751391), as the Executive Director of the Company

for a further period of three years w.e.f. 13.07.2016 on a consolidated amount of Salary of Rs. 6,50,000/- per month.

RESOLVED FURTHER THAT he will be entitled to free use of Company's car for business purpose and of free use of telephone, at office and at residence, for business purposes of the Company.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company.

RESOLVED FURTHER THAT in case in any Financial year, the company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Executive Director subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions, and the rules framed there under as amended from time to time.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to execute all such documents, instruments, and writings, if any, and further to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

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

**LUDHIANA- 13.08.2016**

**Regd. Off.:**

**274, Dhandari Khurd,**

**G.T. Road, Ludhiana-141014 (Pb.)**

**CIN : L51909PB2000PLC023679**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other member.

THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY EXECUTED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF ANNUAL GENERAL MEETING. Proxies submitted on behalf of limited



Companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. Members are requested to send their queries on the accounts, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
3. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
4. The relative Statement pursuant to Section 102 of the Companies Act, 2013 in Respect of Item(s) of Special Business is annexed hereto and forms part of the Notice.
5. The Register of Members and Share Transfer books shall remain closed from September 24, 2016 to September 30, 2016 (both days inclusive).
6. The information required to be provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Director who is proposed to be appointed/re-appointed is given in the annexure to the Notice.
7. Voting through electronic means:

In compliance of the provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 16th Annual General Meeting by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services Limited. For conducting this e-voting activity in a fair and transparent manner, the Board of directors have appointed Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant as Scrutinizer. Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot/polling paper, at the AGM. Kindly note that members can opt for only one mode of voting i.e. either by remote e-voting or by ballot/polling paper at the AGM. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

Votes cast by members who hold shares on the cut off date viz. 23.09.2016 alone will be counted.

The instructions for members for remote e-voting are as under:-

- (i) The remote e-voting period begins at 09.00 am on 27.09.2016 and ends at 05.00 pm on 29.09.2016. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The voting rights of the Members

shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 23.09.2016 and that a person who is not a Member as on the cut off date should treat this Notice for information purposes only. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>" Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>" In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field. Sequence Number is Separately communicated to applicable members, in Notice as an Attachment.</p>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>" If both the details are not recorded with the depository or company please enter the member id/folio number, in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on



"SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for SEL Manufacturing Company Limited, on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non - Individual Shareholders and Custodians
  - " Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates and custodians respectively.
  - " A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - " After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

" The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

" A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant, (Membership no. 091676) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the ballot cast by the Members at the Annual General Meeting) in a fair and transparent manner.

(xxi) The results along with the Scrutinizer's Report, will be placed on the company's website, i.e. [www.selindia.in](http://www.selindia.in) and of the Agency, immediately after the result is declared by the Chairman within the prescribed time as per the Rules, and the same shall be communicated to the BSE Ltd., and National Stock Exchange of India Ltd..

8. All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 16th Annual General Meeting of the Company.

#### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating the service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and with Registrar & Share Transfer Agent-M/s Link Intime India Private Limited in case of shares held in physical form. E-mail is a better method to receive the communications quickly, with least cost implications. We request you to whole-heartedly support this initiative and co-operate with the Company in implementing the same. Please act and contribute to the cause of Environment.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:**





**FOR ITEM NO.4:**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and Remuneration payable to M/s Jatin Sharma & Co., Cost Accountants for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2016-17 at a remuneration of Rs. 77,000/- excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Board recommends this resolution for the approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

**FOR ITEM NO.5:**

As per the provisions of Section 20 of the Companies Act, 2013, a member may request for any document through a particular mode, for which the member shall pay such fees as may be determined by the Company in its annual general meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that estimated actual expenses borne by the Company for such dispatch will be paid in advance by the member to the company. The Board recommends the resolution for the approval of the Shareholders.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

**FOR ITEM NO.6:**

Mr. Joginder Kumar Gupta was appointed as a Nominee Director from State Bank of Patiala, on the Board w.e.f. w.e.f 18.03.2016. A brief Profile of him is also included in Annexure to the Notice.

Mr. Joginder Kumar Gupta is interested and concerned in this Resolution. Other than Mr. Joginder Kumar Gupta no other Director, Key Managerial Personnel or their respective relatives are concerned or interested, financially or otherwise, in this resolution.

**FOR ITEM NO. 7:**

The Board of Directors of your Company have re-appointed Mr. Dhiraj Saluja, as the Joint Managing Director of the Company for a further period of three years w.e.f. 28.05.2016 subject to the confirmation of his re-appointment and remuneration by the members of the Company. The remuneration proposed to be paid to Joint Managing Director has been approved by the Nomination and Remuneration Committee of the Board and the resolution is put for your approval in this meeting.

Mr. Dhiraj Saluja, Jt. Managing Director of the Company besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, is also incharge of overseeing marketing of yarn, garments, terry towels etc. and looks after the complete function of marketing and delivery of our Company's products to the end customer. Other details required in pursuance of Schedule V of the Companies Act, 2013, are mentioned in the Annexure to the Notice.

As per the provisions of the Companies Act, 2013 and under Schedule V and Rules framed there under, confirmation of the members of the Company is required for the appointment/reappointment as such of a managerial person. Hence the proposed resolution is recommended for your consideration and approval.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Ram Saran Saluja, Mr. Neeraj Saluja being relatives and Mr. Dhiraj Saluja being the appointee are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

**FOR ITEM NO. 8:**

The Board of Directors of your Company have re-appointed Mr. Vinod Kumar Goyal, as the Executive Director of the Company for a further period of three years w.e.f. 13.07.2016 subject to the confirmation of his re-appointment and remuneration by the members of the Company. The remuneration proposed to be paid to Executive Director has been approved by the Nomination and Remuneration Committee of the Board and the resolution is put for your approval in this meeting. Mr. Vinod Kumar Goyal, Executive Director besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company. Other details required in pursuance of Schedule V of the Companies Act, 2013, are mentioned in the Annexure to the Notice.

As per the provisions of the Companies Act, 2013 and under Schedule V and Rules framed there under, confirmation of the members of the Company is required for the appointment/reappointment as such of a managerial person. Hence the proposed resolution is recommended for your consideration and approval.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Vinod Kumar Goyal, being the appointee, are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

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

**LUDHIANA- 13.08.2016**

**Regd. Off.:**

**274, Dhandari Khurd,**

**G.T. Road, Ludhiana-141014 (Pb.)**

**CIN : L51909PB2000PLC023679**

**(RAHUL KAPOOR)  
COMPANY SECRETARY**



**ANNEXURE TO NOTICE**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED FOR 30<sup>TH</sup> SEPTEMBER, 2016**

<b>Name of Director with DIN</b>	<b>Mr. Vinod Kumar Goyal (DIN: 02751391)</b>	<b>Mr. Dhiraj Saluja (DIN : 01144870)</b>	<b>Mr. Joginder Kumar Gupta (DIN : 07463532)</b>
<b>Resume including Expertise in specific functional area</b>	Mr. Vinod Kumar Goyal, aged 57 years is Executive Director of the company. He besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company	Mr. Dhiraj Saluja, aged 44 years is Joint Managing Director of the Company. He besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, is also incharge of overseeing marketing of yarn, garments, terry towels etc. and looks after the complete function of marketing and delivery of our Company's products to the end customers and has a vast experience in textile business.	Mr. Joginder Kumar Gupta aged 63 years is a Nominee Director on the Board on behalf of State bank of Patiala..
<b>List of other Companies in which Directorship held</b>	1. Hero Ecotech Limited	1. SEL Textiles Ltd. 2. SEL Aviation Pvt. Ltd. 3. Shiv Narayan Investments Pvt. Ltd. 4. Silverline Corporation Ltd. 5. SEL Renewable Power Ltd. 6. SEL Textiles Corporation	None
<b>Chairman/Member of the Committee of Board of Directors of other Companies</b>	Hero Ecotech Limited i) Audit Comtt.	None	None
<b>Inter-Se relationship with other Directors of the Company</b>	Not related	Son of Mr. Ram Saran Saluja and brother of Mr. Neeraj Saluja, other Directors of the Company.	Not related
<b>Shareholding in the Company</b>	NIL	8371506	NIL



## SEL Manufacturing Company Ltd.

### Information required under Section II, Part II of Schedule V of the companies Act, 2013

I.	<b>General Information</b>	
	(1) Nature of Industry	Textiles
	(2) Date or expected date of commencement of commercial production	The Company was incorporated on 08.05.2000 and the certificate of commencement of Business was dated 02.06.2000 respectively.
	(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
	(4) Financial performance based on given indicators	The details of financial performance of the Company for the years 2015-16 and 2014-15 are duly provided in the Annual Report 2016 which accompanies this Notice.
	(5) Foreign investments or collaborations, if any	The Company has not entered into any material foreign collaboration. However one wholly owned subsidiary has been set up abroad which is yet to commence its commercial operations.
II.	<b>Information about the appointee/relevant Person</b>	
	(1) Background details	Mr. Dhiraj Saluja is the Jt. Managing Director of the Company. Mr. Vinod Kumar Goyal is the Executive Director & CEO of the Company.
	(2) Past remuneration	Details of past remuneration are duly given in the Annual Report 2016 which accompanies this Notice.
	(3) Recognition or awards	
	(4) Job profile and his suitability	1. Mr. Dhiraj Saluja, Jt. Managing Director of the Company besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, is also incharge of overseeing marketing of yarn, garments, terry towels etc. and looks after the complete function of marketing and delivery of our Company's products to the end customer.
		2. Mr. Vinod Kumar Goyal, Executive Director & CEO besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company.
	(5) Remuneration proposed	Details of remuneration are duly given in the Notice and Explanatory Statement thereto.
	(6) Comparative remuneration profile with respect of industry, size of the company, profile of the position and person	The remuneration is as per Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of CEO/MD/CMD levels of similar sized Textile manufacturing Companies in India and abroad.
	(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Neeraj Saluja and Mr. Dhiraj Saluja are sons of Mr. Ram Saran Saluja, all on the Board of the Company. Mr. Dhiraj Saluja holds 8371506 Equity shares of the Company. Mr. Vinod Kumar Goyal does not hold any shares of the Company. None of other Key Managerial Personnel of any other senior Managerial personnel is related.
III.	<b>Other Information</b>	
	(1) Reasons of loss or inadequate profits	The losses were due to increase in manufacturing costs, increase in the prices of material consumed, High Interest and Depreciation Cost, highly stressed liquidity position and due to other Exceptional Items.
	(2) Steps taken or proposed to be taken for improvement	Identification of areas where costs can be reduced and initiatives to reduce costs, new markets for selling the products, credit facilities from banks to improve the liquidity position etc.
	(3) Expected increase in productivity and profits in measurable terms	The aforesaid steps taken/to be taken by the Company are expected to improve further the Company's performance and profitability in the future
IV.	<b>Disclosures</b>	As required, the information is provided under Corporate Governance Section of the Annual Report 2016.



## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 16th Annual Report on the affairs of the company together with Audited Financial Statements for the financial year ended 31st March, 2016.

<b>FINANCIAL RESULTS</b>		<b>(Rupees in Lacs)</b>	
		<b>Current Year (2015-16)</b>	<b>Previous year (2014-15)</b>
Revenue from Operations		<b>194773.45</b>	232578.47
Other Income		<b>11043.52</b>	12262.43
		<b>205816.97</b>	244840.90
Less :			
Expenditure	<b>203105.60</b>		228826.98
Provision for Depreciation	<b>28450.25</b>	<b>231555.85</b>	29327.22
Profit/(loss) before exceptional items and tax:		<b>(25738.88)</b>	(13313.30)
Exceptional Items		<b>30060.93</b>	--
Profit/(Loss) before tax:		<b>(55799.81)</b>	(13313.30)
Less :			
Taxes : Deferred Tax	<b>(15604.21)</b>		(4445.50)
Earlier Yrs.	<b>(0.14)</b>	<b>(15604.35)</b>	197.68
Profit/(Loss) after Tax		<b>(40195.46)</b>	(9065.48)
Balance brought forward		<b>(2381.82)</b>	6871.50
		<b>(42577.28)</b>	(2193.98)
Less: Transferred from General Reserve		<b>23200.00</b>	--
Less: Carrying amount of fixed assets debited to retained earnings where remaining useful life of assets is Nil as on 01.04.2014		<b>--</b>	187.84
Balance Carried over to Balance Sheet		<b>(19377.28)</b>	(2381.82)

### BUSINESS:

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

### State of Company's affairs:

During the year under review, your company has achieved Revenue from Operations of Rs. 194773.45 lacs as compared to Rs. 232578.47 lacs in the previous year. After deducting Expenses and Exceptional Items there was Loss of Rs. 55799.81 lacs as compared to Loss of Rs. 13313.30 lacs during the previous year. After providing for taxes and other adjustments, the current year loss stood at Rs. 40195.46 lacs as compared to loss of Rs. 9065.48 lacs during the previous year.

### SUBSIDIARY COMPANY/FIRM(S):

As at 31.03.2016, the Company has the following Subsidiary Company(ies) namely SEL Aviation Pvt. Ltd., SEL Textiles Corporation, SEL Textiles Ltd., Silverline Corporation Ltd., and also a subsidiary firm namely M/s SE Exports. The Company has its branch office at United Arab Emirates.

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

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

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



## **SEL Manufacturing Company Ltd.**

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SEL Textiles Ltd. is the wholly owned Subsidiary of the Company. SEL Textiles Ltd. is engaged in the business of textiles and the Company has two spinning unit(s) one at Neemrana (Rajasthan) and one at Hansi, Hissar (Haryana) and a terry towel unit at Nawa Sheher Punjab, Spinning unit at Vill Punjava-Lambi, Tehsil Malout, Dist Sri Muktsar Sahib (Punjab). Further SEL Textiles Ltd., has a subsidiary company i.e. M/s Silverline Corporation Ltd.. SEL Aviation Pvt. Ltd., subsidiary of the company is in the business of Aviation services. SEL Textiles Corporation is the wholly owned subsidiary of the Company in the state of California, USA. The contribution of Subsidiaries in the overall performance is as given in Consolidated Financial Statements. Further the Report on financial position of subsidiaries alongwith names of companies which have ceased to be its subsidiaries, associate companies etc. during the year has been duly provided as an Attachment in prescribed Form AOC1.

### **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:**

Due to the losses incurred in F.Y. 2015-16 and in order to conserve resources for future growth/needs, the directors have not recommended any dividend for the Financial year 2015-16.

### **SHARES WITH DIFFERENTIAL RIGHTS, EMPLOYEE STOCK OPTION, SWEAT EQUITY SHARES:**

During the year, the company has not issued any Equity Shares with Differential Rights, Employee Stock Options and/or Sweat Equity Shares.

### **FIXED DEPOSITS:**

During the year, your Company has not accepted any fixed deposits under the provisions of the Companies Act, 2013 and the Rules made there under.

### **DIRECTORS & KMP:**

Mr. Joginder Kumar Gupta was appointed as a Nominee Director on the Board w.e.f 18.03.2016. Further, the re-appointment of Mr. Vinod Kumar Goyal, as Executive Director and Mr. Dhiraj Saluja, as Jt. Managing Director of the Company for a further period of 3 years is put for confirmation by the members of the Company in the ensuing Annual General Meeting. Further Mr. Dhiraj Saluja, Director of the

Company retires by rotation at this Annual General Meeting and being eligible offer himself for re-appointment.

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

The Equity Shares of the Company are presently listed with Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE). Further the Company has paid listing fees to both the exchanges (i.e. BSE and NSE) upto financial year 2016-17. The GDRs of the company are listed on Luxembourg Stock Exchange.

### **AUDITORS:**

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

### **AUDITORS' REPORT:**

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

Further, regarding Auditors Emphasis of Matter in their Report the Board would like to state as under;

- a) 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/emails in this regard been sent to them. However the management does not expect any material changes on account of such reconciliation/non-receipt of confirmation from parties.
- b) For no provision in respect of Trade Receivables outstanding for more than 180 days, the management is of the view that the said receivables are recoverable and as such no provision is required to be made thereof.
- c) The management is of the view that the company is an operative company and will be able to meet its obligations to lenders and as such the financial statements have been prepared on a going concern basis.
- d) Deferred tax Asset and MAT Credit Entitlement have been recognized considering virtual certainty that sufficient taxable income will be available during specified period against which such can be adjusted.
- e) The recoverable amount of assets within the meaning of "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statement for impairment losses.
- f) The level of inventories is high due to lesser demand and overall recession in the global market.
- g) The Income Tax Authorities carried out search & seizure action u/s 132(1) of the Income Tax Act, 1961 on the Company. The Consequential Assessment proceedings are in progress. Pending these proceedings, no provision has been made in the books for additional liability (amount presently not ascertainable) for tax, interest and penalty, if any.





- h) Contingency related to "compensation payable in lieu of bank sacrifice" the outcome of which is materially uncertain and cannot be determined currently.

#### **COST AUDITORS:**

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and get them audited every year. The Board appointed M/s. Jatin Sharma & Co., Cost Accountants, as cost auditors of the Company for the financial year 2016-17 at a fee of INR 77,000 plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing annual general meeting. The cost audit report would be filed with the Central Government within prescribed timelines.

#### **Number of Board Meetings held during the year:**

The Board met 6 times during the financial year 2015-16, the details of which are given in corporate governance section.

#### **Annual Evaluation made by the Board of its own performance and that of its Committees and Individual Directors**

The Board of Directors has evaluated the performance of the Board, its Committees and the Individual Directors as per the Nomination and Remuneration Policy. The Independent directors of the Company also review the performance of Non-Independent Directors and the Board.

#### **Declaration by Independent Directors as required under Section 149(7) of the Companies Act, 2013**

All the Independent directors of the company have given their statement of declaration under Section 149(7) of the Companies Act, 2013 ("the Act") that they meet the criteria of independence as provided in Section 149(6) of the Act, and their Declarations have been taken on record.

**Development and implementation of a Risk Management Policy:** The main objective of Risk Management is risk reduction and avoidance as also identification of the risks faced by the business and optimize the risk management strategies. The Company has put in place a well-defined Risk Management framework for drawing up, implementing, monitoring and reviewing the Risk Management. It controls the risks through properly defined framework.

#### **POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION**

The Company strives to maintain an appropriate combination of executive, non-executive and independent Directors including at least one woman Director. The Nomination & Remuneration Committee of the Company leads the process for Board appointments in accordance with the requirements of Companies Act, 2013, listing agreement and other applicable regulations or guidelines. All the Board appointments are based on meritocracy. The potential candidates for appointment to the Board are inter alia evaluated on the basis of highest level of personal and

professional ethics, standing, integrity, values and character; appreciation of the Company's vision, mission, values; prominence in business, institutions or professions; professional skill, knowledge and expertise; financial literacy and such other competencies and skills as may be considered necessary.

In addition to the above, the candidature of an independent Director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013, listing agreement and other applicable regulations or guidelines. In case of re-appointment of Independent Directors, the Board shall take into consideration the results of the performance evaluation of the Directors and their engagement level. The Board of Directors of the Company has adopted a Remuneration Policy for Directors, KMPs and other employees. The policy represents the overarching approach of the Company to the remuneration of Director, KMPs and other employees.

#### **LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY**

Details of loans, guarantees and investments by the Company to other body corporates or persons are given in Financial Statements/Notes to the financial statements.

#### **MATERIAL AND SIGNIFICANT ORDERS PASSED BY REGULATORS & COURTS**

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

#### **MATERIAL CHANGES & COMMITMENTS**

No material changes and commitments, affecting the financial position of the Company have occurred after the end of the financial year 2015-16 and till the date of this report.

#### **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

Your Company has always believed in providing a safe and harassment free workplace for every individual working in SEL through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company believes in prevention of harassment of employees as well as contractors. During the year ended 31 March, 2016, no complaints pertaining to sexual harassment were received.

#### **RELEVANT EXTRACT OF THE ANNUAL RETURN**

Relevant extract of annual return for the financial year 2015-16 under the Companies Act, 2013 is given in Annexure V to this report

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the



Company appointed M/s P. Sharma & Co., Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed to this report as Annexure VI. Secretarial Auditors' report is self explanatory and therefore does not require further comments and explanation.

### **RELATED PARTY TRANSACTIONS**

The Board has adopted a policy to regulate the transactions of the Company with its related parties. As per policy, all related party transactions require approval as per the provisions of the companies Act, 2013 and listing Agreement entered into with Stock Exchanges. The said policy is available on the Company's website viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

Further the Company has also formulated a policy for determining 'material' subsidiaries. The said policy is available on the Company's website viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html). Details of transactions are also given in Annexure IV to this report in the prescribed form.

### **VIGIL MECHANISM**

The Company has in place a whistleblower policy, to support the Code of Business Ethics. This policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual or suspected fraud or any violation of Company's Code of Business Ethics at a significantly senior level without fear of intimidation or retaliation.

Individuals can also raise their concerns directly to the chairman of the Audit Committee of the Company. Any allegations that fall within the scope of the concerns identified are investigated and dealt with appropriately. Further, during the year, no individual was denied access to the Audit Committee for reporting concerns, if any. The details of establishment of vigil mechanism for Directors & employees to report genuine concerns are available at the website of the Company viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

### **INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

SEL continuously invests in strengthening its internal control processes. The Company has put in place an adequate system of internal financial control commensurate with its size and nature of business which helps in ensuring the orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

### **FAMILIARISATION PROGRAM FOR DIRECTORS**

The Company provides an orientation and business overview to all its new Directors and Independent directors and provides materials and briefing sessions periodically which assists them in discharging their duties and responsibilities.

The Directors of the Company are also informed of the important developments in the Company and Industry. Directors are fully briefed on all business related matters, and new initiatives proposed by the Company and updated on changes and developments in the domestic & global corporate and industry scenario. The details of the familiarisation program for Directors is available on the website of the Company viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

### **CHANGES IN CAPITAL STRUCTURE**

During the year, there was no change in the Capital Structure of the Company.

### **AUDIT COMMITTEE:**

The Board has constituted its Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of the Company presently comprises of the following members namely Mr. Ashwani Kumar, Mr. Ranjan Madaan, Mr. Amit Narang and Mr. Navneet Gupta. Sh. Ashwani Kumar is the chairman of the said committee.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure I to this report.

### **PARTICULARS OF EMPLOYEES:**

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the Annexure-II to this report 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, 2013.

The Directors confirm that

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit/loss of the Company for the year ended on 31st March, 2016;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.



- That Internal financial controls were laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- Proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Company has adopted Corporate Social Responsibility initiatives and focuses on key areas as education, healthcare etc., in accordance with the provisions of the relative Act and rules made thereunder.

The Corporate Social Responsibility Committee consists of Sh. Amit Narang (Chairman), Sh. Ram Saran Saluja and Sh. Ranjan Madaan. The Board of Directors on recommendation of the CSR Committee has formulated the CSR policy of the Company. The CSR activities of the Company are implemented in accordance with the core values viz. protecting stakeholder interests, proactive engagement with the local communities and striving towards inclusive development. The CSR activities are focused on the following five broad themes with goals to improve overall socioeconomic indicators of Company's area of operation

- Promoting healthcare, sanitation and making safe drinking water available;
- Employment enhancement through training and

vocational skill development;

- Income enhancement through farm based and other livelihood opportunities;
- Promoting education and sports; and
- Ensuring sustainable environment.

The annual report on CSR containing particulars specified in Companies (CSR Policy) Rules, 2014 is given in Annexure III. The CSR policy of the Company is also placed on the website of the Company viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

#### **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 : 13.08.2016**

**(RAM SARAN SALUJA)**

**CHAIRMAN**

**DIN: 01145051**



## ANNEXURE-I TO THE DIRECTORS' REPORT

### A. Conservation of energy

#### i) Steps taken or Impact on 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 undertaken regularly for further improvements. Energy Conservation is an ongoing process in the Company. The Company continued its efforts to improve energy usage efficiencies.

#### ii) Steps taken by the company for utilizing alternate sources of energy:

SEL continues to work on reducing carbon footprint in all its areas of operations through initiatives like a) green infrastructure b) green IT (data centers, laptops and servers etc. c) operational energy efficiency, d) Green data centers. e) Power generation through own captive power plants.

#### iii) Capital Investment on energy conservation equipments etc.:

The company has installed its own Captive Power Plant (CPP turbine). The details of its utilisation is given as under:

	2015-16	2014-15
(a) Captive Power Plant (CPP Turbine)		
Units (Lacs)	1096.00	1190.68
Husk per Unit (Kg)	0.66	0.77
Cost/Unit (Rs.)	5.78	6.65

### B. RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION

Specific areas in which R & D activities/Technology Absorption 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 competitive ness in the times to come.

#### Expenditure on R & D

(Rs. In Lacs)

a) Capital	: --
b) Recurring	: 15.49
<b>Total</b>	<b>: 15.49</b>

#### 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)	
	2015-16	2014-15
(i) <b>Foreign Exchange earned</b>		
(a) FOB value of exports as per Balance Sheet	103293.07	118935.56
(b) Overseas Income	5257.44	16065.44
(ii) <b>Foreign Exchange used</b>		
(a) CIF value of Imports	652.25	775.55
(b) Other Expenditure	2158.89	1044.69
(c) Overseas Expenditures	5145.84	15392.55

PLACE : LUDHIANA  
DATED : 13.08.2016

For and on Behalf of the Board  
For SEL MANUFACTURING COMPANY LTD.  
(RAM SARAN SALUJA)  
CHAIRMAN  
DIN: 01145051



## ANNEXURE-II TO THE DIRECTORS' REPORT

Information pursuant to provisions of section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, and forming part of the Directors' Report for the year ended 31st March, 2016:

Name	Age (Yrs.)	Designation	Gross Remn. (Rs.)	Qualification	Experience (Yrs.)	Dt. of joining	Previous Employment	%age of Eq. Shares held as on 31.03.2016
Mr. Neeraj Saluja	49	Managing Director	1,54,00,000	Diploma in business Administration	24 Yrs	30.03.2006	SEL Mfg. Co. Ltd.	9871510 (2.98%)
Mr. Dhiraj Saluja	44	Jt. Managing Director	72,00,000	Degree in Mechanical Engineering	20 Yrs	28.05.2007	SEL Mfg. Co. Ltd.	8371506 (2.53%)
Mr. Vinod Kumar Goyal	57	Executive Director & CEO	78,00,000	MBA	35 Yrs	13.07.2010	Vardhman Texgarments Ltd./ Vardhman Textiles Ltd.	0.00
Mr.Navneet Gupta	46	Executive Director & CFO	36,00,000	CA	21 Yrs.	08.05.2008	SEL Mfg. Co. Ltd.	600 (0.00)
Mr. Manuj Mehta	47	President (HR)	29,95,004	MBA	25 Yrs.	22.11.2010	Malwa Industries Ltd.	0.00
Mr. Jayanta Kumar Das	52	President (Operations)	28,00,000	B.Tech. in Textile Tech.	29 Yrs.	08.04.2013	Vallabh Textile Co. Ltd.	0.00
Mr. Anchal Kumar	49	President (Commercial)	24,11,000	B.Tech. in Textile Tech.	27 Yrs.	30.08.2010	Vardhman Textiles Ltd.	0.00
Mr. Pradeep Kumar Aggarwal	62	President (Engineering)	23,10,004	B Sc Electrical	40 Yrs.	20.06.2011	Vardhman Textiles Ltd.	0.00
Mr. Rajesh Singla	51	President (Raw material)	22,84,000	MBA	27 Yrs.	29.11.2010	Vardhman Textiles Ltd.	0.00
Mr. Raj Kumar Singh	47	Sr. General Manager (HR)	20,52,000	PG/HRD	20 Yrs.	01.03.2012	Vardhman Textiles Ltd.	0.00
Mr. Raman Kumar	41	Sr. General Manager (Marketing)	20,10,000	Diploma in FD	19 Yrs.	04.11.2008	Vanasthali Textile Ind.Ltd.	0.00

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

\*The nature of employment i.e. the tenure of Appointment for Managing Director/Executive Director is for a period of 3 years. Other employees are on Roll of the Company.

\*Mr. Neeraj Saluja and Mr. Dhiraj Saluja are sons of Mr. Ram Saran Saluja, all on the Board of the Company. None of other Director/employees are related to any director on the Board of the Company.

### 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, Jt. Managing Director of the Company besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, is also incharge of overseeing marketing of yarn, garments, terry towels etc. and looks after the





## SEL Manufacturing Company Ltd.

complete function of marketing and delivery of our Company's products to the end customer.

Mr. Vinod Kumar Goyal, Executive Director & CEO besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company.

Mr. Navneet Gupta, Executive Director & CFO is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects.

Other employees are incharge of their respective departments.

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

**PLACE : LUDHIANA  
DATED : 13.08.2016**

**(RAM SARAN SALUJA)  
CHAIRMAN  
DIN:01145051**

### MANAGERIAL REMUNERATION

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of managerial personnel) Rules, 2014, every listed company is required to disclose following information in the Board report.

**(a) ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;**

NAME	DESIGNATION	RATIO TO MEDIAN REMUNERATION OF EMPLOYEES
Mr. Ram Saran Saluja	Director	0
Mr. Neeraj Saluja	Managing Director	132.3
Mr. Dhiraj Saluja	Jt. Managing Director	61.8
Mr. Vinod Kumar Goyal	Executive Director & CEO	67.0
Mr. Navneet Gupta	Executive Director & CFO	30.9
Mr. Ashwani Kumar	Independent Director	0.19
Mr. Amit Narang	Independent Director	0.82
Mr. Kanwalnain Singh Kang	Independent Director	0.17
Mr. Ranjan Madaan	Independent Director	0.82
Mr. Prem Kumar	Independent Director	0.26
Ms. Paramjit Kaur	Independent Director	0.08
Mr. Joginder Kumar Gupta	Nominee Director	0

\*computed based on annualized remuneration.

**(b) increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

During the financial year 2015-16 there has not been any increase in the Remuneration to Managing Director/whole time Directors of the Company. The company has not paid any profit linked commission to non-executive Independent Directors of the Company. Further during the year, there has also been no increase in remuneration during the year for Chief Financial Officer of the Company. The remuneration of Company Secretary has been increased.

**(c) percentage increase in the median remuneration of employees in the financial year;**

13.76%

**(d) number of permanent employees on the rolls of company;**

7750

**(e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in the remuneration of employees was 13.76%. During the financial year 2015-16 there has not been any increase in the Remuneration to Managing Director/whole time Directors of the Company. The company has not paid any profit linked commission to non-executive independent Directors of the Company. Further during the year, there has also been no increase in remuneration during the year for Chief Financial Officer of the Company. Accordingly, there is no comparative information in this regard.

**(f) We hereby affirm that the remuneration paid to the managerial and non-managerial personnel is as per the Remuneration Policy of the Company**

**RAM SARAN SALUJA  
(CHAIRMAN)  
DIN: 01145051**

**ANNEXURE-III TO THE DIRECTORS' REPORT**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

**1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

We at SEL are always committed towards sustainability. We do recognise that our business activities have wide impact on the society in which we operate, and therefore an effective practice is required with due consideration to the interests of our stakeholders. Our strategy is to create meaningful societal value, to enhance the competitiveness of value chains that we are part of. It is our conscious strategy to design and implement Social Investment Programmes in our business context and enriching value for the disadvantaged sections of society through economic empowerment and growth. This entails transcending business interests and quality of life for the upliftment of all and working towards making a better world for all sections of the society.

The Company's Policy including the projects/programs, the company intends to undertake includes:

- To align and integrate Corporate Social Responsibility programmes with the business value chain of the Company and make them outcome oriented and to support creation of sustainable livelihood sources.
- To ensure environmental sustainability by adopting best ecological practices and encouraging conservation use of natural resources.
- Establishment of Primary Health Care Centres.
- Girl Child Education: focus on education of girl child and the underprivileged by providing appropriate infrastructure and groom them as future value creators.
- Mother and Child care projects and preventive health through awareness programmes.
- Vocational training: Assist in skill development by providing direction and technical expertise to the vulnerable thereby empowering them towards a dignified life and enhance their means of livelihood.
- Basic Infrastructure facilities: Creating inclusive and enabling infrastructure/environment for livable communities.
- Housing facilities: Strive to provide awareness for creating public infrastructure that is barrier free, enabling for all including the elderly and the disabled.
- Safe drinking water/Sanitation & Hygiene: To emphasize on providing basis health care facilities and establishing health centers for the elderly and disabled.
- Optimum use of Renewable sources of energy/maintaining quality of air, water and soil.
- Awareness programmes on anti-social issues and Espousing basic moral values/Gender equality, empowering women.
- Crisis management: To respond to emergency situations & natural disasters by providing timely help to affected victims and their families/contribution to such funds as may be set up by the Central Government for socio-economic development.
- To strive for sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by Indian society/promote rural development projects.
- To join with other institutions/society etc. to contribute to the national mission of eradicating hunger and poverty and other social causes.
- To sustain and improve standards of Health Safety and Environment.

**2. Composition of CSR Committee**

The Corporate Social Responsibility Committee consists of Sh. Amit Narang (Chairman), Sh. Ram Saran Saluja and Sh. Ranjan Madaan

**3. Average net profit of the Company for last three financial years**

N.A since losses were incurred.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

N.A.

**5. Details of CSR spent during the financial year :**

- a. Total amount to be spent for the financial year; N.A.
- b. Amount unspent, if any; N.A
- c. Manner in which the amount spent during the financial year N.A.

**6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

N.A.



7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Amit Narang  
Chairman-CSR Committee  
DIN: 05271363

RAM SARAN SALUJA  
DIRECTOR  
DIN: 01145051

Manner in which amount spent during the financial year is detailed below:

--N.A--

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**ANNEXURE-IV TO THE DIRECTORS' REPORT**

**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

--NONE--

2. Details of contracts or arrangements or transactions at Arm's length basis.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in compliance with the applicable provisions of the Act and Listing Agreement. There were no materially significant related party transactions made by the Company with promoters, Directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The details of the transactions with Related Parties are provided in the accompanying financial statements.

RAM SARAN SALUJA  
(CHAIRMAN)  
DIN: 01145051



## SEL Manufacturing Company Ltd.

### Annexure-V: Extract of Annual Return

#### FORM No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March 2016

[Pursuant to section 92(3) of the Companies Act, 2013

and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

1	CIN	L51909PB2000PLC023679
2	Registration Date	8 <sup>th</sup> May, 2000
3	Name of the Company	SEL Manufacturing Company Limited
4	Category/Sub-category of the Company	Public Company limited by shares
5	Address of the Registered office & Contact Details	274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB. Tel.: 0161 6611111, Fax: 0161 6611112 Website: www.selindia.in
6	Whether listed company	Yes
7	Name, Address & contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. 44, Community Centre, 2 <sup>nd</sup> Floor,, Naraina Ind. Area, Ph.-1, PVR Naraina, New Delhi - 110028 Tel.: 011 41410592, Fax.: 011 41410591 E-mail: <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sales of Yarns	1711	62.76
2	Terry Towels	1729	21.02
3	Hosiery Garments	1810	12.40

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the company*	CIN/GLN	Holding/subsidiary/ Associate	% of Share held*	Applicable Section
1.	SEL Textiles Ltd. 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U17299PB2008PLC032050	Subsidiary	100	Section 2(87)
2.	SEL Aviation Pvt. Ltd. . 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U93000PB2008PTC031580	Subsidiary	97.54	Section 2(87)
3.	Silverline Corporation Ltd 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U17200PB2008PLC032259	Subsidiary	98.79	Section 2(87)
4.	SEL Textiles Corporation State of California, USA.	Not applicable, foreign company	Subsidiary	100	Section 2(87)

\* Includes direct and indirect subsidiaries .

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**
**I) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter and Promoter Group</b>									
<b>1. Indian</b>									
a) Individuals / HUF	36729044	0	36729044	11.08	36729044	0	36729044	11.08	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	15546154	0	15546154	04.69	15546154	0	15546154	04.69	0.00
e) Bank/Fl	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (Trust)	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-Total (A) (1):</b>	<b>52275198</b>	<b>0</b>	<b>52275198</b>	<b>15.77</b>	<b>52275198</b>	<b>0</b>	<b>52275198</b>	<b>15.77</b>	<b>0.00</b>
<b>2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Fl	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoters(A) = (A) (1)+(A)(2)</b>	<b>52275198</b>	<b>0</b>	<b>52275198</b>	<b>15.77</b>	<b>52275198</b>	<b>0</b>	<b>52275198</b>	<b>15.77</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0.00
b) Banks/Fl	0	0	0	0	0	0	0	0	0.00
c) Central Govt.	0	0	0	0	0	0	0	0	0.00
d) State Govt.(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	100000	0	100000	0.03	100000	0	100000	0.03	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-Total (B) (1):</b>	<b>100000</b>	<b>0</b>	<b>100000</b>	<b>0.03</b>	<b>100000</b>	<b>0</b>	<b>100000</b>	<b>0.03</b>	<b>0.00</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	35978995	250000	36228995	10.93	21659353	50000	21709353	6.55	-4.38
ii) Overseas	0	0	0		0	0	0	0	0.00
<b>b) Individuals</b>									
i) Individual share capital upto 1 lakh	52225834	7412	52233246	15.76	52403790	7412	52411202	15.82	0.06
ii) Individual share capital in excess of 1 lakh	87301674	0	87301674	26.35	97594111	200000	97794111	29.51	3.15
<b>c) Others (specify)</b>									
Trust	600	0	600	0.00	5600	0	5600	0.00	0.00
Non Resident Indians	5645803	0	5645803	1.70	5796469	0	5796469	1.75	0.05
Clearing Members	445737	0	445737	0.13	3655944	0	3655944	1.10	0.97
Hindu Undivided Families	5436847	0	5436847	1.64	5920223	0	5920223	1.79	0.15
<b>Sub-total (B) (2):</b>	<b>187035490</b>	<b>257412</b>	<b>187292902</b>	<b>56.52</b>	<b>187035490</b>	<b>257412</b>	<b>187292902</b>	<b>56.52</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>187135490</b>	<b>257412</b>	<b>187392902</b>	<b>56.55</b>	<b>187135490</b>	<b>257412</b>	<b>187392902</b>	<b>56.55</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>	<b>239410688</b>	<b>257412</b>	<b>239668100</b>	<b>72.33</b>	<b>239410688</b>	<b>257412</b>	<b>239668100</b>	<b>72.33</b>	<b>0.00</b>
C.Shares held by Custodians for GDR & ADRs	91678900	0	91678900	27.67	91678900	0	91678900	27.67	0.00
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>331089588</b>	<b>257412</b>	<b>331347000</b>	<b>100.00</b>	<b>331089588</b>	<b>257412</b>	<b>331347000</b>	<b>100.00</b>	<b>0.00</b>





**ii) Shareholding of promoters (Including Promoter group)**

SN	Shareholder's Name	Shareholding at the beginning of the Year (As on 01.04.2015)			Shareholding at the end of year (As on 31.03.2016)			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbers to total share	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Ram Saran Saluja	4621505	1.39	100.00	4621505	1.39	100.00	0.00
2	Neeraj Saluja	9871510	2.98	100.00	9871510	2.98	100.00	0.00
3	Sneh Lata	4621510	1.39	100.00	4621510	1.39	100.00	0.00
4	Ritu Saluja	4621506	1.39	100.00	4621506	1.39	100.00	0.00
5	Dhiraj Saluja	8371506	2.53	100.00	8371506	2.53	100.00	0.00
6	Reema Saluja	4621507	1.39	100.00	4621507	1.39	100.00	0.00
7	Shiv Narayan Investments (P)Ltd.*	15546154	4.69	100.00	15546154	4.69	100.00	0.00
	<b>Total</b>	<b>52275198</b>	<b>15.77</b>	<b>100.00</b>	<b>52275198</b>	<b>15.77</b>	<b>100.00</b>	<b>0.00</b>

\* Part of Promoter Group

**iii) Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)**

**There is no change in the promoters holding during the year.**

**iv) Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRs):**

SN	Name of Shareholder	Shareholding at the beginning of the year (01.04.2015)		Date	Reason	Increase/ Decrease in share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
1	R K R INVESTMENTS SERVICES PVT. LTD.	10445000	3.15					10445000	3.15
				14.08.2015	Decrease	7505000	2.26	2940000	0.89
				25.03.2016	Increase	100000	0.03	3040000	0.92
				31.03.2016	At the end of the year	-	-	3040000	0.92
2	SOPANDEV RAMA NAIK	3200000	0.97					3200000	0.97
				31.03.2016	At the end of the year	-	-	3200000	0.97
3	DATTARAJ RAMA NAIK	3200000	0.97					3200000	0.97
				31.03.2016	At the end of the year	-	-	3200000	0.97
4	RAMA DINANATH NAIK	3273121	0.99					3273121	0.99
				10.04.2015	Increase	25000	0.00	3298121	0.99
				17.04.2015	Increase	193154	0.06	3491275	1.05
				24.04.2015	Increase	18	0.00	3491293	1.05
				01.05.2015	Increase	75000	0.03	3566293	1.08
				08.05.2015	Increase	165501	0.05	3731794	1.13
				26.06.2015	Decrease	550000	0.17	3181794	0.96
				10.07.2015	Increase	750000	0.23	3931794	1.19
				30.09.2015	Decrease	731794	0.22	3200000	0.97
				09.10.2015	Increase	1005500	0.30	4205500	1.27
				31.12.2015	Decrease	1005500	0.30	3200000	0.97
				08.01.2016	Increase	1005500	0.30	4205500	1.27
				25.03.2016	Decrease	1005500	0.30	3200000	0.97
				31.03.2016	At the end of the year	-	-	3200000	0.97



SN	Name of Shareholders	Shareholding at the beginning of the year (01.04.2015)		Date	Reason	Increase/Decrease in Share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
5	LOKESH JAIN	2887644	0.87					2887644	0.87
				31.03.2016	At the end of the year	-	-	2887644	0.87
6	MRKR CONSTRUCTIONS PRIVATE LIMITED	2800000	0.85					2800000	0.85
				31.03.2016	At the end of the year	-	-	2800000	0.85
7	BHASKAR BHUPATHI RAJU	1797807	0.54					1797807	0.54
				31.03.2016	At the end of the year	-	-	1797807	0.54
8	VARAHA VENKATA SURYA NARAYANA RAJU BHUPATHI RAJU	1676300	0.51					1676300	0.51
				31.03.2016	At the end of the year	-	-	1676300	0.51
9	RAGHUNATHA REDDY MEDA	1550000	0.47					1550000	0.47
				31.03.2016	At the end of the year	-	-	1550000	0.47
10	BINDA RAMA NAIK	3080211	0.93					3080211	0.93
				10.04.2015	Increase	46500	0.01	3126711	0.94
				26.06.2015	Decrease	200000	0.06	2926711	0.88
				03.07.2015	Increase	4000	0.00	2930711	0.88
				17.07.2015	Increase	32000	0.01	2962711	0.89
				24.07.2015	Increase	190002	0.06	3152713	0.95
				31.07.2015	Increase	500	0.00	3153213	0.95
				07.08.2015	Increase	30000	0.01	3183213	0.96
				14.08.2015	Increase	20500	0.01	3203713	0.97
				28.08.2015	Increase	21493	0.00	3225206	0.97
				11.09.2015	Increase	248500	0.08	3473706	1.05
				30.09.2015	Decrease	273706	0.08	3200000	0.97
				22.01.2016	Increase	5000	0.00	3205000	0.97
				29.01.2016	Increase	16000	0.00	3221000	0.97
				05.02.2016	Increase	10000	0.00	3231000	0.97
				26.02.2016	Increase	79995	0.02	3310995	0.99
				25.03.2016	Decrease	110995	0.02	3200000	0.97
				31.03.2016	At the end of the year	-	-	3200000	0.97
11	RAMAKRISHNA REDDY CHINTA	--	--					--	--
				20.11.2015	Increase	7775000	2.35	7775000	2.35
				31.03.2016	At the end of the year	-	-	7775000	2.35



**v)Shareholding of Directors and Key Managerial Personnel :**

SN	Name of Shareholder	Shareholding at the beginning of the year (01.04.2015)		Date	Reason	Increase/Decrease in Share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
1	Mr. Ram Saran Saluja	4621505	1.39					4621505	1.39
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	4621505	1.39
2	Mr. Neeraj Saluja	9871510	2.98					9871510	2.98
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	9871510	2.98
3	Mr. Dhiraj saluja	8371506	2.53					8371506	2.53
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	8371506	2.53
4	Mr. Navneet Gupta (Executive Dir. & CFO)	600	0.00					600	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	600	0.00
5	Mr. Vinod Kumar Goyal	0	0	0.00				0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
6	Mr. Ashwani Kumar	75	0.00					75	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	75	0.00
7	Mr. Amit Narang	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
8	Mr. Ranjan Madaan	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
9	Mr. Kanwalnain Singh Kang	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
10	Mr. Prem Kumar	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
11	Ms. Paramjit Kaur	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2016	At the end of the year	-	-	0	0.00
12	Mr. Joginder Kumar Gupta	0	0.00					0	0.00
				-	No change	0	0.00	0.00	
				31.03.2016	At the end of the year	-	-	0	0.00
13	Mr. Rahul Kapoor Company Secretary	0	0.00					0	0.00
				-	No change	0	0	0.00	0.00
				31.03.2016	At the end of the year	-	-	0	0.00



## SEL Manufacturing Company Ltd.

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Figures Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3901.87	68.94	-	3970.81
ii) Interest due but not paid	25.58	-	-	25.58
iii) Interest accrued but not due	-	00.01	-	00.01
<b>Total (i + ii + iii)</b>	<b>3927.45</b>	<b>68.95</b>	<b>-</b>	<b>3996.40</b>
Change in Indebtedness during the financial year				
Addition	487.94	-	-	487.94
Reduction	(207.49)	(00.98)	-	(208.47)
<b>Net Change</b>	<b>280.45</b>	<b>(00.98)</b>	<b>-</b>	<b>279.47</b>
Indebtedness at the end of the financial year				
i) Principal Amount	4021.35	67.97	-	4089.32
ii) Interest due but not paid	186.55	-	-	186.55
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>4207.90</b>	<b>67.97</b>	<b>-</b>	<b>4275.87</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Neeraj Saluja Managing Director	Mr. Dhiraj Saluja Jt. Managing Director	Mr. Navneet Gupta Executive Director & CFO	Mr. Vinod Kumar goyal Executive Director & CEO	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14850000	7200000	3000357	7509555	32559912
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	550000	Nil	Nil	Nil	550000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission					
	- as % of profit					
	- others, specify...(performance based)	Nil	Nil	Nil	Nil	Nil
5.	Others, Retirement Benefits etc.	Nil	Nil	599643	290445	890088
	<b>Total (A)</b>	<b>15400000</b>	<b>7200000</b>	<b>3600000</b>	<b>7800000</b>	<b>34000000</b>

**B. Remuneration to other directors:**

SN	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board/committee meetings	Commission	Others Please specify	
I.	Independent/Nominee Directors				
1.	Mr. Prem Kumar	30000	Nil	Nil	30000
2.	Mr. Ashwani Kumar	22000	Nil	Nil	22000
3.	Mr. Amit Narang	96000	Nil	Nil	96000
4.	Mr. Ranjan madaan	96000	Nil	Nil	96000
5.	Mr. Kanwalnain Singh Kang	20000	Nil	Nil	20000
6.	Ms. Paramjit Kaur	10000	Nil	Nil	10000
7.	Mr. Joginder Kumar Gupta (Nominee Director)	Nil	Nil	Nil	Nil
	<b>Total (I)</b>	<b>274000</b>	<b>Nil</b>	<b>Nil</b>	<b>274000</b>
II.	<b>Other Non-Executive Directors</b>				
1.	Mr. Ram Saran Saluja	Nil	Nil	Nil	Nil
	<b>Total (II)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Managerial Remuneration (I + II)</b>	<b>274000</b>	<b>Nil</b>	<b>Nil</b>	<b>274000</b>

\*Mr. Joginder Kumar Gupta was appointed on Board w.e.f. 18.03.2016

**C. Remuneration to Key Managerial Personnel other than MD/ Manager /WTD**

SN	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Navneet Gupta Executive Director & CFO	Mr. Rahul Kapoor Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3000357	1173286	4173643
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit			
	- others			
5.	Others, Retirement Benefits	599643	264714	864357
	<b>Total</b>	<b>3600000</b>	<b>1438000</b>	<b>5038000</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act,	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal Made, if any (give details)
<b>A. COMPANY</b>					
Penalty		NONE			
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty		NONE			
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		NONE			
Punishment					
Compounding					

**RAM SARAN SALUJA**  
(CHAIRMAN)  
DIN: 01145051





**Annexure-VI**  
**SECRETARIAL AUDIT REPORT**  
**For The Financial Year Ended 31st March, 2016**

Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,  
The Members,  
SEL Manufacturing Company Limited  
274, Dhandari Khurd, G.T.Road,  
Ludhiana-141014 (PUNJAB)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SEL Manufacturing Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the SEL Manufacturing Company Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by SEL Manufacturing Company Limited, for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent they were applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ The Securities and Exchange Board of India; (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc., to the extent applicable, as mentioned above.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company and records in pursuant thereof, on test-check basis, we report that the Company has generally complied with the following laws applicable to the Company:



## **SEL Manufacturing Company Ltd.**

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- Factories Act, 1948
- Labour Laws
- Acts prescribed under prevention and control of Pollution/Environment Protection.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. Decisions at the board meetings were taken unanimously.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has not made any further Issue of Capital or redemption/buy-back of Securities, Merger, Amalgamation or Foreign Technical Collaborations etc.

**For P. Sharma & Co.,  
Company Secretaries**

**Pawan Sharma  
ACS No.: 15148  
CP No.: 12316**

**Place: Bhatinda  
Date: 13.08.2016**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

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### **ANNEXURE A**

To,  
The Members,  
SEL Manufacturing Company Limited

Our report of even date is to be read along with this letter.

- a) Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- e) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For P. Sharma & Co.,  
Company Secretaries**

**Pawan Sharma  
ACS No.: 15148  
CP No.: 12316**

**Place: Bhatinda  
Date: 13.08.2016**

## Annexure-VII: Remuneration Policy

### 1. Review of the Policy

- 1.1 The Nomination and Remuneration Committee will review this policy periodically and recommend revisions to the board for consideration.

The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of SEL Manufacturing Company Limited ("the Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act") and Clauses of the Equity Listing Agreement ("Listing Agreement")/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law.

While formulating this policy, the Nomination and Remuneration Committee has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals"

Key principles governing this remuneration policy are as follows:

#### **Remuneration for Independent Directors and Non-Independent Non-Executive Directors:**

- Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee and approved by the Board.
- Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognised best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the Non executive Directors and the Independent Directors will be recommended by the Nomination and Remuneration Committee to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The Nomination and Remuneration Committee will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organised by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her



duties as a director.

### **Remuneration for Managing Director ("MD")/ Executive Directors ("ED")/ KMP/ rest of the employees**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent).
- Driven by the role played by the individual.
- Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay.
- Consistent with recognised best practices.
- Aligned to any regulatory requirements.

### **In terms of remuneration mix or composition:**

- The remuneration mix for the MD/ EDs is as approved by the shareholders. In case of any change, the same would require the approval of the shareholders, if required, under the provisions of the Companies Act, 2013.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- The company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company may provide MD/EDs such remuneration by way of commission, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the Nomination and Remuneration Committee and approved by the Board.
- The company may provide the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.

### **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

- a) The services rendered are of a professional nature.
- b) The Nomination and Remuneration Committee is of the opinion that the director possesses requisite qualification for the practice of the profession.

### **Policy implementation**

The Nomination and Remuneration Committee is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.



## CORPORATE GOVERNANCE REPORT

Corporate Governance framework and regulations are very critical since they are the basis for business conduct and business relations. The essence of good corporate governance is ensuring trustworthy relations between the Company and its stakeholders and therefore, the Company follows the principles of consistency, responsibility, accountability, fairness, transparency, and effectiveness with a view to enhance the stakeholders value. Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stakeholder value. Our corporate Governance philosophy rests on five basic tenets viz., Board's accountability, value creation, strategic guidance, transparency and equitable treatment to all stakeholders. Adoption of good Corporate Governance practices helps to develop a good image of the organization, attracts best talents.

### 1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Company's performance has been adversely hit due to financial constraints, high debt and high input costs and non optimization of production capabilities.

#### (a) Industry Structure and Development

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. Growth and all round development of this industry has a direct bearing on the improvement of the India's economy. The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players as well.

#### The Company:

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

Your company continue to hold 99% stake in the partnership firm namely M/s SE Exports. SEL Textiles Ltd. is the wholly owned Subsidiary of the Company. SEL Textiles Ltd. is engaged in the business of textiles and the Company has two spinning unit(s) one at Neemrana (Rajasthan) and one at Hansi, Hissar (Haryana) and a terry towel unit at Nawa Sheher Punjab, Spinning unit at Vill Punjava-Lambi, Tehsil Malout, Dist Sri Muktsar Sahib (Punjab). Further SEL Textiles Ltd., has a subsidiary company i.e. M/s Silverline Corporation Ltd.. SEL Aviation Pvt. Ltd., subsidiary of the company is in the business of Aviation services. SEL Textiles Corporation is the wholly owned subsidiary of the Company in the state of California, USA.

#### (b) Company's Performance

During the year under review, your company has achieved Revenue from Operations of Rs. 194773.45 lacs as compared to Rs. 232578.47 lacs in the previous year. After deducting Expenses and Exceptional Items there was Loss of Rs. 55799.81 lacs as compared to Loss of Rs. 13313.30 lacs during the previous year. After providing for taxes and other adjustments, the current year loss stood at Rs. 40195.46 lacs as compared to loss of Rs. 9065.48 lacs during the previous year.

#### Segment wise Performance:

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

Segment	2015-16 (Rs. in Lacs)	2014-15 (Rs. in Lacs)
Yarn	122238.57	135696.92
Terry Towel	40934.84	46651.76
Hosiery Garments	24160.63	34276.90
Knitted Fabric/ Cloth	4139.03	11703.28

During F.Y. 2015-16, Sales got decreased due to Financial constraints and non attainment of optimum capabilities. The Company is functioning in only one Reportable Segment i.e. Textiles, hence Segment Reporting required under AS-17 is not applicable.

#### (c) Dividend

On account of current losses, no dividend has been declared for the financial year 2015-16.

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

Growth and all round development of this industry has a direct bearing on the improvement of the India's economy. The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand. The future looks bright for the Indian textile and apparel industry. The Government supports modernization of the industry with a particular focus on closing the gaps in the textile value chain. Looking forward, demand will be fueled by population growth and higher incomes that will substantially increase household purchasing power. Resilient long-term demand thanks to rising middle classes in emerging



markets and Steadier supply cost due to higher resort to manmade fibers, whose prices are less volatile than those of cotton or wool.

**Our principal operating strategies are to:**

We are trying to focus on cost cutting strategies, development of new makets and maintain the quality of our products to satisfy and exceed the expectations of the maket and look forward to a better market sentiment for textiles.

**Threats, risks and concerns**

There are general threats/risks like Labour availability, Increase in Input Costs, Consumer sentiment, Competition, Currency Movements, Change in Government Policies and other Trade barriers. 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 an material adverse effect on our business. 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. Power and Fuel are major manufacturing costs while producing textiles. Any increase in these costs has a negative impact on the profits of the company. Over the past year, tariff prices for power have been increasing. The Company's captive power plant uses helps to mitigate some of the power cost risk.

**(e) Internal Control System and their adequacy**

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. We believe that the Internal Control System must tend to develop a strong culture of Internal control for which it must encourage all personnel to understand its importance and to commit actively with the process and the management shall also promote high ethics and integrity standards in the staff. The systems adopted by the Company provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies. Most of the Company's critical functions such as operations, supply chain, finance & accounts and human resources are linked through implementation of Enterprise Resource Planning, (ERP)/Systems, Applications, and Products in Data Processing (SAP)..

**(f) Human Resources:**

We believe in an environment which gives today's diverse, multi-generational and mobile workforce the confidence to realise their potential and provide world class solutions to the customers. This positive and inspiring environment fosters innovation, stimulates performance culture and motivates employees to develop themselves personally and professionally. Our efforts in building a conducive work atmosphere have helped us in having lower attrition rates. Today's new age workforce expects an employee-centric work environment where they can learn to grow and develop. The Company has established training centres for up-gradation of worker skills. As on 31.03.2016 the company has 7750 number of employees on rolls of the company.

**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:**

We believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirements buy by also being responsive to our stakeholders needs. Focus of the Company has always been to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long-term sustainable development. The objective is to institutionalize Corporate Governance practices that go beyond adherence to the regulatory framework. Your Company is committed to adhere to the norms of Corporate Governance on a consistent basis for meeting all its obligations towards the stakeholders. The company constantly strives towards betterment of these aspects and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society as a whole. Your Board believes that Corporate Governance is a powerful medium of subserving the long-term interests of its stakeholders for the attainment of transparency, accountability and equity in all facets of its operations by enhancing and sustaining its corporate value through growth and innovation.





## 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 2015-16. Neeraj Saluja, Mg. Director

## 2(B) Whistle Blower Mechanism:

The Company has in place a whistleblower policy, to support the Code of Business Ethics. This policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual or suspected fraud or any violation of Company's Code of Business Ethics at a significantly senior level without fear of intimidation or retaliation. Individuals can also raise their concerns directly to the chairman of the Audit Committee of the Company. Any allegations that fall within the scope of the concerns identified are investigated and dealt with appropriately. Further, during the year, no individual was denied access to the Audit Committee for reporting concerns, if any.

## 3. BOARD OF DIRECTORS:

### (a) Board Meetings

During the financial year 2015-16, 6 Board Meetings were held on 20.05.2015, 30.05.2015, 13.08.2015, 10.11.2015, 11.02.2016 and 18.03.2016 respectively.

### (b) Composition

The Board comprises of Twelve Directors of which Six are Independent Non-Executive Directors.

The details of the Board composition, attendance of Directors at Board Meetings held during 2015-16 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 Position in Public Ltd. Companies**	
						Chairman	Member	Chairman	Member
1	Ram Saran Saluja	Chairman	Promoter	6	Yes	1	4	-	2
2	Neeraj Saluja	Managing Director	Promoter	6	No	1	5	1	1
3	Dhiraj Saluja	Jt. Managing Director	Promoter	2	No	-	3	-	-
4	Ashwani Kumar	Director	Independent	1	Yes	-	7	4	4
5	Navneet Gupta	Executive Director & CFO	Executive	6	Yes	-	3	1	2
6	Ranjan Madaan	Director	Independent	6	Yes	-	-	1	1
7	Vinod Kumar Goyal	Executive Director & CEO	Executive	5	Yes	-	1	-	-
8	Prem Kumar	Director	Independent	3	No	-	3	-	1
9	Amit Narang	Director	Independent	6	Yes	-	-	-	2
10	Kanwalnain Singh Kang	Director	Independent	2	No	-	-	-	-
11	Paramjit Kaur	Director	Independent	1	No	-	1	-	-
12	Joginder Kumar Gupta	Director	Nominee	-	N.A.	-	-	-	-

Notes:

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

Mr. Joginder Kumar Gupta was appointed as a Nominee Director on the Board w.e.f 18.03.2016.

\*The Directorships held by directors as mentioned above, do not include Directorships in foreign companies, Alternate Directorships, companies registered under Section 8 of the Companies Act, 2013 and private limited companies.

\*\* In accordance with Clause 26, Memberships/Chairmanships of only the Audit committees and Stakeholders' Relationship Committees of all Public Limited Companies have been considered. The details of the familiarisation program for Directors is available on the website of the Company viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

The holding(s) of Non-Executive directors in the Company as on 31.03.2016 is given as under:

Name of the Director	No. of shares held (face value of Rs.10/- each)
Mr. Ram Saran Saluja	4621505
Mr. Ashwani Kumar	75
Mr. Amit Narang	-
Mr. Ranjan Madaan	-
Mr. Prem Kumar	-
Mr. Kanwalnain Singh Kang	-
Ms. Paramjit Kaur	-
Mr. Joginder Kumar Gupta	-

**(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. Ranjan Madaan, Mr. Amit Narang and Mr. Navneet Gupta. Mr. Ashwani Kumar, Mr. Amit Narang and Mr. Ranjan Madaan are non-executive Independent Directors of the Company.

The terms of reference of the Audit Committee are as contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as provided in Section 177 of the Companies Act, 2013.

During the F.Y. 2015-16, the Audit Committee met on 30.05.2015, 13.08.2015, 10.11.2015 and 11.02.2016 respectively.

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

Name of Member	No. of Meetings attended
Sh. Ashwani Kumar	1
Sh. Ranjan Madaan	4
Sh. Amit Narang	4
Sh. Navneet Gupta	4

**(e) Nomination & Remuneration Committee**

The Committee's constitution and terms of reference are in compliance with the provisions of Section 178 of the Companies Act, 2013 and pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee comprises of three members namely Mr. Ranjan Madaan, Mr. Ashwani Kumar and Mr. Amit Narang. Sh. Ranjan Madaan 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 20.05.2015.

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

Name of Member	No. of Meetings attended
Sh. Ranjan Madaan	1
Sh. Ashwani Kumar	1
Sh. Amit Narang	1

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time/Executive 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. Evaluation criteria for Independent Directors: The candidature of an independent Director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013, listing agreement and other applicable regulations or guidelines. In case of re-appointment of Independent Directors, the Board shall take into consideration the results of the performance evaluation of the Directors and their engagement level.

**4. DIRECTORS' REMUNERATION:**

The Company pays remuneration to the Managing Director, Whole time Director/Executive Director as approved by the members of the Company in the General Body Meeting and as recommended by the Remuneration Committee /Nomination and Remuneration Committee of the board. The details of remuneration paid to them during the Financial year 2015-16 are given below:

Name	Designation	Gross Salary (Rs. in Lacs)
Sh. Neeraj Saluja	Managing Director	154.00
Sh. Dhiraj Saluja	Jt. Managing Director	72.00
Sh. Navneet Gupta	Executive Director & CFO	36.00
Sh. Vinod Kumar Goyal	Executive Director & CEO	78.00

The tenure of appointments of the Managing Director, Jt. Mg. Director, Whole time Director/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 2015-16. 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. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee of the Company comprises of the following members namely Mr. Ranjan Madaan, Mr. Ram Saran Saluja and Mr. Amit Narang. Sh. Ranjan Madaan is the chairman of the said committee.

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

The Committee's constitution and terms of reference are in compliance with the provisions of Section 178 of the Companies Act, 2013 and pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the F.Y. 2015-16, Nine Investor complaints were received which were resolved satisfactorily. Further, there was no pendency in respect of shares 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
15th AGM	Wednesday, 30.09.2015 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	Five
14th AGM	Tuesday, 30.09.2014 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	Eight
13th AGM	Tuesday, 24.09.2013 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	ONE

No Extra-ordinary General Meeting of the company was held during the F.Y. 2015-16.

The Company did not pass any resolution through postal ballot during the financial year 2015-16 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.

## RELATED PARTY TRANSACTIONS

The Board has adopted a policy to regulate the transactions of the Company with its related parties. As per policy, all related party transactions require approval as per the provisions of the companies Act, 2013 and

listing Agreement entered into with Stock Exchanges. The said policy is available on the Company's website viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html)

Further the Company has also formulated a policy for determining 'material' subsidiaries. The said policy is available on the Company's website viz. [www.selindia.in/policy.html](http://www.selindia.in/policy.html).

## Convertible Warrants and GDR Issue:

The Company on 01.06.2012 had issued 220,000,000 Equity shares of the Company of the face value of Rs.10/ each consequent to the Global Depository Receipts (GDR) issue of the Company. As on 31.03.2016, 9,16,78,900 shares of the face value of Rs.10/- each per share were outstanding, representing the shares underlying GDRs which were issued during 2012-13.

Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## Mandatory Requirements

The Company is compliant with the applicable mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 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 and Stock Exchanges. The Quarterly Financial Results are published in prominent daily newspapers like The Financial Express and Desh Sewak. The Financial Results etc. of the Company are also made available at the Company's website [www.selindia.in](http://www.selindia.in).

## 9. GENERAL INFORMATION FOR SHAREHOLDERS:

- 16th Annual General Meeting:
  - Date and Time : Friday, the 30th day of September, 2016 at 09.30 A.M.
  - Venue : Regd. Office of the Company: 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141 014
- Financial year 2016-17 (tentative)
  - First Quarterly Results : Mid. August, 2016
  - Second Quarterly Results : By end of October, 2016/Mid. Nov. 2016
  - Third Quarterly Results : By end of January, 2017/Mid. Feb. 2017
  - Fourth Quarterly Results/ :
  - Annual Results 2016-17 : In the month of April/May, 2017
- Date of Book Closure : September 24, 2016 to September 30, 2016 (both days inclusive)
- Dividend Payment Date : No dividend has been declared for the F.Y. 2015-16
- Listing :
  - The Equity Shares of the Company are Listed with:
    - Bombay Stock Exchange Limited,
    - National Stock Exchange of India Limited
  - The GDRs of the company are listed on Luxembourg Stock Exchange
- 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, 2015	29094.61	26897.54	4.11	3.32	4.00	3.30
May, 2015	28071.16	26423.99	3.68	3.00	3.65	3.00
June, 2015	27968.75	26307.07	3.39	2.73	3.30	2.70
July, 2015	28578.33	27416.39	4.55	2.70	4.50	3.05
August 2015	28417.59	25298.42	5.34	3.08	5.35	3.05
September 2015	26471.82	24833.54	3.44	3.00	3.50	3.00
October 2015	27618.14	26168.71	3.93	3.16	3.90	3.20
November 2015	26824.30	25451.42	5.19	3.30	5.20	3.30
December 2015	26256.42	24867.73	5.97	3.80	5.25	3.75
January 2016	26197.27	23839.76	5.54	3.70	5.55	3.70
February 2016	25002.32	22494.61	4.92	3.41	5.00	3.40
March 2016	25479.62	23133.18	3.73	3.01	3.80	3.05

**(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 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, PVR Naraina, 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 Stakeholders Relationship Committee specifically looks into the redressal of Investors' complaints like transfer of equity shares and related matters.

**ix) Distribution of shareholding as on 31.03.2016**

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to total
Up to 500	38683	62.48	7082311	2.1374
501 to 1000	8393	13.56	7132095	2.1525
1001 to 2000	5660	9.14	8990739	2.7134
2001 to 3000	2431	3.92	6373739	1.9236
3001 to 4000	1217	1.96	4430242	1.3370
4001 to 5000	1260	2.04	6059305	1.8287
5001 to 10000	2146	3.47	16261540	4.9077
10001 and above	2125	3.43	275017029	82.9997
<b>TOTAL</b>	<b>61915</b>	<b>100.00</b>	<b>331347000</b>	<b>100.00</b>
<b>Physical Mode</b>	<b>10</b>	<b>00.02</b>	<b>257412</b>	<b>00.078</b>
<b>Electronic Mode</b>	<b>61905</b>	<b>99.98</b>	<b>331089588</b>	<b>99.922</b>

**(x) Share Holding Pattern as on 31.03.2016**

Category	Number of Shares	% to Total Shares
Promoter and Promoter Group	52275198	15.78
Foreign Institutional Investors	100000	00.03
Bodies Corporate	21709353	06.55
Public (Individuals)	150205313	45.33
Others	15378236	04.64
Shares held against GDR's/ADR's	91678900	27.67
<b>TOTAL</b>	<b>331347000</b>	<b>100.00</b>



**(xi) Details of Unclaimed shares\* as on 31.03.2016 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 at the beginning of the year i.e. 01.04.2015	01	361
2.	Number of shareholders who approached for transfer of shares from suspense/escrow account during the year.	00	00
3.	Number of Shareholders to whom shares were transferred from suspense/escrow account during the year.	00	00
4.	Aggregate number of Shareholders and outstanding shares in the Suspense Account at the end of the year i.e. 31.03.2016.	01	361

\*The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**xii) Registrars and Transfer Agents**

Link Intime India Pvt. Ltd.  
(Formerly Intime Spectrum Registry Limited)  
44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi 110 028  
Phone No: 011- 41410592  
Fax no: 011- 4141 0591  
E-mail delhi@linkintime.co.in

**xiii) Investors Correspondence:**

- 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)  
44, Community Centre, 2nd Floor, Naraina Industrial Area,  
Phase-I, PVR Naraina, New Delhi 110 028  
Phone No: 011- 41410592, Fax no: 011- 4141 0591,  
E-mail delhi@linkintime.co.in
- For securities held in Demat form  
To the Depository Participant
- Any query on Annual Report  
Secretarial Department  
SEL Manufacturing Company Ltd.,  
274, Dhandari Khurd, G.T. Road, Ludhiana (Pb.)  
141014

e-mail ID of the grievance redressal division :  
ipo@selindia.in  
website: www.selindia.in

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

- Vill: Lal Kalan, Teh: Samrala Ludhiana-Chandigarh Road, Near Neelon Canal Bridge, Ludhiana
- Vill Bajra Road, Ludhiana 141 007
- Plot No. 106, Industrial Area, Baddi (SFS) , Dist: Solan, H.P.
- C 256-257, Phase VIII, Focal Point, Ludhiana
- Vill. Shekhan Majara, Machiwarahon Road, Teh. & Distt. Nawanshehar (Pb.)
- Vill. Mehatwara, Teh. Ashta, Dist. Sehore, Madhya Pradesh
- G.T. Road, Opp. McDonalds, Doraha, Ludhiana.
- A-15, Phase-VII, Focal Point, Ludhiana,
- Plot No. 90, Industrial Area, Baddi (SFS), District Solan, Himachal Pradesh
- 23KM Stone, Delhi-Hisar Highway, Hansi (Hisar)
- 15B, RIICO Indl. Area, Neemrana, Distt. Alwar
- Vill. Udhawal, Teh. Nawanshehar, Dist. Saheed Bhagat Singh Nagar (Punjab)
- Vill. Panjawa-Lambi, Teh. Malout, Dist. Sri Muktsar Sahib (Punjab)

**(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 the provisions of the Companies Act, the amount remaining unpaid or unclaimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund ("Fund").

**(xvi) CEO/CFO Certification**

As required by sub clause 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO i.e. the Managing Director and CFO have certified to the Board about compliance by the company with the requirements of the said sub clause for the financial year ended 31st March, 2016.



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**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, 2016, as per Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s) and as per the relevant applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

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  
Registration No. 000402N**

**PLACE: LUDHIANA  
DATED: 13.08.2016**

**(CA. R.D. KHANNA)  
PARTNER  
M.No. 12391**





## INDEPENDENT AUDITOR'S REPORT

### To the Members of SEL Manufacturing Company Limited Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SEL Manufacturing Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date from the company's overseas branch at Sharjah, United Arab Emirates audited by other auditors'.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters:

- (a) Note No. 33 of the financial statements regarding the balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables which are subject to confirmation/reconciliation and subsequent adjustments if any. During the course of preparation of financial statements, e-mails have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2016 out of which few parties have confirmed their balances direct to us or to the company. However the management does not expect any material changes on account of such reconciliation/non receipt of confirmation from parties.
- (b) No provision has been made for Trade Receivables amounting to Rs 464.21 crores outstanding for more than 180 days from the due date. However the management claims that the said receivables are recoverable and no provision is required to be made therefor.
- (c) Note No. 38 of the financial statements which describes that the Corporate Debt Restructuring Package had been approved vide Letter of Approval (LOA) dated 30th June, 2014. The company executed Master Restructuring Agreement (MRA) on 24th September, 2014. The credit facilities envisaged & sanctioned under CDR package were not fully released by the lenders which resulted in sub-optimum utilization of manufacturing facilities and the company could not complete one of its spinning project where substantial amount was already incurred. Reasons for not release of those credit facilities were not explained to us. The company has accumulated losses of Rs. 425.77 crores as at March 31, 2016 resulting net worth reduced to Rs. 755.67 crores. Also the company is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. These situations give rise to material uncertainty in respect of company's ability to continue as going concern which is part dependent on successful outcome of the discussions with the CDR lenders and company's ability to generate sufficient funds to support its operations and fulfill repayment obligations. The Company's Management is of the view that the company is an operative Company and will be able to meet its obligations to lenders. In view of the same the financial statements have prepared on a going concern basis.
- (d) The company has recognized deferred tax asset amounting to Rs. 202.43 crores and MAT Credit Entitlement of Rs. 55.34 crores upto 31st March, 2016 considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. However no conclusive documents/evidences are provided to support their claim. The company ability to continue as going concern is dependent on factors as discussed in para (c) above. In case the going concern status of the company is suspect, deferred tax asset/MAT Credit Entitlement recognized till date will require to be reversed.
- (e) The management of the company represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment losses, but the company has not provided any working regarding this to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment losses on such assets and the amount of such provision.
- (f) The level of inventories maintained by the company is high. This may include unidentified slow/non-moving and obsolete items of Inventories lying with the company for which no provision has been made.



- g) Note No. 30(vi) of the financial statements relating to Search & Seizure action u/s 132(1) of the Income Tax Act, 1961 was carried on the Company, its promoters and some other companies/entities during the financial year 2013-14. Assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. There is no additional tax liability arises on account of completion of assessments for the said years. Pending proceedings for the remaining assessment years, no provision has been considered necessary by the Company in this regard.
- (h) Note No. 38(c) of the financial statements in respect of Contingency related to 'compensation payable in lieu of bank sacrifice,' the outcome of which is materially uncertain and can not be determined currently.

Our opinion is not modified in respect of these matters.

**Other Matter**

We did not audit the financial statements of Overseas branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 190.67 crores as at 31st March, 2016 and total revenues of Rs. 52.57 crores for the year ended on that date, as considered in the standalone financial statements. The financial statements of the branch has been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(1)(c) of the Act, we report that :
  - a. the company had sold equity shares amounting Rs. 31,33,16,690/- at a price less than that at which they were purchased and incurred loss of Rs. 6,74,36,054/- on account of their sale.
3. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the company's

- overseas branch at United Arab Emirates not visited by us;
- c. The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the company's overseas branch at United Arab Emirates audited by other auditors.
  - e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 36 to the financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
FRN. 000402N**

**PLACE: LUDHIANA  
DATED: 24.05.2016`**

**(CA. R.D. KHANNA)  
PARTNER**



## Annexure-A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditors' Report to the members of SEL Manufacturing Co. Ltd. on the standalone financial statements for the year ended on 31st March, 2016. We report that:

- (I) (a) The Company is maintaining 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 are in the process of being compiled. As explained to us, the same will be compiled by the management in due course of time.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanation given to us, the physical verification of inventories has been conducted at reasonable interval by the management. As explained to us, no material discrepancies were noticed on physical verification of inventories carried out by the management as compared to the book records.
- (iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans secured or unsecured, to Companies, Firms and other parties covered in the register maintained section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted deposits from the public within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. 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.
- (vi) 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 sub-section (1) of the section 148 of the Companies Act, 2013, in respect of manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and we are of opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (vii)(a) According to the records of the company, the company is regular in depositing undisputed statutory dues including income tax, provident fund, employees state insurance, custom duty, sales tax, excise duty, service tax, value added tax, cess and other statutory dues to the appropriate authorities though there has been slight delays in few

cases of income tax deducted at source, employee state insurance and provident fund which are not material.

- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, provident fund, employees state insurance, custom duty, sales tax, excise duty, service tax, value added tax, cess and other material statutory dues in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable. According to the records of the Company, the details of disputed income tax dues that have not been deposited by the Company as at March 31, 2016 are as follows:

Name of the statute	Nature of dues	Amount (In Rs.)	Accounting year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax deducted at source	36,000	2013-14	DCIT, Centralized Processing Cell (TDS)
Income Tax Act, 1961	Tax deducted at source	250,990	2014-15	DCIT, Centralized Processing Cell (TDS)
Income Tax Act, 1961	Tax deducted at source	19,840	2015-16	DCIT, Centralized Processing Cell (TDS)

- (viii) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of loans or borrowings to banks as given below:

Bank Name	Nature of Amount	Amount	Overdue Since
Allahabad Bank	Interest	181,038,999	31.10.2015
	Principle	164,764,716	30.11.2015
Andhra Bank	Interest	10,874,526	31.01.2016
	Principle	5,061,204	31.03.2016
Bank of Maharashtra	Interest	32,327,197	30.11.2016
	Principle	55,434,812	31.08.2016
Corporation Bank	Interest	46,507,198	31.12.2015
	Principle	41,028,591	31.12.2015
Dena Bank	Interest	38,181,322	31.10.2015
	Principle	64,787,393	31.10.2015
EXIM Bank	Interest	2,393,203	31.08.2015
	Principle	1,902,843	30.11.2015
Indian Bank	Interest	40,457,445	30.06.2015
	Principle	49,888,396	31.07.2015
Indian Overseas Bank	Interest	11,932,989	31.01.2016
	Principle	5,752,924	31.03.2016
Kurur Vyasya Bank	Principle	345,326	31.03.2016
Punjab & Sind Bank	Interest	116,470,194	30.11.2015
	Principle	8,319,930	30.11.2015
Punjab National Bank	Interest	28,944,878	31.01.2016
	Principle	51,145,422	31.01.2016



## ANNEXURE TO THE AUDITOR'S REPORT

State Bank of Mysore	Interest Principle	358,859 564,732	30.11.2015 28.02.2016
State Bank of Bikaner & Jaipur	Interest Principle	53,730,684 46,562,934	31.01.2016 31.01.2016
State Bank of Hyderabad	Interest Principle	56,837,004 64,721,846	31.08.2015 31.10.2015
State Bank of India	Interest Principle	113,462,759 105,641,474	31.05.2015 31.08.2015
State Bank of Patiala	Interest Principle	88,544,591 85,514,032	31.01.2016 31.01.2016
State Bank of Travencore	Interest Principle	62,019,643 42,390,565	31.01.2016 31.01.2016
UCO Bank	Interest Principle	65,372,635 53,714,554	30.09.2015 31.10.2015
Union Bank of India	Interest Principle	49,724,797 52,323,345	30.04.2015 30.04.2015
United Bank	Interest Principle	71,319,059 115,057,356	30.06.2015 31.07.2015
Vijaya Bank	Interest Principle	2,846,625 1,768,279	31.12.2015 31.01.2016

- (ix) In our opinion, the term loans raised during the year were applied prima facie for the purpose for which the loans were raised except Rs. 32.31 Crores out of which Rs. 20.30 Crores are lying with Banks in the form of Fixed deposits and TRA Account pending utilization thereof and Rs. 12.01 Crores were adjusted by the banks towards payment of overdue interest. During the year, no money was raised by way of initial public offer or further public offer.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material

- fraud on or by the Company, by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**PLACE: LUDHIANA  
DATED: 24.05.2016**

**(CA. R.D. KHANNA)  
PARTNER  
M.No. 12391**



## **ANNEXURE- B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(g) under "Report on other legal and regulatory requirements" of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Controls over financial reporting of **SEL Manufacturing Company Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year then ended.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal financial controls over financial reporting and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system on financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over

financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Emphasis of Matter**

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time. Our opinion is not modified in respect of these matters.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000402N  
(CA. R.D. KHANNA)  
PARTNER  
M.No.: 12391**

**PLACE: LUDHIANA  
DATED: 24.05.2016**



**BALANCE SHEET AS AT 31ST MARCH, 2016**

PARTICULARS	NOTE NO.	AS AT 31.03.2016 In Rupees	AS AT 31.03.2015 In Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	4,01,05,70,000	4,01,05,70,000
(b) Reserves & Surplus	4	3,54,62,21,759	7,56,57,30,808
<b>2. Share Application Money Pending Allotment</b>		-	-
<b>3. Non Current Liabilities</b>			
(a) Long Term Borrowings	5	24,83,97,66,823	25,97,60,96,231
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions	7	86,79,682	-
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	8	13,84,52,32,883	10,70,12,29,647
(b) Trade Payables	9	1,70,27,36,364	2,31,35,05,614
(c) Other Current Liabilities	10	4,94,27,73,680	4,26,21,76,773
(d) Short Term Provisions	11	6,34,48,748	6,46,95,898
<b>TOTAL</b>		<b>52,95,94,29,939</b>	<b>54,89,40,04,971</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>(a) Fixed Assets</b>	12		
(i) Tangible Assets		18,37,64,29,991	21,22,67,45,523
(ii) Intangible Assets		22,78,790	52,60,262
(iii) Capital Work in Progress		1,85,29,86,246	1,78,63,64,722
(iv) Intangible Assets Under Development		-	-
(b) Non Current Investments	13	2,35,31,75,575	5,60,45,55,036
(c) Deferred Tax Assets (Net)	6	2,02,43,04,866	46,38,84,193
(d) Long Term Loans & Advances	14	35,29,02,823	39,16,30,958
(e) Other Non-Current Assets	15	55,50,16,993	55,79,72,796
<b>2. Current Assets</b>			
(a) Current Investments		-	-
(b) Inventories	16	13,90,52,09,106	12,13,93,26,920
(c) Trade Receivables	17	8,99,48,17,535	7,41,98,10,960
(d) Cash & Cash Equivalents	18	36,54,97,116	46,84,59,585
(e) Short Term Loans & Advances	19	55,34,08,586	1,03,93,90,302
(f) Other Current Assets	20	3,62,34,02,312	3,79,06,03,714
<b>TOTAL</b>		<b>52,95,94,29,939</b>	<b>54,89,40,04,971</b>

The accompanying notes are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date  
For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No. 000402N

(CA. R.D. Khanna)  
Partner  
M.No. 12391  
Place : Ludhiana  
Date: 24.05.2016

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

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420  
Rahul Kapoor  
Company Secretary



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>Current Year In Rupees</b>	<b>Previous Year In Rupees</b>
I. Revenue From Operations	21	19,47,73,45,512	23,25,78,46,914
II. Other Income	22	1,10,43,51,666	1,22,62,42,933
III. Total Revenue (I+II)		<u>20,58,16,97,178</u>	<u>24,48,40,89,847</u>
IV. Expenses			
Cost of Material Consumed	23	11,14,85,40,009	14,72,29,98,415
Purchases of Stock-in-Trade		70,17,10,647	1,99,34,68,337
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	43,26,72,117	(1,26,91,95,570)
Employee Benefits Expenses	25	1,08,64,25,631	1,10,95,69,108
Finance Costs	26	3,42,40,03,343	2,47,81,31,914
Depreciation and Amortization Expenses	27	2,84,50,25,008	2,93,27,22,331
Other Expenses	28	3,51,72,08,692	3,84,77,25,058
Total Expenses		<u>23,15,55,85,448</u>	<u>25,81,54,19,594</u>
<b>V. Profit Before Exceptional And Extraordinary Items And Tax (III-IV)</b>		<b>(2,57,38,88,270)</b>	<b>(1,33,13,29,747)</b>
VI. Exceptional Items	29	3,00,60,92,744	-
<b>VII. Profit Before Extraordinary Items And Tax (V-VI)</b>		<b>(5,57,99,81,014)</b>	<b>(1,33,13,29,747)</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>(5,57,99,81,014)</b>	<b>(1,33,13,29,747)</b>
X. Tax Expense:			
(1) Deferred Tax		(1,56,04,20,673)	(44,45,50,249)
(2) Earlier Years		(13,870)	1,97,68,440
<b>XI. Profit/(Loss) for the period from Continuing Operations (IX-X)</b>		<b>(4,01,95,46,471)</b>	<b>(90,65,47,938)</b>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations After Tax (XII-XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(4,01,95,46,471)</b>	<b>(90,65,47,938)</b>
XVI. Earning per Equity Share of face value of Rs. 10 each			
(1) Basic		(12.13)	(2.74)
(2) Diluted		(12.13)	(2.74)

The accompanying notes are an integral part of the financial statements.

**This is the Profit & Loss Statement referred to in our report of even date  
For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No. 000402N**

**(CA. R.D. Khanna)  
Partner  
M.No. 12391  
Place : Ludhiana  
Date: 24.05.2016**

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

**(Neeraj Saluja)  
Managing Director  
DIN: 00871939**

**(Navneet Gupta)  
Executive Director  
DIN: 02122420  
Rahul Kapoor  
Company Secretary**




**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>PARTICULARS</b>	<b>Details In Rupees</b>	<b>Current Year In Rupees</b>	<b>Details In Rupees</b>	<b>Previous Year In Rupees</b>
<b>A Cash Flow from Operating Activities</b>				
<b>Net Profit before Taxes &amp; Extraordinary Items</b>		<b>(5,57,99,81,014)</b>		<b>(1,33,13,29,747)</b>
<b>Adjustments for Non Cash Items:</b>				
-Provision for Diminution in Value of Investments	2,93,86,56,690		-	
-Depreciation	2,84,50,25,008		2,93,27,22,331	
-Interest Paid	3,37,43,65,844		2,42,11,16,891	
-Interest Received	(3,76,14,546)		(4,81,69,148)	
-Share of Loss from Firm	2,75,369		3,71,196	
-(Profit)/Loss on Sale of Investments	6,74,36,054		-	
-(Profit)/Loss on Sale of Fixed Assets	6,44,14,102	<b>9,25,25,58,521</b>	<b>8,72,840</b>	<b>5,30,69,14,110</b>
<b>Adjustments for Changes in Working Capital:</b>				
-Increase/ (Decrease) in Trade Payables	(61,07,69,250)		28,08,53,239	
-Increase/ (Decrease) in Other Current Liabilities	68,05,96,908		(2,59,02,18,313)	
-Increase/ (Decrease) in Short Term Provision	(12,47,150)		1,71,46,461	
-(Increase)/ Decrease in Trade Receivables	(1,57,50,06,575)		74,82,88,155	
-(Increase)/ Decrease in Short Term Loans & Advances	48,59,81,716		(44,92,48,294)	
-(Increase)/ Decrease in Other Current Assets	16,72,01,402		(1,07,63,89,255)	
-(Increase)/ Decrease in Inventories	(1,76,58,82,185)	<b>(2,61,91,25,135)</b>	<b>(5,03,95,57,593)</b>	<b>(8,10,91,25,600)</b>
<b>Cash Generation from Operations</b>		<b>1,05,34,52,372</b>		<b>(4,13,35,41,237)</b>
-Taxes Paid		<b>(13,870)</b>		<b>1,97,68,440</b>
<b>Net Cash from Operating Activities</b>		<b>1,05,34,66,242</b>		<b>(4,15,33,09,677)</b>
<b>B Cash Flows from Investing Activities</b>				
-Purchase of Fixed Assets & Capital Work in Process	(8,17,33,035)		(1,11,78,49,943)	
-Sale of Fixed Assets	(4,10,30,596)		79,83,479	
-Interest Received	3,76,14,546		4,81,69,148	
-Share of Loss from Firm	(2,75,369)		(3,71,196)	
-(Increase)/Decrease of Non Current Investments	24,53,24,138		(2,45,29,407)	
-(Increase)/ Decrease in Other Non Current Assets	29,55,803		(46,12,827)	
-(Increase)/ Decrease in Long Term Loans & Advances	3,87,28,135		98,46,68,419	
-Increase /(Decrease) in Long Term Provisions	86,79,682		-	
<b>Net Cash Flows from Investing Activities</b>		<b>21,02,63,305</b>		<b>(10,65,42,326)</b>
<b>C Cash Flows from Financing Activities</b>				
-Proceeds from Issue of Capital & Securities Premium	-		69,71,00,000	
-Proceeds/(Repayment) of Long term Borrowings	(1,13,63,29,408)		11,41,16,71,462	
-Proceeds/(Repayment) of Short term Borrowings	3,14,40,03,236		(5,09,26,40,484)	
-Interest Paid	(3,37,43,65,844)		(2,42,11,16,891)	
<b>Net Cash Flows from Financing Activities</b>		<b>(1,36,66,92,016)</b>		<b>4,59,50,14,088</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>(10,29,62,468)</b>		<b>33,51,62,084</b>
Cash & Cash Equivalents - Opening Balance		<b>46,84,59,584</b>		<b>13,32,97,500</b>
Cash & Cash Equivalents - Closing Balance		<b>36,54,97,116</b>		<b>46,84,59,584</b>
<b>Subject to our separate report of even date For Dass Khanna &amp; Co. Chartered Accountants Firm Registration No. 000402N</b>	<b>For and on the behalf of Board of SEL Manufacturing Company Limited</b>			
<b>(CA. R.D. Khanna) Partner M.No. 12391 Place : Ludhiana Date: 24.05.2016</b>	<b>(Neeraj Saluja) Managing Director DIN: 00871939</b>		<b>(Navneet Gupta) Executive Director DIN: 02122420 Rahul Kapoor Company Secretary</b>	

**SHARE CAPITAL**
**Note No. - 3**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>(a) Authorised</b>		
1,000,000,000 Equity Shares	10,00,00,00,000	10,00,00,00,000
250,000,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares	2,50,00,00,000	2,50,00,00,000
<b>(b) Issued, Subscribed &amp; Paid Up</b>		
331,347,000 Equity Shares Fully Paid Up	3,31,34,70,000	3,31,34,70,000
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares	69,71,00,000	69,71,00,000
	<b>4,01,05,70,000</b>	<b>4,01,05,70,000</b>

**(c) Par Value per Share**

331,347,000 Equity Shares	Rs. 10/-
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	Rs. 10/-

**(d) Reconciliation of the number of shares outstanding**

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Shares	Amount	Shares	Amount
<b>Shares outstanding at the beginning of the year</b>				
<b>Equity Shares</b>	33,13,47,000	3,31,34,70,000	33,13,47,000	3,31,34,70,000
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	6,97,10,000	69,71,00,000	-	-
<b>Total</b>	<b>40,10,57,000</b>	<b>4,01,05,70,000</b>	<b>33,13,47,000</b>	<b>3,31,34,70,000</b>
<b>Add: Addition during the year</b>				
Equity Shares	-	-	-	-
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	-	-	6,97,10,000	69,71,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,97,10,000</b>	<b>69,71,00,000</b>
<b>Less: Deduction during the year</b>				
Equity Shares	-	-	-	-
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shares outstanding at the end of the year</b>				
<b>Equity Shares</b>	<b>33,13,47,000</b>	<b>3,31,34,70,000</b>	<b>33,13,47,000</b>	<b>3,31,34,70,000</b>
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	6,97,10,000	69,71,00,000	6,97,10,000	69,71,00,000
<b>Total</b>	<b>40,10,57,000</b>	<b>4,01,05,70,000</b>	<b>40,10,57,000</b>	<b>4,01,05,70,000</b>
<b>(e) Shares in the company held by preference shareholder holding more than 5% shares</b>				
Dhiraj Saluja	51,310,000 Shares	73.60%		
Neeraj Saluja	12,400,000 Shares	17.78%		

**(e) Terms/rights, preference, restrictions attached to shares.**

**EQUITY SHARES:** The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share except holder of GDR will not have voting right with respect to the Deposited Shares. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company issued 220,000,000 equity shares of the face value of Rs. 10 per share consequent to Global Depository Receipt (GDRs) issue of the company during the year 2012-13. Holders of Global Depository Receipt (GDRs) are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares. As on 31.03.2016, 91,678,900 shares (Previous Year 91,678,900 shares) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

**PREFERENCE SHARES :** The Company has 69,710,000, 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of face value Rs. 10/-



## SEL Manufacturing Company Ltd.

each, redeemable at the option of the Board not later than 10 years from the date of allotment. The 1% Redeemable, Non Cumulative, Non Convertible Preference Shareholders have a right to receive dividend, prior to the Equity Shareholders. The dividend proposed by the Board of Directors on the Redeemable, Non Cumulative, Non Convertible Preference Shares is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders are eligible to receive the remaining assets of the Company before distribution to the Equity Shareholders, in proportion to their shareholding.

### RESERVES & SURPLUS

NOTE NO. - 4

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>(a) Capital Reserve</b>		
Opening Balance	29,00,47,926	29,00,47,926
Add: Addition during the year	-	-
	29,00,47,926	29,00,47,926
Less: Deduction during the year	-	-
	29,00,47,926	29,00,47,926
<b>(b) Securities Premium Reserve</b>		
Opening Balance	5,19,37,96,919	5,19,37,96,919
Add: Addition during the year	-	-
	5,19,37,96,919	5,19,37,96,919
Less: Deduction during the year	-	-
	5,19,37,96,919	5,19,37,96,919
<b>(c) General Reserve</b>		
Opening Balance	2,32,00,00,000	2,32,00,00,000
Add: Addition during the year	-	-
	2,32,00,00,000	2,32,00,00,000
Less: Transferred to Surplus	2,32,00,00,000	-
	-	2,32,00,00,000
<b>(d) Foreign Exchange Fluctuation Reserve</b>		
Opening Balance	68,008	-
Add: Addition during the year	37,421	68,008
	1,05,429	68,008
Less: Deduction during the year	-	-
	1,05,429	68,008
<b>(e) Surplus</b>		
Opening Balance	(23,81,82,045)	68,71,50,388
Add: Addition during the year	(4,01,95,46,471)	(90,65,47,938)
Add: Transferred from General Reserve	2,32,00,00,000	-
	(1,93,77,28,515)	(21,93,97,550)
Less: Carrying amounts of Fixed Assets debited to retained earnings where remaining useful life of the assets is Nil as on 01.04.2014	-	1,87,84,495
	(1,93,77,28,515)	(23,81,82,045)
<b>TOTAL</b>	<b>3,54,62,21,759</b>	<b>7,56,57,30,808</b>

### LONG TERM BORROWINGS

NOTE NO. - 5

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>(a) Secured Loans</b>		
i) Term Loans		
- From Banks	24,16,01,66,823	25,29,60,60,210
<b>(b) Unsecured Loans</b>		
i) Vehicle Loans		
- From Banks	-	4,36,021
ii) Loans from Related Parties	67,96,00,000	67,96,00,000
(Interest free loans repayable in 2023-24)		
<b>TOTAL</b>	<b>24,83,97,66,823</b>	<b>25,97,60,96,231</b>



## SEL Manufacturing Company Ltd.

Terms and conditions of secured loans taken from banks and status of continuing default as at year en'

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Rupee Term Loan III (PL-III)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II ( WCTL FITL-II)
<b>Sanctioned Amount</b>	17,27,14,00,000	3,26,04,00,000	56,57,00,000	3,13,32,00,000	6,39,28,00,000	1,22,81,00,000
<b>Balance as on 31.03.2016</b>	17,03,08,19,612	1,54,84,01,698	7,80,04,130	1,63,31,91,639	6,42,83,50,049	1,20,39,73,724
<b>Rate of Interest</b>	10.65%	10.65%	11.15%	10.65%	10.65%	10.65%
<b>Repayment Type</b>	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly
<b>Repayment during the year ending</b>						
31/03/2017	69,08,56,000	4,55,12,166	76,00,000	83,70,46,887	33,54,96,000	9,48,50,358
31/03/2018	1,89,98,54,000	9,10,24,332	1,52,00,000	-	38,34,24,000	11,85,62,947
31/03/2019	2,07,25,68,000	13,65,36,498	2,28,00,000	-	80,00,78,080	14,82,03,684
31/03/2020	2,24,52,82,000	18,20,48,664	3,04,00,000	-	80,00,78,080	17,78,44,421
31/03/2021	2,59,07,10,000	24,27,31,552	-	-	1,11,95,98,080	17,78,44,421
31/03/2022	2,59,07,10,000	27,30,72,996	-	-	1,11,95,98,080	20,74,85,158
31/03/2023	2,59,07,10,000	30,34,14,440	-	-	1,11,95,98,080	20,74,85,158
31/03/2024	1,77,03,18,500	24,27,31,552	-	-	46,39,43,040	4,74,25,179
<b>Overdue Principle Amount</b>	14,42,34,491	-	-	74,56,63,794	12,40,97,100	26,95,290
<b>Overdue Principle Since</b>	August 2015	-	-	April 2015	Sept. 2015	Sept. 2015

Details of security for term loans

\* Long term borrowings from banks are secured by the 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 pari-passu basis and personal guarantee of the promoter directors. The said borrowings are further secured, on pari-passu basis with short term lenders, by equitable mortgage of the following properties.

Sr. No.	Onwer	
1.	Sh. R.S.Saluja	Land & Building measuring 1K 13M at Rahon Road, Ludhiana
2.	Smt. Sneh Lata Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana
3.	Smt. Sneh Lata Saluja	Land and building measuring 155 sq. yds. at B-V443, Hazuri Road, Ludhiana
4.	Sh. Neeraj Saluja	Land measuring 700 sq.yds. at Rajpura Road, Vill.Pratap Singhwala, Ludhiana
5.	Sh. Neeraj Saluja	Land measuring 4840 sq.yds. at Village Jhande, Ludhiana
6.	Smt. Ritu Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana

### DEFERRED TAX ASSET/LIABILITY (Net)

NOTE NO. - 6

PARTICULARS	AS AT	AS AT
	31.03.2016	31.03.2015
	In Rupees	In Rupees
Deferred Tax Liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	1,20,83,62,368	1,50,92,64,375
Gross Deferred Tax Liability	1,20,83,62,368	1,50,92,64,375
Deferred Tax Asset		
Impact of expenditure charged to Profit & Loss Statement in the current year but allowed for tax purpose on payment basis and unabsorbed depreciation	3,23,26,67,234	1,97,31,48,568
Gross Deferred Tax Asset	3,23,26,67,234	1,97,31,48,568
<b>Net Deferred Tax (Asset)/Liability</b>	<b>(2,02,43,04,866)</b>	<b>(46,38,84,193)</b>

**LONG TERM PROVISION**
**NOTE NO. - 7**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Provision for Employee Benefits	86,79,682	-
<b>TOTAL</b>	<b>86,79,682</b>	<b>-</b>

**SHORT TERM BORROWINGS**
**NOTE NO. - 8**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>(a) Secured Loans</b>		
i) Loans Repayable on Demand From Banks	13,84,52,32,883	10,70,12,29,647
<b>TOTAL</b>	<b>13,84,52,32,883</b>	<b>10,70,12,29,647</b>

**Details of security for working capital borrowings**

i) Short term borrowings from banks 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 on the entire fixed assets of the Company and personal guarantee of the promoter directors and pledged of 36,729,044 equity shares of the company held by the promoters. The said borrowings are further secured, on pari-passu basis with term loan lenders, by equitable mortgage of the following properties:

Sr. No.	Owner	Detail of property
1.	Sh. R.S.Saluja	Land & Building measuring 1K 13M at Rahon Road, Ludhiana
2.	Smt. Sneha Lata Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana
3.	Smt. Sneha Lata Saluja	Land and building measuring 155 sq. yds. at B-V443, Hazuri Road, Ludhiana
4.	Sh. Neeraj Saluja	Land measuring 700 sq.yds. at Rajpura Road, Vill. Pratap Singhwala, Ludhiana
5.	Sh. Neeraj Saluja	Land measuring 4840 sq.yds. at Village Jhande, Ludhiana
6.	Smt. Ritu Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana

**Terms of repayment of loans repayable on demand**

From banks are repayable on demand and carries interest @ 10.65% p.a.

**TRADE PAYABLES**
**NOTE NO. - 9**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
Trade Payables*	1,70,27,36,364	2,31,35,05,614
<b>TOTAL</b>	<b>1,70,27,36,364</b>	<b>2,31,35,05,614</b>

\*Based on and to the extent of information received from the Suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 as identified by Management and relied upon by the Auditors, the relevant particulars as at 31st March, 2016 are Nil.


**OTHER CURRENT LIABILITIES**
**NOTE NO. - 10**

PARTICULARS	AS AT	AS AT
	31.03.2016	31.03.2015
	In Rupees	In Rupees
(a) Current Maturities of Long Term Debts	3,02,84,88,105	3,03,06,91,324
(b) Interest Accrued but not due on borrowings	2,927	67,756
(c) Interest Accrued and due on borrowings#	1,07,33,44,607	25,58,48,257
(d) Other Payables		
i) Statutory Dues & Taxes	2,10,34,145	2,03,99,693
ii) Employees Benefits	10,17,15,607	11,98,62,503
iii) Advances from Customers	25,21,92,005	26,03,89,065
iv) Payable to Vendors-Non Trade	31,79,69,757	29,70,99,175
v) Others Payable	14,80,26,528	27,78,18,999
<b>TOTAL</b>	<b>4,94,27,73,680</b>	<b>4,26,21,76,773</b>

#Interest accrued and due includes Rs. 107.34 crores (Previous Year 25.58) relates to defaults in repayment of interest on bank loans.

**SHORT TERM PROVISIONS**
**NOTE NO. - 11**

PARTICULARS	AS AT	AS AT
	31.03.2016	31.03.2015
	In Rupees	In Rupees
(a) Provision for Employee Benefits	6,34,48,748	6,41,73,898
(b) Others		
-Wealth Tax	-	5,22,000
<b>TOTAL</b>	<b>6,34,48,748</b>	<b>6,46,95,898</b>



Fixed Assets		NOTE NO.- 12									
PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	BALANCE AS ON 01.04.2015	ADDITIONS DURING THE YEAR	SALES/ADJUS- TMENT DURING THE YEAR	BALANCE AS ON 31.03.2016	BALANCE AS ON 01.04.2015	PROVIDED DURING THE YEAR	SALES/ADJ. DURING THE YEAR	BALANCE AS ON 31.03.2016	AS ON 31.03.2016	AS ON 31.03.2015	Rs.
<b>(a) Tangible Assets</b>											
i) Land	1,03,67,67,485	-	72,50,000	1,02,95,17,485	-	-	-	-	1,02,95,17,485	1,03,67,67,485	
ii) Leasehold Land	7,32,88,658	-	-	7,32,88,658	48,50,806	8,51,986	-	57,02,792	6,75,85,866	6,84,37,852	
iii) Building	8,31,79,33,408	-	-	8,31,79,33,408	88,63,67,889	24,51,46,392	-	1,13,15,14,281	7,18,64,19,127	7,43,15,65,520	
iv) Road	4,84,13,448	-	-	4,84,13,448	2,02,04,163	1,30,27,663	-	3,32,31,826	1,51,81,622	2,82,09,285	
v) Plant & Machinery	19,48,71,62,680	91,47,325	1,63,38,049	19,47,99,71,956	7,20,57,05,292	2,51,35,72,847	21,26,806	9,71,71,51,333	9,76,28,20,623	12,28,14,57,388	
vi) Furniture & Fittings	39,19,30,083	-	-	39,19,30,083	10,55,32,454	4,36,63,207	-	14,91,95,662	24,27,34,421	28,63,97,628	
vii) Vehicles	15,76,35,227	59,64,186	1,17,92,517	15,18,06,896	8,26,19,798	1,77,15,782	98,70,254	9,04,65,326	6,13,41,570	7,50,15,428	
viii) Office Equipments	4,38,82,113	-	-	4,38,82,113	2,49,87,177	80,65,660	-	3,30,52,837	1,08,29,276	1,88,94,937	
	29,55,70,13,102	1,51,11,511	3,53,80,566	29,53,67,44,047	8,33,02,67,579	2,84,20,43,537	1,19,97,060	11,16,03,14,056	18,37,64,29,991	21,22,67,45,523	
<b>(b) Intangible Assets</b>											
i) Computer Software	4,55,75,820	-	-	4,55,75,820	4,03,15,559	29,81,471	-	4,32,97,030	22,78,790	52,60,261	
<b>(c) Capital Work in Progress</b>											
	1,78,63,64,722	22,82,83,627	16,16,62,103	1,85,29,86,246	-	-	-	-	1,85,29,86,246	1,78,63,64,722	
<b>Total</b>	<b>31,38,89,53,644</b>	<b>24,33,95,138</b>	<b>19,70,42,669</b>	<b>31,43,53,06,113</b>	<b>8,37,05,93,138</b>	<b>2,84,50,25,008</b>	<b>1,19,97,060</b>	<b>11,20,35,11,086</b>	<b>20,23,16,95,027</b>	<b>23,01,83,70,506</b>	
Previous Year	30,28,45,83,521	2,07,97,09,354	97,53,39,229	31,38,89,53,646	5,41,40,27,263	2,93,27,22,331	(2,38,33,545)	8,37,05,83,139	23,01,83,70,506	-	




**NON CURRENT INVESTMENTS**
**NOTE NO. - 13**

<b>PARTICULARS</b>	<b>AS AT 31.03.2016</b>	<b>AS AT 31.03.2015</b>
	<b>In Rupees</b>	<b>In Rupees</b>
<b>Trade Investments (At Cost)</b>		
<b>(a) Investment in Equity Instruments (Unquoted)</b>		
<b>Subsidiaries</b>		
I) 127,057,200 Equity Shares of Rs. 10/- each fully paid up of SEL Textiles Ltd. (Previous Year 127,057,200 Equity Shares of Rs. 10/- each fully paid up)	<b>5,11,46,23,500</b>	5,11,46,23,500
Less: Diminution in Value of Investment	<b>(2,86,19,96,337)</b>	-
<b>Other Investments (At Cost)</b>		
<b>(a) Investment in Equity Instruments (Quoted)</b>		
I) 3,124 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited (Previous Year 3,124 Equity Shares of Rs. 10/- each fully paid up)	<b>30,00,000</b>	30,00,000
ii) 778 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Limited (Previous Year 778 Equity Shares of Rs. 10/- each fully paid up)	<b>67,555</b>	67,555
Less: Diminution in Value of Investment	<b>(67,555)</b>	-
<b>(b) Investment in Equity Instruments (Unquoted)</b>		
<b>Subsidiaries</b>		
I) (4,892,699) Equity Shares of Rs. 10/- each fully paid up of Omega Hotels Ltd. (Previous Year 4,892,699 Equity Shares of Rs. 10/- each fully paid up)	-	31,33,16,690
ii) 3,989,600 Equity Shares of Rs. 10/- each fully paid up of SEL Aviation Pvt. Ltd. (Previous Year 3,989,600 Equity Shares of Rs. 10/- each fully paid up)	<b>14,43,76,000</b>	14,43,76,000
Less: Diminution in Value of Investment	<b>(6,34,05,007)</b>	-
iii) 10,000 Equity Shares of USD 1/- each fully paid up of SEL Textile Corporation (Previous Year 10,000 Equity Shares of USD 1/- each fully paid up)	<b>6,63,329</b>	6,25,908
<b>Others</b>		
I) 299,300 Equity Shares of Rs. 1/- each fully paid up of The Delhi Stock Exchange Association Limited (Previous Year 299,300 Equity Shares of Re. 1/- each fully paid up)	<b>2,09,51,000</b>	
Less: Diminution in Value of Investment	<b>(1,31,87,791)</b>	-
ii) 14,000 Equity Shares of Rs. 10/- each fully paid up of Rythm Textile & Apparels Park Limited (Previous Year 14,000 Equity Shares of Rs. 10/- each fully paid up)	<b>1,40,000</b>	1,40,000
iii) 48,050 Equity Shares of Rs. 10/- each fully paid up of Silverline Corporation Ltd. (Previous Year 48,050 Equity Shares of Rs. 10/- each fully paid up)	<b>4,80,500</b>	4,80,500
iv) 1,108,000 Equity Shares of Rs. 10/- each fully paid up of OPGS Power Gujrat Pvt. Ltd. (Previous Year Nil Equity Shares of Rs. 10/- each fully paid up)	<b>5,55,750</b>	-
<b>(c) Investment in Mutual Funds (Unquoted)</b>		
i) 150,000 Units of Rs.10/- each of SBI Infrastructure Fund (Previous Year 150,000 units of Rs. 10/- each)	<b>15,00,000</b>	15,00,000
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund (Previous Year 50,000 units of Rs. 10/- each)	<b>5,00,000</b>	5,00,000
iii) 55,187.638 Units of Rs. 10/- each of Union KBC Equity Fund (Previous Year 55,187.638 Units of Rs.10/- each)	<b>5,00,000</b>	5,00,000
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund (Previous Year 100,000 Units of Rs.10/- each)	<b>10,00,000</b>	10,00,000
<b>(d) Investments in Partnership Firm</b>		
<b>i) 99% Share in SE Exports</b>		
Capital (After adjusting Drawings)	37,50,000	
Add: Share of Profits	(2,75,369)	
	<b>34,74,631</b>	34,73,883



Name of Partners	Share of Profit	Amount of Capital as on 31st March, 2016	Amount of Capital as on 31st March, 2015
Mr. Dhiraj Saluja	0.50%	3,04,799	3,06,190
Mrs. Reema Saluja	0.50%	7,28,176	7,29,567
SEL Manufacturing Co. Ltd.	99.00%	34,74,631	34,73,883
<b>TOTAL</b>		<b>2,35,31,75,575</b>	<b>5,60,45,55,036</b>
Market Value of Quoted Investments		<b>32,65,205</b>	26,68,895
Aggregate Value of Quoted Investments		<b>30,00,000</b>	30,67,555
Aggregate Value of UnQuoted Investments		<b>2,35,01,75,575</b>	5,60,14,87,481
Aggregate Provision for Diminution in Value of Investments		<b>2,93,86,56,690</b>	-

**LONG TERM LOANS AND ADVANCES**

**NOTE NO. - 14**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
(a) Capital Advances	<b>15,59,10,414</b>	21,71,78,070
(b) Security Deposits	<b>19,69,92,409</b>	17,44,52,888
<b>TOTAL</b>	<b>35,29,02,823</b>	<b>39,16,30,958</b>

**OTHER NON CURRENT ASSETS**

**NOTE NO. - 15**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
a) MAT Credit Entitlement	<b>55,33,59,969</b>	55,33,59,969
b) Fixed Deposits with Banks	<b>16,57,024</b>	46,12,827
<b>TOTAL</b>	<b>55,50,16,993</b>	<b>55,79,72,796</b>

**INVENTORIES**

**NOTE NO. - 16**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Raw Materials	<b>7,20,95,72,549</b>	5,00,28,26,043
(b) Work in Progress	<b>77,37,25,310</b>	91,13,48,799
(c) Finished Goods		
-In Godown	<b>5,54,74,35,060</b>	5,70,77,22,734
-In Transit	<b>26,81,74,732</b>	44,86,06,678
(d) Stock in Trade	<b>4,56,70,992</b>	-
(e) Stores & Spares	<b>6,06,30,462</b>	6,88,22,666
<b>TOTAL</b>	<b>13,90,52,09,106</b>	<b>12,13,93,26,920</b>

**TRADE RECEIVABLES**
**NOTE NO. - 17**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
a) Outstanding for a period exceeding six months from the date they are due for payment	4,64,12,11,871	3,26,04,11,089
b) Other Receivables	4,35,36,05,664	4,15,93,99,871
<b>TOTAL</b>	<b>8,99,48,17,535</b>	<b>7,41,98,10,960</b>

**CASH & CASH EQUIVALENTS**
**NOTE NO. - 18**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Cash in Hand	2,86,77,793	1,96,63,509
(b) Balances With Scheduled Banks		
i) In Current Accounts	13,18,65,222	13,78,07,678
ii) In Fixed Deposits Accounts	3,26,95,191	3,02,48,966
(c) Other Bank Balances		
i) In Fixed Deposits Accounts	17,22,58,910	28,07,39,431
<b>TOTAL</b>	<b>36,54,97,116</b>	<b>46,84,59,585</b>

**SHORT TERM LOANS AND ADVANCES**
**NOTE NO. - 19**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
(a) Others		
i) Advances to Suppliers	38,60,97,603	69,79,19,150
ii) Statutory Dues & Taxes	9,69,01,707	27,59,97,098
iii) Prepaid Taxes	2,83,05,226	2,25,65,728
iv) Others	4,21,04,051	4,29,08,326
<b>TOTAL</b>	<b>55,34,08,586</b>	<b>1,03,93,90,302</b>

**OTHER CURRENT ASSETS**
**NOTE NO. - 20**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
(a) Others		
i) Duty Drawback Receivable	33,06,61,787	51,25,15,491
ii) Interest Subsidy Receivable	3,28,60,36,902	3,27,61,69,895
iii) Interest Receivable	67,03,624	19,18,329
<b>TOTAL</b>	<b>3,62,34,02,312</b>	<b>3,79,06,03,714</b>

**REVENUE FROM OPERATIONS**
**NOTE NO. - 21**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Sale of Products		
Finished Goods	18,42,21,83,972	20,67,47,16,814
Traded Goods	72,51,22,218	2,15,81,76,399
Other Operating Income		
Waste/Sale Scrap	33,00,39,322	42,49,53,701
<b>TOTAL</b>	<b>19,47,73,45,512</b>	<b>23,25,78,46,914</b>

**Details of Sales (Finished Goods)**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Yarn	12,22,38,56,675	13,19,70,60,203
Hosiery Garments	1,69,10,87,128	1,64,21,52,369
Terry Towel	4,09,33,37,523	4,66,51,75,759
Knitted Cloth	41,39,02,646	1,17,03,28,483
<b>TOTAL</b>	<b>18,42,21,83,972</b>	<b>20,67,47,16,814</b>

**Details of Sales (Traded Goods)**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Yarn	-	37,26,32,294
Hosiery Garments	72,49,75,424	1,78,55,37,942
Raw Material	-	6,163
Terry Towel	1,46,794	-
<b>TOTAL</b>	<b>72,51,22,218</b>	<b>2,15,81,76,399</b>

**OTHER INCOME**
**NOTE NO. - 22**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Export Incentives	59,21,14,945	81,48,79,871
Interest (Gross)	3,76,14,546	4,81,69,148
Other Income	2,30,18,894	18,07,923
Foreign Exchange Fluctuation	43,11,28,124	35,36,87,110
Rental Income	6,27,100	6,28,000
Job Work Income	1,98,48,056	70,70,881
<b>TOTAL</b>	<b>1,10,43,51,666</b>	<b>1,22,62,42,933</b>

**COST OF MATERIAL CONSUMED**
**NOTE NO. - 23**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Raw Material Consumed		
Opening Stock	4,96,96,81,132	1,19,87,27,990
Add: Purchases (net)	12,97,93,43,629	17,99,56,14,578
	17,94,90,24,760	19,19,43,42,568
Less: Closing Stock	7,18,77,52,703	4,96,96,81,132
<b>Cost of raw material consumed during the year (A)</b>	<b>10,76,12,72,057</b>	<b>14,22,46,61,436</b>

Packing Material Consumed		
Opening Stock	3,31,44,911	3,79,14,845
Add: Purchases (net)	37,59,42,887	49,35,67,046
	40,90,87,798	53,14,81,891
Less: Closing Stock	2,18,19,846	3,31,44,911
<b>Cost of packing material consumed during the year (B)</b>	<b>38,72,67,952</b>	<b>49,83,36,980</b>
<b>TOTAL (A+B)</b>	<b>11,14,85,40,009</b>	<b>14,72,29,98,415</b>

**Details of Raw Material Consumed**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Raw Cotton/Waste	9,42,79,83,152	10,61,05,16,929
Polyster Fibre	52,62,51,207	54,37,90,711
Yarn	11,62,24,186	57,02,43,818
Knitted Cloth	69,08,13,512	2,50,01,09,978
<b>TOTAL</b>	<b>10,76,12,72,057</b>	<b>14,22,46,61,436</b>

**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**
**NOTE NO. - 24**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
<b>Opening Stocks</b>		
Work in Process	91,13,48,799	1,32,37,12,953
Finished Goods	6,15,63,29,412	4,46,27,69,288
Stock in Trade	-	1,20,00,400
(A)	<b>7,06,76,78,211</b>	<b>5,79,84,82,641</b>
<b>Closing Stocks</b>		
Work in Process	77,37,25,310	91,13,48,799
Finished Goods	5,81,56,09,792	6,15,63,29,412
Stock in Trade	4,56,70,992	-
(B)	<b>6,63,50,06,094</b>	<b>7,06,76,78,211</b>
<b>Decrease/(Increase) in Inventories (A-B)</b>	<b>43,26,72,117</b>	<b>(1,26,91,95,570)</b>

**EMPLOYEE BENEFITS EXPENSE**
**NOTE NO. - 25**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Wages,Salaries & Other Allowances	99,63,72,944	1,01,11,14,210
Contribution to PF, ESI & Other Funds	7,68,22,653	7,26,22,878
Staff & Labour Welfare	1,32,30,034	2,58,32,020
<b>TOTAL</b>	<b>1,08,64,25,631</b>	<b>1,10,95,69,108</b>

**FINANCIAL COSTS**
**NOTE NO. - 26**

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
a) Bank Charges	4,96,37,499	5,70,15,023
b) Interest on		
i) Working Capital Limits	1,38,05,53,121	1,09,40,30,331
ii) Term Loans	1,91,89,84,805	1,18,92,82,584
iii) Car Loans	3,87,053	18,99,251
iv) Others	7,44,40,865	13,59,04,725
<b>TOTAL</b>	<b>3,42,40,03,343</b>	<b>2,47,81,31,914</b>



## SEL Manufacturing Company Ltd.

### DEPRECIATION & AMORTIZATION EXPENSES

NOTE NO. - 27

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Depreciation of Tangible Assets	2,84,20,43,537	2,90,65,87,527
Depreciation of Intangible Assets	29,81,471	2,61,34,804
<b>TOTAL</b>	<b>2,84,50,25,008</b>	<b>2,93,27,22,331</b>

### OTHER EXPENSES

NOTE NO. - 28

PARTICULARS	Current Year	Previous Year
	In Rupees	In Rupees
Powel & Fuel	2,07,18,90,771	2,20,25,76,992
Consumables & Repair Maintenance	64,05,92,190	76,69,90,708
Job Work Expenses	4,63,92,102	6,98,56,596
Printing & Stationery	16,37,752	20,36,278
Insurance	2,99,36,284	2,50,26,384
Fees & Taxes	2,07,78,534	1,07,78,554
Donation	13,15,400	22,06,021
Legal & Professional Charges	79,45,027	9,76,21,177
Postage & Courier Charges	95,69,729	83,61,196
Telephone & Fax Expenses	55,37,268	52,40,447
Statutory Auditors' Remuneration		
-Audit Fee	15,28,344	25,26,541
-Tax Audit Fee	4,25,000	7,25,000
-Reimbursement of Expenses	64,543	92,051
-Service Tax	4,17,164	5,61,430
Cost Auditors' Remuneration		
-Audit Fee	85,000	-
General Repair & Maintenance	1,39,38,693	1,34,76,667
Office Expenses	1,99,15,299	2,27,63,698
Festival Expenses	64,21,932	80,29,401
Rent	26,03,767	32,85,024
Travelling & Conveyance	4,49,39,740	4,75,60,906
Water Charges	70,61,551	78,73,919
Service Tax Paid	19,35,513	38,29,187
Advertisement	29,39,197	16,39,585
Loss on Sale of Fixed Assets	6,44,14,102	8,72,840
Security Expenses	6,91,912	2,96,069
Building Repair & Maintenance	19,53,482	19,97,851
Share of Loss from Partnership Firms	2,75,369	3,71,196
Vehicles Expenses	1,09,69,870	1,27,52,315
Wealth Tax	-	5,22,000
Business Promotion	56,71,967	1,01,73,838
Commission	19,76,18,192	18,15,95,850
Rebate & Discount	2,36,61,760	1,99,33,366
Clearing Forwarding & Freight Outward	27,40,81,240	31,61,51,972
<b>TOTAL</b>	<b>3,51,72,08,692</b>	<b>3,84,77,25,058</b>

### EXCEPTIONAL ITEMS

NOTE NO. - 29

PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
Provision for Diminution in Value of Investments in Subsidiaries	2,92,54,01,344	-
Provision for Diminution in Value of Investments	1,32,55,346	-
Loss on Sale of Investments in Subsidiaries	6,74,36,054	-
<b>TOTAL</b>	<b>3,00,60,92,744</b>	<b>-</b>





## **NOTES TO FINANCIAL STATEMENTS**

### **1. Corporate Information**

SEL Manufacturing Co. Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is engaged in the manufacturing, processing & trading of yarn, fabric, readymade garments and towel.

### **2. Significant Accounting Policies**

#### **2.1 Basis of Preparation**

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. Accounting policies have been consistently applied except a change in recognizing leave with wages from accrual basis to actuarial valuation basis.

#### **2.2 Use of Estimates**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

#### **2.3 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.

#### **2.4 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.

#### **2.5 Inventories**

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

- i) In respect of Raw Materials 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.
- iv) In respect of Consumable Stores on weighted average basis.

#### **2.6 Foreign Currency Transactions**

##### **(a) Foreign Branch (Integral)**

- i) Fixed assets are translated at the rates on the date of purchase/acquisition of assets and Inventories are translated at the rates that existed when costs were incurred.
- ii) All foreign currency monetary items outstanding at the year-end are translated at the year-end exchange rates. Income and expenses are translated at average rates of exchange and depreciation is translated at the rates referred to in (a)(i) above for fixed assets.

The resulting exchange gains & losses are recognized in the profit and loss account.

##### **(b) Other foreign currency transactions:**

- i) 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.

- ii) 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.
- iii) Foreign currency non monetary items, which are carried in terms of historical cost, re-stated at the rate of exchange prevailing at the year-end and the gain or loss, is accumulated in a foreign exchange fluctuation reserve.

## **2.7 Fixed Assets**

### **(i) a) Tangible 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.

### **b) Intangibles Assets**

Computer Software's are amortized over the estimated useful life.

### **(ii) Capital work in progress**

Capital work in progress includes cost of assets at site, construction expenditure for acquisition of capital assets and pre-operative expenditure pending allocation to fixed assets.

### **(iii) Expenditure incurred during construction period**

In respect of new/major expansion, the indirect expenditure incurred during implementation 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. The unallocated expenses are shown in pre-operative expenses.

## **2.8 Depreciation**

Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013.

## **2.9 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. The capitalization of borrowing costs to be suspended during extended periods in which active developments will be interrupted.

## **2.10 Employee Benefits**

### **(i) Defined Contribution Plan:**

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) Defined Benefit Plans (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**

The liability for leave with wages is recognised on the basis of actuarial valuation carried out by Life Insurance Corporation of India at the Balance Sheet date by using Projected Unit Credit Method.

## **2.11 Accounting for Taxes on Income**

### **Current Tax**

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**

Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### **Minimum Alternative Tax**

Minimum Alternative Tax credit is recognized as an asset only when & to the extent there is convincing



evidence that the Company will pay normal tax during the specified period. Such asset is reviewed at each Balance Sheet date & the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

## **2.12 Impairment of Assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in case of revalued assets.

## **2.13 Provisions and Contingent Liabilities**

- (a) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:
  - (i) The company has a present obligation as a result of a past event;
  - (ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - (iii) The amount of the obligation can be reliably estimated
- (b) Contingent liability is disclosed in the case of:
  - (i) 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
  - (ii) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

## **2.14 Earnings 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.

## **2.15 Basis of Incorporation of integral foreign operations**

Figures in respect of the Company's overseas branch in United Arab Emirates have been incorporated on the basis of Financial Statement audited by the auditors of the branch.

## **2.16 Operating Leases**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Lease rentals paid for such leases are recognized as an expense on systematic basis over the term of lease.

## **2.17 Government Grants & Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

## **30. Contingent Liabilities**

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, 2016	March 31, 2015
i) Export Bills Discounted	22.26	40.15
ii) Estimated amount of capital contracts remaining to be executed (net of advances)	0.09	55.87
iii) Guarantees given by the Company on behalf of SEL Textiles Ltd.(Subsidiary Company)	2013.26	2013.26
(iv) Income Tax*	0.03	0.17
(v) Performance Guarantees issued for export obligations	14.58	17.98



## SEL Manufacturing Company Ltd.

- (vi) Further to the search and seizure operations by the Income-tax Authorities in September 2013, the Income Tax Department issued notice u/s 153A (1) of the Income Tax Act, 1961, dated March 24, 2014 for submission of Income Tax Returns u/s 153A (1) (a) from Assessment Year 2008-09 to 2013-14 in pursuance of the search conducted u/s 132 of the Income Tax Act, 1961. The Company has filed return in response to notices and furnished details and explanations as required by the authorities. Assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. There is no additional tax liability arises on account of completion of assessments for the said years. In respect of pending proceedings for the remaining assessment years, no provision has been made in the books for additional liability for tax, interest and penalty, if any.

\*includes demand from tax authorities for various matters. The Company/tax department has preferred appeals on these matters and the same are pending with various appellate authorities. Considering the facts of the matters, no provision is considered necessary by management

- .31. The related party disclosure in accordance with Accounting Standard-18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below:-

Sr. No.	Name of Related Party	Relationship
1	S. E. Exports	Subsidiary Partnership Firm
2	SEL Textiles Ltd.	Subsidiary Company
3	SEL Aviation Pvt. Ltd.	Subsidiary Company
4	*SEL Textile Corporation	Subsidiary Company
5	**Omega Hotels Ltd.	Subsidiary Company
6	*Silverline Corporation Ltd.	Fellow Subsidiary Company
7	*Mr. R.S.Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta Mr. V.K. Goyal	Key Management Personnel
8	*Mrs. Sneha Lata Saluja *Mrs. Ritu Saluja *Mrs. Reema Saluja	Relatives of KMP
9	*Shiv Narayan Investments Pvt. Ltd. *Saluja International Rythm Textiles & Apparels Park 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.

\*\* cease to exist during the year.

**Related Parties Transactions:**
**(Rs. in Crores)**

Particulars	Subsidiaries		Associates		Key Management & Relatives of KMP		Enterprises over which Personal (KMP) significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase & Processing of Goods & Consumables Stores*	21.18	132.90	-	-	-	-	-	-	21.18	132.90
Sale & Processing of Goods & Consumables Stores*	82.45	100.09	-	-	-	-	-	-	82.45	100.09
Services Received	0.60	0.38	-	-	-	-	-	-	0.60	0.38
Purchase Fixed Assets	-	0.37	-	-	-	-	-	-	-	0.37
Investment made/(withdrawal)	(31.30)	2.50	-	-	-	-	-	(0.01)	(31.30)	2.49
Preference Capital Contribution Received in Cash	-	-	-	-	-	69.71	-	-	-	69.71
Share/(Loss) of Profit	(0.03)	(0.04)	-	-	-	-	-	-	(0.03)	(0.04)
Other Services	4.26	1.13	-	-	-	-	-	-	4.26	1.13
Rent Paid	0.02	0.02	-	-	-	0.01	-	-	0.02	0.03
Rent Received	0.03	0.03	-	-	-	-	-	0.01	0.03	0.04
Managerial Remuneration	-	-	-	-	3.06	3.42	-	-	3.06	3.42
Remuneration Paid	-	-	-	-	0.05	0.05	-	-	0.05	0.05
Corporate Guarantee Given	2013.26	2013.26	-	-	-	-	-	-	2013.26	2013.26
Closing Balance of Related Parties Debits	308.74	557.29	-	-	-	-	-	-	308.74	557.29
Closing Balance of Related Parties Credits	-	25.97	-	-	-	-	-	-	-	25.97

\*excluding all taxes

**32. 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 "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/(Loss) after tax before Extra ordinary Items (A)	Rs.	(4,019,546,471)	(906,547,938)
Weighted average number of equity shares (B)	No.	331347000	331347000
Weighted average number of Potential equity shares (C)	No.	-	-
Total (D)	No.	331347000	331347000
Basic EPS (A/B)	Rs.	(12.13)	(2.74)
Diluted EPS (A/D)	Rs.	(12.13)	(2.74)

33. The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments if any. During the year, e-mails have been sent to various parties with a request to confirm their balances as on 31st March, 2016 out of which few parties have confirmed their balances direct to the auditors or to the company.
34. 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.
35. During the year the Company sold 97.85% of its stake in Omega Hotels Limited and thus Omega Hotels Limited cease to be subsidiary of the Company. The loss on sale of investment amounting to Rs. 67,436,054/- has been shown under the exceptional items.
36. There are no long term contracts, as on the date of balance sheet, including derivative contracts for which there are any material foreseeable losses.
37. Segment Reporting: Segment Information as required by Accounting Standard (AS)-17 on Segment Reporting, issued by Companies (Accounting Standards) Rules 2014, has been compiled on the basis of the consolidated financial statements and is disclosed in the notes to accounts forming part of the consolidated financial statements in accordance with the above standard. Therefore segment information in respect of separate financial statements of the company is not being disclosed in the stand alone financial statements.
38. The Company followed an aggressive growth path in the last eleven years, it had considerably grown its balance sheet, including debt. Due to the industry situation in general viz. slowdown and company specific issues such as growing debt, delayed realization of debtors, working

capital shortfall, delay in project completion and cash flow mismatch, which had adversely affected the liquidity position of the company, the company was facing financial problems and finding difficulty in servicing its debt obligation. Therefore, it approached the lenders for restructuring its debts under Corporate Debt Restructuring (CDR) mechanism.

The Company's proposal for restructuring of its debts was approved by Corporate Debt Restructuring Cell ("CDR Cell") vide Letter of Approval (LOA) dt. 30.06.2014. The cut-off date (COD) for implementation of CDR was 30th September, 2013. The Company executed Master Restructuring Agreement (MRA) with CDR Lenders on 24th September, 2014. The details of the Restructuring package as approved by CDR cell were as under:

- a) Restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFS) and Non-TUFS Term Loans, reduction in interest rates, additional facilities in the form of Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL).
- b) The promoters to bring contribution equivalent to 25% of the sacrifice amount of by lenders. Accordingly, promoters have brought in an amount of Rs. 69.71 crores as 1% Redeemable, Non-Cumulative, Non-Convertible Preference Shares.
- c) Lenders with the approval of CDR EG shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per the CDR guidelines. The recompense payable is contingent on various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to Rs. 129.51 crores. However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the Company, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the Company could not complete one of its spinning projects where substantial amount was already incurred. All this has led to adverse financial performance and erosion in net worth of the Company. The company has accumulated losses of Rs. 425.77 crores as at March 31, 2016 resulting net worth reduced to Rs.755.67 crores. Also the company is facing cash flow mismatch and is not able to serve debt obligations as per the terms of CDR package sanctioned earlier.

39. Lease Rent

- i. Factory Building is taken on lease for 20 years & Office Premises is taken on lease for 11 months with the option of renewal. The particulars of these leases are as follows:

(Rs. In crores)		
Particulars	2015-16	2014-15
Future Minimum lease payments obligation on non-cancellable operating leases	<b>0.42</b>	0.33
Not later than one year	<b>0.13</b>	0.05
Later than one year and not later than five years	<b>0.13</b>	0.10
Later than five years	<b>0.15</b>	0.18
Lease payment recognized in Profit and Loss Account	<b>0.10</b>	0.03

- ii. Rent Income also includes Lease Rentals received towards Factory Building & Office Premises. Such operating leases are generally for a period of 5 to 20 years. The particulars of these leases are as follows:

(Rs. In crores)		
Particulars	2015-16	2014-15
Future Minimum lease payments under non-cancellable operating leases	<b>0.17</b>	0.24
Not later than one year	<b>0.05</b>	0.06
Later than one year and not later than five years	<b>0.08</b>	0.12
Later than five years	<b>0.05</b>	0.06
Lease Income recognized in Profit and Loss Account	<b>0.06</b>	0.06

40. Previous year amounts have been reclassified wherever necessary to conform with current year presentation.

41. Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from April 1, 2014, the Company has recalculated the remaining useful life of fixed assets in accordance with the provisions of Schedule II to the Act. During FY 2014-15, fixed assets which have already completed their useful life in terms of Schedule II of the Act, the carrying value (net of deferred tax) of Rs. 18,784,495/- of such assets as at April 1, 2014 has been adjusted to Retained Earnings and in case of other fixed assets the carrying value (net of residual value) is being depreciated as per method over the re-calculated remaining life. The depreciation expense charged for the year ended March 31, 2015 would have been lower by Rs. 87.51 crores, had the Company continued with the previously prescribed depreciation rates as per Schedule-XIV of the Companies Act, 1956.

42. Capital Work in Progress includes, Project and Pre-operative Expenses pending allocation to fixed assets:





## SEL Manufacturing Company Ltd.

	(Rs. In crores)	
	2015-16	2014-15
Opening Balance	6.71	6.99
Add: Expenses incurred during the year	-	(0.28)
Bank Interest & Charges	-	(0.28)
Sub Total	-	-
Less: Expenses capitalized during the year	6.71	6.71
Closing Balance		

43. 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:

Particulars	Current Year	Previous Year
<b>1. Actuarial Assumption</b>		
-Discount Rate	8.00%	8.00%
-Expected rate of future salary escalation	7.00%	7.00%
<b>2. Changes in present value of Obligation as on 31/03/2016</b>		
Present value of obligations as at beginning of year	68,318,618	54,094,591
Interest cost	5,465,489	4,327,567
Current Service Cost	259,08,866	21,540,912
Benefits Paid	(5,472,455)	(4,159,850)
Actuarial (gain)/ loss on obligations	(24,841,224)	(7,484,603)
Present value of obligations as at end of year	69,379,294	68,318,618
<b>3. Changes in the fair value of plan assets as on 31/03/2016</b>		
Fair value of plan assets at beginning of year	4,144,719	7,070,154
Expected return on plan assets	372,212	492,020
Contributions	6,886,071	742,395
Benefits Paid	(5,472,455)	(4,159,850)
Actuarial gain/(loss) on Plan assets	-	-
Fair value of plan assets at the end of year	5,930,547	4,144,719
<b>4. Amount recognized in the balance sheet and statements of profit and loss</b>		
Present value of obligations as at the end of year	69,379,294	68,318,618
Fair value of plan assets as at the end of the year	5,930,547	4,144,719
Funded status	63,448,747	64,173,899
Net asset/(liability) recognized in balance sheet	(63,448,747)	(64,173,899)
<b>5. Expenses recognized in statement of profit and loss</b>		
Current Service cost	25,908,866	21,540,912
Interest Cost	5,465,489	4,327,567
Expected return on plan assets	(372,212)	(492,020)
Net Actuarial (gain)/ loss recognized in the year	(24,841,224)	(7,484,603)
Total expenses recognized in statement of profit and loss	6,160,920	17,891,856

**b. Provident Fund**

During the year the company has recognized an expense of Rs. 72,532,791/- (Previous Year Rs. 68,305,367/-) towards provident fund scheme.

**c. Leave Encashment**

During the year the company has recognized an expense of Rs. 12,480,929/- (Previous Year Rs. 20,829,055/-).

44. During the year, the company has changed its accounting policy of recognizing liability for leave with wages from accrual valuation to actuarial valuation. Had the company followed its previous policy then the loss for the period, accumulated losses as well as liabilities as shown in the balance sheet would have been more by Rs. 351,590/-.

**45. Value of Imports on CIF Basis**

Sr. No.	Particulars	2015-16	2014-15
A	Raw Materials	30,174,767	50,915,821
B	Packing Material	17,280,997	4,700,974
C	Stores & Spares	17,092,362	15,249,968
D	Capital Goods	676,597	6,687,840



## SEL Manufacturing Company Ltd.

### 46. Expenditure in Foreign Currency

(In Rs.)

Sr. No.	Particulars	2015-16	2014-15
A	In India	215,888,607	104,469,642
B	Overseas Expenditures (Revenue)	514,584,007	1,532,443,999
C	Overseas Expenditures (Capital)	-	6,811,447

### 47. Earning in Foreign Currency

(In Rs.)

Sr. No.	Particulars	2015-16	2014-15
A	FOB Value	10,329,306,877	11,893,555,613
B	Overseas Income	525,743,853	1,606,544,078

### 48. Imported and Indigenous Raw Materials and Stores & Spares Consumed

(In Rs.)

Sr. No.	Particulars	31st March, 2016	% of total Consumption as on 31st March, 2016	31st March, 2015	% of total Consumption as on 31st March, 2015
a	Raw Materials				
	-Indigenous	10,731,097,290	99.72%	14,173,745,615	99.64%
	-Imported	30,174,767	0.28%	50,915,821	0.36%
b	Packing Material				
	-Indigenous	369,986,955	95.54%	493,636,006	99.06%
	-Imported	17,280,997	4.46%	4,700,974	0.94%
c	Stores & Spares				
	-Indigenous	623,499,828	97.33%	751,740,740	98.01%
	-Imported	17,092,362	2.67%	15,249,968	1.99%

For Dass Khanna & Co.  
Chartered Accountants  
FRN: 000402N

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

(CA. R.D. Khanna)  
Partner  
M. No.: 12391

(Neeraj Saluja)  
Managing Director  
DIN:00871939

(Navneet Gupta)  
Executive Director  
DIN:02122420

(Rahul Kapoor)  
Company Secretary

Place: Ludhiana  
Date: 24.05.2016



## **Independent Auditor's Report**

### **To the Members of SEL Manufacturing Company Limited Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of SEL Manufacturing Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matters:

- (a) Note No. 33 of the consolidated financial statements regarding the balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments if any. During the course of preparation of consolidated financial statements, the Holding Company and its one domestic subsidiary had sent e-mails to various parties with a request to confirm their balances as on 31st March, 2016 out of which few parties have confirmed their balances direct to the management or to the auditors of Holding Company and its one domestic subsidiary. The management however does not expect any material changes on account of such reconciliation/non receipt of confirmation from parties.
- (b) No provision has been made for Trade Receivables amounting to Rs. 643.21 crores outstanding for more than 180 days from the due date. The management however claims that the said receivables are recoverable and no provision is required to be made therefor.
- © Note No. 38 of the Consolidated financial statements which states that the Holding Company along with its one domestic subsidiary collectively referred to as the 'Borrowers' had restructured various financial facilities from the secured CDR lenders under the Corporate Debt Restructuring Proposal during the Financial Year ended 31st March, 2015. The credit facilities envisaged & sanctioned under CDR package were not fully released by the lenders which resulted in sub-optimum utilization of manufacturing facilities and the borrowers could not complete their spinning projects where substantial amounts were already incurred. Reasons for not release of those credit facilities were not explained to us. The Borrowers have



accumulated losses of Rs. 431.40 crores as at March 31, 2016 resulting net worth reduced to Rs. 747.06 crores. Also the borrowers are facing cash flow mismatch and are not servicing debt obligations as per the terms of CDR package sanctioned earlier. These situations give rise to material uncertainty in respect of borrowers ability to continue as going concern which is part dependent on successful outcome of the discussions with the CDR lenders and borrowers ability to generate sufficient funds to support its operations and fulfill repayment obligations. The Management is of the view that the Group is an operative Group and will be able to meet their obligations to lenders, in view of the same the consolidated financial statements have been prepared on a going concern basis.

- (d) The Group has recognized deferred tax asset amounting to Rs. 193.26 crores and MAT Credit Entitlement of Rs. 64.55 crores upto 31st March, 2016 considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. However no conclusive documents/evidences are provided to support their claim. The Group ability to continue as going concern is dependent on factors as discussed in para (c) above. In case the going concern status of the Group is suspect, deferred tax asset/MAT Credit Entitlement recognized till date will require to be reversed.
- (e) The management of the Group represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the consolidated financial statements for impairment losses, but the Group has not provided any working regarding this to us for our review, we are unable to comment on whether the Group needs to make a provision in respect of impairment losses on such assets and the amount of such provision.
- (f) The level of inventories maintained by the Holding Company and its one domestic subsidiary is high. This may include unidentified slow / non-moving and obsolete items of Inventories lying with the respective companies for which no provision has been made.
- (g) Note No. 30(v) of the consolidated financial statements regarding Search & Seizure action u/s 132(1) of the Income Tax Act, 1961 on the Group, its promoters and some other companies/entities during the financial year 2013-14. Assessments of subsidiaries have been completed for the complete block period whereas in the case of the Holding Company, assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. No additional tax liability arose on account of completion of assessments for the said years. Pending proceedings for the remaining assessment years, no provision has been considered necessary by the Company in this regard.
- (h) Note No. 38(c) of the consolidated financial statements in respect of contingency related to 'compensation payable in lieu of bank sacrifice', the outcome of which is materially uncertain and cannot be determined currently.

Our opinion is not modified in respect of these matters.

#### **Other Matters**

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets(net) of Rs. 53.56 crores as at March 31, 2016, total revenue(net) of Rs. 0.99 crores and net cash outflows amounting to Rs. 0.78 crores for the year ended on that date, as considered in the consolidated financial statements. These

financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of two subsidiaries wherein the group's share of loss aggregate to Rs. 0.03 crores. These unaudited financial statements as approved by the respective management of the subsidiaries have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relate to the aforesaid subsidiaries are based solely on such approved unaudited financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors as well as our reliance on such approved unaudited financial statements.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(1)(c) of the Act, we report that:
  - (a) The Holding company had sold equity shares amounting Rs. 31,33,16,690/- at a price less than that at which they were purchased and incurred loss of Rs. 6,74,36,054/- on account of their sale.
  2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
    - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
    - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
    - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
    - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March,



**Independent Auditor's Report On Consolidated Financial Statements**

2016 from being appointed as a director of that company in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 30 to the consolidated financial statements.
  - ii. The Group did not have any long term contracts including derivative contracts for which there were any material

foreseeable losses - Refer Note 39 to the consolidated financial statements.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

**PLACE: LUDHIANA  
DATED: 24.05.2016**

**(CA. R.D. KHANNA)  
PARTNER  
M.No. 12391**



## **Annexure - A to the Independent Auditors' Report**

### **Independent Auditor's report on the internal Financial control under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013('the Act').**

In conjunction with our audit of the consolidated financial statements of the SEL Manufacturing Company Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the group') as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountant of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal financial controls over financial reporting and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems on financial reporting and their operating effectiveness. Our audit of Internal financial controls over financial reporting included obtaining an understanding of Internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidences obtained by the other auditors in term of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting of the Holding Company and its subsidiary companies as aforesaid.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles. A company's Internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of Internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Emphasis of Matter**

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time.

#### **Others Matters**

We did not audit the internal financial controls over financial reporting in so far as it relates to two subsidiary companies which are companies incorporated in India, whose financial statements reflect total assets (net) of Rs.53.56 crores as at 31 March 2016, total revenues (net) of Rs. 0.99 crore and net cash flows amounting to Rs. 0.78 crore for the year ended on that date as considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Holding Company and its subsidiary companies which are companies incorporated in India, under section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, which are companies incorporated in India, is solely based on the respective reports of the auditors of such companies. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Our opinion is not modified in respect of these matters.

**FOR DASS KHANNA & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000402N  
(CA. R.D. KHANNA)  
PARTNER  
M.No. 12391**

**PLACE: LUDHIANA  
DATED: 24.05.2016**





## SEL Manufacturing Company Ltd.

### Consolidated Balance Sheet as at 31st March, 2016

PARTICULARS	NOTE NO.	AS AT	AS AT
		31.03.2016	31.03.2015
		In Rupees	In Rupees
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	3	4,01,05,70,000	4,01,05,70,000
b) Reserves & Surplus	4	3,46,00,14,327	6,90,78,32,056
2. Share Application Money Pending Allotment		-	-
3. Minority Interest		30,31,178	45,07,128
4. Non Current Liabilities			
a) Long Term Borrowings	5	35,08,85,88,487	37,33,67,29,139
b) Deferred Tax Liabilities (Net)		-	-
c) Other Long Term Liabilities		-	-
d) Long Term Provisions	7	1,08,34,832	-
5. Current Liabilities			
(a) Short Term Borrowings	8	17,70,00,03,200	13,19,56,67,573
(b) Trade Payables	9	2,25,55,25,685	2,66,37,44,818
(c) Other Current Liabilities	10	8,19,54,96,041	6,36,65,50,024
(d) Short Term Provisions	11	7,86,89,943	7,96,46,028
TOTAL		70,80,27,53,693	70,56,52,46,767
II. ASSETS			
1. Non Current Assets			
a) Fixed Assets			
(i) Tangible Assets	12	25,72,97,49,899	29,24,20,77,259
(ii) Intangible Assets		22,78,790	52,60,262
(iii) Capital Work in Progress		5,94,55,75,623	5,73,70,57,026
(iv) Intangible Assets Under Development		-	-
(b) Non Current Investments	13	42,11,81,259	43,38,80,855
(c) Deferred Tax Assets (Net)	6	1,93,26,31,742	92,52,61,185
(d) Long Term Loans & Advances	14	1,61,61,35,575	1,67,37,37,963
(e) Other Non-Current Assets	15	64,71,15,897	65,00,71,700
2. Current Assets			
(a) Current Investments		-	-
(b) Inventories	16	17,10,90,58,584	14,46,71,88,392
(c) Trade Receivables	17	11,45,66,52,803	10,50,60,56,923
(d) Cash & Cash Equivalents	18	53,29,66,564	97,51,44,632
(e) Short Term Loans & Advances	19	1,06,86,91,147	1,53,04,27,728
(f) Other Current Assets	20	4,34,07,15,812	4,41,90,82,845
TOTAL		70,80,27,53,693	70,56,52,46,767

The accompanying notes are an integral part of the financial statements.,

This is the Balance Sheet referred to in our report of even date  
For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No. 000402N

(CA. R.D. Khanna)  
Partner  
M.No. 12391  
Place : Ludhiana  
Date: 24.05.2016

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

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420  
Rahul Kapoor  
Company Secretary



## SEL Manufacturing Company Ltd.

### Consolidated Profit & Loss Statement for the Year Ended 31st March, 2016

PARTICULARS	NOTE NO.	Current Year In Rupees	Previous Year In Rupees
I. Revenue From Operations	21	24,65,15,81,905	28,63,42,37,466
II. Other Income	22	1,46,42,84,712	1,54,03,24,376
<b>III. Total Revenue (I+II)</b>		<b>26,11,58,66,617</b>	<b>30,17,45,61,842</b>
IV. Expenses			
Cost of Material Consumed	23	15,72,17,11,687	18,60,27,37,582
Purchases of Stock-in-Trade		74,03,92,388	1,75,83,08,699
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	(25,70,93,481)	(1,13,11,72,038)
Employee Benefits Expenses	25	1,35,06,47,304	1,32,72,57,077
Finance Costs	26	4,95,91,71,515	3,42,48,29,214
Depreciation and Amortization Expenses	27	3,74,11,30,017	3,66,66,16,385
Other Expenses	28	4,48,64,83,659	4,79,89,76,373
<b>Total Expenses</b>		<b>30,74,24,43,090</b>	<b>32,44,75,53,293</b>
<b>V. Profit Before Exceptional And Extraordinary Items And Tax (III-IV)</b>		<b>(4,62,65,76,473)</b>	<b>(2,27,29,91,451)</b>
VI. Exceptional Items	29	8,06,91,400	-
<b>VII. Profit Before Extraordinary Items And Tax (V-VI)</b>		<b>(4,70,72,67,873)</b>	<b>(2,27,29,91,451)</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>(4,70,72,67,873)</b>	<b>(2,27,29,91,451)</b>
X. Tax Expense:			
(1) Current Tax		45,900	3,97,710
(2) Deferred Tax		(1,00,73,70,557)	(80,38,53,846)
(3) Earlier Years		3,188	2,52,05,216
<b>XI. Profit/(Loss) for the period from Continuing Operations (IX-X)</b>		<b>(3,69,99,46,404)</b>	<b>(1,49,47,40,531)</b>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations After Tax (XII-XIII)		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>(3,69,99,46,404)</b>	<b>(1,49,47,40,531)</b>
XVI. Minority Interest		(1,88,836)	7,20,554
<b>XVII. Profit/(Loss) For The Period (XV-XVI)</b>		<b>(3,69,97,57,568)</b>	<b>(1,49,54,61,085)</b>
XVIII. Earning per Equity Share of face value of Rs. 10 each			
(1) Basic		(11.17)	(4.51)
(2) Diluted		(11.17)	(4.51)

The accompanying notes are an integral part of the financial statements.

This is the Profit & Loss Statement referred to in our report of even date  
For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No. 000402N

(CA. R.D. Khanna)  
Partner  
M.No. 12391  
Place : Ludhiana  
Date: 24.05.2016

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

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420  
Rahul Kapoor  
Company Secretary



## SEL Manufacturing Company Ltd.

### Consolidated Cash Flow Statement for the Year Ended 31st March, 2016

PARTICULARS	Details In Rupees	Current Year In Rupees	Details In Rupees	Previous Year In Rupees
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes & Extraordinary Items		(4,70,70,79,037)		(2,27,37,12,005)
Adjustments for Non Cash Items:				
-Depreciation	3,74,11,30,017		3,66,66,16,385	
-Provision for Diminution in Value of Investments	8,06,91,400			
-Interest Paid	4,89,93,84,661		3,34,39,24,227	
-Interest Received	(5,24,26,841)		(6,21,41,787)	
-(Profit)/Loss on Sale of Fixed Assets	6,62,26,495		23,67,694	
		<b>8,73,50,05,732</b>		6,95,07,66,520
Adjustments for Changes in Working Capital:				
-Increase/ (Decrease) in Trade Payables	(40,82,19,134)		21,32,28,487	
-Increase/ (Decrease) in Other Current Liabilities	1,82,89,46,017		(3,41,08,06,871)	
-Increase/ (Decrease) in Short Term Provisions	(9,56,085)		2,07,47,539	
-(Increase)/ Decrease in Trade Receivables	(95,05,95,880)		36,60,34,318	
-(Increase)/ Decrease in Short Term Loans & Advances	46,17,36,581		(49,70,76,653)	
-(Increase)/ Decrease in Current Investments	-		21,61,00,000	
-(Increase)/ Decrease in Other Current Assets	7,83,67,033		(1,26,86,39,328)	
-(Increase)/ Decrease in Inventories	(2,64,18,70,192)	<b>(1,63,25,91,660)</b>	<b>(5,21,38,17,242)</b>	(9,57,42,29,750)
<b>Cash Generation from Operations</b>		<b>2,39,53,35,034</b>		<b>(4,89,71,75,235)</b>
-Taxes Paid		<b>49,088</b>		2,56,02,926
<b>Net Cash from Operating Activities</b>		<b>2,39,52,85,946</b>		<b>(4,92,27,78,161)</b>
<b>B. Cash Flows from Investing Activities</b>				
-Purchase of Fixed Assets & Capital Work in Process	(46,33,69,287)		(3,23,56,29,623)	
-Goodwill	25,18,91,147		(28,58,47,705)	
-Sale of Fixed Assets	(3,94,60,596)		1,77,50,953	
-Foreign Exchange Difference Reserve	48,692		(2,776)	
-Decrease in Fixed Assets for Subsidiary (Cease to exist)	22,63,605		-	
-Interest Received	5,24,26,841		6,21,41,787	
-Disposal of Investments	-		25,868	
-(Increase)/Decrease of Non Current Investments	(6,79,91,804)		32,03,01,694	
-(Increase)/ Decrease in Other Non Current Assets	29,55,803		(52,71,731)	
-(Increase)/ Decrease in Long Term Loans & Advances	5,76,02,388		2,49,57,81,378	
-Increase/(Decrease)in Long Term Provisions	1,08,34,832		-	
<b>Net Cash Flows from Investing Activities</b>		<b>(19,27,98,378)</b>		<b>(63,07,50,155)</b>
<b>C. Cash Flows from Financing Activities</b>				
-Proceeds from Issue of Capital & Securities Premium	-		69,71,00,000	
-Increase/(Decrease) in Minority Interest	(14,75,950)		20,32,418	
-Proceeds/(Repayment) of Long term Borrowings	(2,24,81,40,652)		14,96,32,07,728	
-Proceeds/(Repayment) of Short term Borrowings	4,50,43,35,627		(5,99,29,93,179)	
-Interest Paid	(4,89,93,84,661)		(3,34,39,24,227)	
<b>Net Cash Flows from Financing Activities</b>		<b>(2,64,46,65,637)</b>		<b>6,32,54,22,740</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		<b>(44,21,78,068)</b>		<b>77,18,94,423</b>
Cash & Cash Equivalents - Opening Balance		<b>97,51,44,632</b>		20,32,50,209
Cash & Cash Equivalents - Closing Balance		<b>53,29,66,564</b>		97,51,44,632

Subject to our Separate Report of even date  
For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No. 000402N

(CA. R.D. Khanna)  
Partner  
M.No. 12391  
Place : Ludhiana  
Date: 24.05.2016

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

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420  
Rahul Kapoor  
Company Secretary


**SHARE CAPITAL**
**Note No. - 3**

PARTICULARS	AS AT 31.03.2016 In Rupees	AS AT 31.03.2015 In Rupees
<b>(a) Authorised</b>		
1,000,000,000 Equity Shares	10,00,00,00,000	10,00,00,00,000
250,000,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares	2,50,00,00,000	2,50,00,00,000
<b>(b) Issued, Subscribed &amp; Paid Up</b>		
331,347,000 Equity Shares Fully Paid Up.	3,31,34,70,000	3,31,34,70,000
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares	69,71,00,000	69,71,00,000
	<u>4,01,05,70,000</u>	<u>4,01,05,70,000</u>
<b>(c) Par Value per Share</b>		
331,347,000 Equity Shares	Rs. 10/-	
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	Rs. 10/-	

**(d) Reconciliation of the number of shares outstanding**

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Shares	Amount	Shares	Amount
<b>Shares outstanding at the beginning of the year</b>				
Equity Shares	33,13,47,000	33,134,70,000	33,13,47,000	33,134,70,000
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	6,97,10,000	69,71,00,000	-	-
Total	40,10,57,000	401,05,70,000	33,13,47,000	33,134,70,000
<b>Add: Addition during the year</b>				
Equity Shares	-	-	-	-
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	-	-	6,97,10,000	6,971,00,000
Total	-	-	6,97,10,000	69,71,00,000
<b>Less: Deduction during the year</b>				
Equity Shares	-	-	-	-
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	-	-	-	-
Total	-	-	-	-
<b>Shares outstanding at the end of the year</b>				
Equity Shares	33,13,47,000	33,134,70,000	33,13,47,000	33,134,70,000
1% Redeemable, Non Cumulative, Non Convertible Preference Shares	6,97,10,000	6,971,00,000	6,97,10,000	69,71,00,000
Total	40,10,57,000	40,105,70,000	40,10,57,000	40,105,70,000

**(e) Shares in the company held by preference shareholder holding more than 5% shares**

Dhiraj Saluja	51,310,000 Shares	73.60%
Neeraj Saluja	12,400,000 Shares	17.78%

**(e) Terms/rights, preference, restriction attached to shares.**

**EQUITY SHARES:** The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share except holder of GDR will not have voting right with respect to the Deposited Shares. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company issued 220,000,000 equity shares of the face value of Rs. 10 per share consequent to Global Depository Receipt (GDRs) issue of the company during the year 2012-13. Holders of Global Depository Receipt (GDRs) are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares. As on 31.03.2016, 91,678,900 shares (Previous Year 91,678,900 shares ) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

**PREFERENCE SHARES :** The Company has issued 69,710,000, 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of face value Rs. 10/- each, redeemable at the option of the Board not later than 10 years from the date of allotment. The 1% Redeemable, Non Cumulative, Non Convertible Preference Shareholders have a right to receive dividend, prior to the Equity Shareholders. The dividend proposed by the Board of Directors on the Redeemable, Non Cumulative, Non Convertible Preference Shares is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders are eligible to receive the remaining assets of the Company before distribution to the Equity Shareholders, in proportion to their shareholding.

**RESERVES & SURPLUS**
**NOTE NO. - 4**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>a) Capital Reserve</b>		
Opening Balance	1,54,04,775	30,12,52,481
Add: Addition during the year	25,18,91,147	(28,58,47,706)
	26,72,95,922	1,54,04,775
Less: Deduction during the year	-	-
	26,72,95,922	1,54,04,775
<b>b) Securities Premium Reserve</b>		
Opening Balance	5,18,66,83,319	5,18,66,83,319
Add: Addition during the year	-	-
	5,18,66,83,319	5,18,66,83,319
Less: Deduction during the year	-	-
	5,18,66,83,319	5,18,66,83,319
<b>c) General Reserve</b>		
Opening Balance	2,32,00,00,000	2,32,00,00,000
Add: Addition during the year	-	-
	2,32,00,00,000	2,32,00,00,000
Less: Transferred to Surplus	2,32,00,00,000	-
	-	2,32,00,00,000
<b>(d) Foreign Exchange Fluctuation Reserve</b>		
Opening Balance	38,759	41,535
Add: Addition during the year	48,692	(2,776)
	87,451	38,759
Less: Deduction during the year	-	-
	87,451	38,759
<b>(e) Surplus</b>		
Opening Balance	(61,42,94,797)	90,02,48,068
Add: Addition during the year	(3,69,97,57,568)	(1,49,54,61,085)
Add: Transferred from General Reserve	2,32,00,00,000	-
	(1,99,40,52,365)	(59,52,13,017)
Less: Adjustment relating to disposal of Investments	-	25,868
Less: Carrying amounts of fixed assets debited to retained earnings where remaining useful life of the assets is Nil as on 01.04.2014	-	1,91,07,648
	(1,99,40,52,365)	(6142,94,797)
<b>TOTAL</b>	<b>3,46,00,14,327</b>	<b>6,90,78,32,056</b>



# SEL Manufacturing Company Ltd.

## LONG TERM BORROWINGS

NOTE NO. - 5

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
<b>a) Secured Loans</b>		
i) Term Loans		
- From Banks	34,08,78,88,487	36,33,53,84,251
<b>b) Unsecured Loans</b>		
i) Vehicle Loans		
- From Banks	(0)	6,44,888
ii) Loans from Related Parties	1,00,07,00,000	1,00,07,00,000
(Interest free loans repayable in 2023-24)		
<b>TOTAL</b>	<b>35,08,85,88,487</b>	<b>37,33,67,29,139</b>

Terms and conditions of secured loans taken from banks and status of continuing default as at year end

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Rupee Term Loan III (PL-III)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II (WCTL FITL-II)
Sanctioned Amount	21,59,60,00,000	3,26,04,00,000	6,56,57,00,000	3,13,32,00,000	7,14,28,00,000	1,22,81,00,000
Balance as on 31.03.2016	21,19,24,80,762	1,54,84,01,698	5,92,67,31,732	1,63,31,91,639	6,54,55,37,496	1,20,39,73,724
Rate of Interest	11.25%	11.25%	11.15%	11.25%	11.25%	11.25%
Repayment Type	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly
Repayment during the year ending						
31/03/2014	4,32,46,000	-	-	-	-	-
31/03/2015	10,81,15,000	-	-	10,11,04,360	-	-
31/03/2016	21,62,30,000	1,50,00,000	18,75,000	1,17,78,48,180	26,56,250	4,68,20,000
31/03/2017	1,12,33,16,000	22,55,12,166	3,01,00,000	1,31,94,94,347	36,73,71,000	16,50,80,358
31/03/2018	2,37,55,60,000	69,10,24,332	9,02,00,000	-	43,65,49,000	21,22,02,947
31/03/2019	2,59,15,20,000	88,65,36,498	11,65,50,000	-	90,63,28,080	17,16,13,684
31/03/2020	2,78,58,57,000	1,08,20,48,664	14,29,00,000	-	95,94,53,080	17,78,44,421
31/03/2021	3,15,29,08,000	1,14,27,31,552	11,25,00,000	-	1,30,55,35,580	17,78,44,421
31/03/2022	3,15,29,08,000	1,32,30,72,996	13,12,50,000	-	1,30,55,35,580	20,74,85,158
31/03/2023	3,19,61,54,000	1,35,34,14,440	13,12,50,000	-	1,38,52,23,080	20,74,85,158
31/03/2024	2,02,89,81,799	79,77,31,552	6,93,75,000	-	53,56,60,445	4,74,25,179
Overdue Principle Amount	24,30,57,147	1,50,00,000	1,76,607	1,18,87,25,606	12,57,23,767	3,06,89,873
Overdue Interest Amount	68,27,94,008	10,15,28,597	27,83,175	9,48,95,552	24,69,21,943	3,52,66,345
Overdue Since	August 2015	-	-	April 2015	Sept. 2015	Sept. 2015

### Details of security for term loans

\* Long term borrowings from banks are secured by the 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 pari-passu basis and personal guarantee of the promoter directors. The said borrowings are further secured, on pari-passu basis with short term lenders, by equitable mortgage of the following properties.

Sr. No.	Owner	
1.	Sh. R.S.Saluja	Land & Building measuring 1K 13M at Rahon Road, Ludhiana
2.	Smt. Sneh Lata Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana
3.	Smt. Sneh Lata Saluja	Land and building measuring 155 sq. yds. at B-V443, Hazuri Road, Ludhiana
4.	Sh. Neeraj Saluja	Land measuring 700 sq.yds. at Rajpura Road, Vill.Pratap Singhwala, Ludhiana
5.	Sh. Neeraj Saluja	Land measuring 4840 sq.yds. at Village Jhande, Ludhiana
6.	Smt. Ritu Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana




**DEFERRED TAX ASSET/ LIABILITY (Net)**
**NOTE NO. - 6**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
Deferred Tax Liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	1,58,94,35,716	1,89,16,71,266
Gross Deferred Tax Liability	1,58,94,35,716	1,89,16,71,266
Deferred Tax Asset		
Impact of expenditure charged to Profit & Loss Statement in the current year but allowed for tax purpose on payment basis and unabsorbed depreciation	3,52,20,67,457	2,81,69,32,451
Gross Deferred Tax Asset	3,52,20,67,457	2,81,69,32,451
<b>Net Deferred Tax (Asset)/Liability</b>	<b>(1,93,26,31,742)</b>	<b>(92,52,61,185)</b>

**LONG TERM PROVISION**
**NOTE NO. - 7**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
a) Provision for Employee Benefits	1,08,34,832	-
<b>TOTAL</b>	<b>1,08,34,832</b>	<b>-</b>

**SHORT TERM BORROWINGS**
**NOTE NO. - 8**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
I) Loans Repayable on Demand		
From Bank	17,70,00,03,200	13,19,56,67,573
<b>TOTAL</b>	<b>17,70,00,03,200</b>	<b>13,19,56,67,573</b>

**Details of security for working capital borrowings**

I) Short term borrowings from banks 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 on the entire fixed assets of the Company and personal guarantee of the promoter directors and pledged of 36,729,044 equity shares of the company held by the promoters. The said borrowings are further secured, on pari-passu basis with term loan lenders, by equitable mortgage of the following properties.

S.No.	Owner	Detail of property
1.	Sh. R.S.Saluja	Land & Building measuring 1K 13M at Rahon Road, Ludhiana
2.	Smt. Sneha Lata Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana
3.	Smt. Sneha Lata Saluja	Land and building measuring 155 sq. yds. at B-V443, Hazuri Road, Ludhiana
4.	Sh. Neeraj Saluja	Land msg. 700 sq.yds. at Rajpura Road, Vill. Pratap Singhwala Ludhiana
5.	Sh. Neeraj Saluja	Land msg. 4840 sq.yds. at Village Jhande, Ludhiana
6.	Smt. Ritu Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana

**Terms of repayment of loans repayable on demand**

From banks are repayable on demand and carries interest @ 10.65% p.a.



## SEL Manufacturing Company Ltd.

### TRADE PAYABLES

NOTE NO. - 9

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
Trade Payables*	2,25,55,25,685	2,66,37,44,818
<b>TOTAL</b>	<b>2,25,55,25,685</b>	<b>2,66,37,44,818</b>

\*Based on and to the extent of information received from the Suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 as identified by Management and relied upon by the Auditors, the relevant particulars as at 31st March, 2016 are NIL.

### OTHER CURRENT LIABILITIES

NOTE NO. - 10

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Current Maturities of Long Term Debts	4,79,40,16,071	4,48,69,08,301
(b) Interest Accrued but not due on borrowings	4,476	9,09,12,767
(c) Interest Accrued and due on borrowings#	1,60,80,89,473	28,45,74,866
(e) Other Payables		
i) Statutory Dues & Taxes	3,05,28,500	2,87,15,395
ii) Employees Benefits	12,50,26,109	14,51,84,145
iii) Advances from Customers	58,64,70,524	59,57,23,979
iv) Payable to Vendors-Non Trade	38,77,52,747	37,07,77,539
v) Others Payable	66,36,08,141	36,37,53,032
<b>TOTAL</b>	<b>8,19,54,96,041</b>	<b>6,36,65,50,024</b>

#Interest accrued and due includes Rs. 160.81 crores (Previous Year Rs.26.70 Crores) relates to defaults in repayment of interest on bank loans.

### SHORT TERM PROVISIONS

NOTE NO. - 11

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Provision for Employee Benefits	7,86,44,043	7,85,48,768
(b) Others		
- Income Tax	45,900	3,97,710
- Wealth Tax	-	6,99,550
<b>TOTAL</b>	<b>7,86,89,943</b>	<b>7,96,46,028</b>



Consolidated Fixed Assets					NOTE NO.- 12					
PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	BALANCE AS ON 01.04.2015 Rs.	ADDITIONS DURING THE YEAR Rs.	SALES DURING THE YEAR Rs.	BALANCE AS ON 31.03.2016 Rs.	BALANCE AS ON 01.04.2015 Rs.	PROVIDED DURING THE YEAR Rs.	SALES DURING THE YEAR Rs.	BALANCE AS ON 31.03.2016 Rs.	AS ON 31.03.2016 Rs.	AS ON 31.03.2015 Rs.
(a) Tangible Assets										
i) Land	1,76,63,81,628	-	72,50,000	1,75,91,31,628	-	-	-	-	1,75,91,31,628	1,76,63,81,628
ii) Leasehold Land	7,32,88,658	-	-	7,32,88,658	48,50,806	8,51,986	-	57,02,792	6,75,85,866	6,84,37,852
iii) Building	10,84,99,75,927	-	-	10,84,99,75,927	1,10,02,19,261	32,43,54,505	-	1,42,45,73,762	9,42,54,02,165	9,74,97,56,671
iv) Road	4,84,13,448	-	-	4,84,13,448	2,02,04,162	1,30,27,663	-	3,32,31,826	1,51,81,622	2,82,09,285
v) Plant & Machinery	25,82,70,20,049	24,58,76,522	1,63,38,049	26,05,65,58,522	8,61,81,05,261	3,32,33,57,427	21,26,806	11,93,93,35,886	14,11,72,22,636	17,20,89,14,784
vi) Furniture & Fittings	40,08,36,291	-	-	40,08,36,291	10,82,53,639	4,45,47,185	-	15,28,00,827	24,80,35,464	29,25,82,649
vii) Vehicles	20,25,77,152	81,80,752	1,98,35,517	19,09,22,387	9,77,66,965	2,31,05,582	1,45,30,861	10,63,41,685	8,45,80,702	10,48,10,187
viii) Office Equipments	4,67,21,836	7,93,416	-	4,75,15,252	2,60,01,239	89,04,198	-	3,49,05,437	1,26,09,815	2,07,20,598
	39,21,52,14,989	25,48,50,690	4,34,23,566	39,42,66,42,113	9,97,54,01,333	3,73,81,48,546	1,66,57,667	13,69,68,92,214	25,72,97,49,899	29,23,98,13,654
(b) Intangible Assets										
i) Computer Software	5,26,83,090	-	-	5,26,83,090	4,74,22,829	29,81,471	-	5,04,04,300	22,78,790	52,60,261
(c) Capital Work in Progress										
	5,73,70,57,026	37,01,80,700	16,16,62,103	5,94,55,75,623	-	-	-	-	5,94,55,75,623	5,73,70,57,026
Total	45,00,49,55,105	62,50,31,390	20,50,85,669	45,42,49,00,826	10,02,28,24,162	3,74,11,30,017	1,66,57,667	13,74,72,96,514	31,67,76,04,312	34,98,21,30,941
Previous Year	41,80,76,06,586	4,19,52,25,430	99,56,13,304	45,00,72,18,712	6,34,08,96,430	3,66,66,16,385	(1,53,11,348)	10,02,28,24,163	34,98,43,94,549	-

**NON CURRENT INVESTMENTS**
**NOTE NO. - 13**

PARTICULARS	AS AT 31.03.2016 In Rupees	AS AT 31.03.2015 In Rupees
<b>Other Investments (At Cost)</b>		
<b>(a) Investment in Equity Instruments (Quoted)</b>		
i) 3124 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited (Previous Year 3124 Equity Shares of Rs. 10/- each fully paid up)	30,00,000	30,00,000
ii) 778 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Limited (Previous Year 778 Equity Shares of Rs. 10/- each fully paid up) Less: Diminution in Value of Investment	67,555 (67,555)	67,555 -
<b>(b) Investment in Equity Instruments (Unquoted)</b>		
<b>Others</b>		
i) 299,300 Equity Shares of Rs. 1/- each fully paid up of The Delhi Stock Exchange Association Limited (Previous Year 299,300 Equity Shares of Re. 1/- each fully paid up) Less: Diminution in Value of Investment	2,09,51,000 (1,31,87,791)	2,09,51,000 -
ii) 14,000 Equity Shares of Rs. 10/- each fully paid up of Rythm Textile & Apparels Park Limited (Previous Year 14,000 Equity Shares of Rs. 10/- each fully paid up)	1,40,000	1,40,000
iii) 1,108,000 Equity Shares of Rs. 10/- each fully paid up of OPGS Power Gujrat Pvt. Ltd. (Previous Year Nil Equity Shares of Rs. 10/- each fully paid up)	5,55,750	-
<b>(c) Investments in Preference Shares</b>		
<b>Others</b>		
i) 3,692,930 9% Redeemable Preference Shares of Rs. 10 each fully paid up of Rhythm Textile & Apparels Park Limited (Previous Year 3,692,930 9% Redeemable Preference Shares of Rs. 10 each fully paid up)	40,62,22,300	40,62,22,300
<b>(d) Investment in Mutual Funds (Unquoted)</b>		
i) 150,000 Units of Rs.10/- each of SBI Infrastructure Fund (Previous Year 150,000 units of Rs. 10/- each)	15,00,000	15,00,000
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund (Previous Year 50,000 units of Rs. 10/- each)	5,00,000	5,00,000
iii) 55,187.638 Units of Rs. 10/- each of Union KBC Equity Fund (Previous Year 55,187.638 Units of Rs.10/- each)	5,00,000	5,00,000
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund (Previous Year 100,000 Units of Rs.10/- each)	10,00,000	10,00,000
<b>TOTAL</b>	<b>42,11,81,259</b>	<b>43,38,80,855</b>
Market Value of Quoted Investments	32,65,205	26,68,895
Aggregate Value of Quoted Investments	30,67,555	30,67,555
Aggregate Value of UnQuoted Investments	41,81,13,704	43,08,13,300
Aggregate Provision for Diminution in Value of Investments	1,32,55,346	-


**LONG TERM LOANS AND ADVANCES**
**NOTE NO. - 14**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
(a) Capital Advances	1,37,63,75,001	1,46,29,90,751
(b) Security Deposits	23,97,60,574	21,07,47,212
<b>TOTAL</b>	<b>1,61,61,35,575</b>	<b>1,67,37,37,963</b>

**OTHER NON CURRENT ASSETS**
**NOTE NO. - 15**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
a) MAT Credit Entitlement	64,54,58,873	64,54,58,873
b) Fixed Deposits with Banks	16,57,024	46,12,827
<b>TOTAL</b>	<b>64,71,15,897</b>	<b>65,00,71,700</b>

**INVENTORIES**
**NOTE NO. - 16**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Raw Materials	7,78,77,99,446	5,38,26,94,078
(b) Work in Progress	1,37,02,53,814	1,45,48,31,136
© Finished Goods		
-In Godown	7,02,30,90,815	6,48,12,40,220
-In Transit	26,81,74,732	44,86,06,678
(d) Stock in Trade	58,23,71,009	60,21,18,856
(e) Stores & Spares	7,73,68,767	9,76,97,425
<b>TOTAL</b>	<b>17,10,90,58,584</b>	<b>14,46,71,88,392</b>

**TRADE RECEIVABLES**
**NOTE NO. - 17**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(Unsecured, considered good)		
a) Outstanding for a period exceeding six months from the date they are due for payment	6,43,21,30,391	5,02,60,16,455
b) Other Receivables	5,02,45,22,412	5,48,00,40,468
<b>TOTAL</b>	<b>11,45,66,52,803</b>	<b>10,50,60,56,923</b>

**CASH & CASH EQUIVALENTS**
**NOTE NO. - 18**

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
	In Rupees	In Rupees
(a) Cash in Hand	7,65,20,130	5,35,54,014
(b) Balances With Scheduled Banks		
i) In Current Accounts	14,96,58,121	34,09,19,064
ii) In Fixed Deposits Accounts	11,83,42,398	3,03,63,966
(c) Other Bank Balances		
i) In Fixed Deposits Accounts	18,84,45,916	55,03,07,588
<b>TOTAL</b>	<b>53,29,66,564</b>	<b>97,51,44,632</b>

**SHORT TERM LOANS AND ADVANCES**
**NOTE NO. - 19**

PARTICULARS	AS AT 31.03.2016 In Rupees	AS AT 31.03.2015 In Rupees
(Unsecured, considered good)		
(a) Others		
i) Advances to Suppliers	39,11,71,832	74,90,88,850
ii) Statutory Dues & Taxes	55,15,82,485	66,61,09,927
iii) Prepaid Taxes	3,00,08,992	2,41,30,161
iv) Others	9,59,27,840	9,10,98,791
<b>TOTAL</b>	<b>1,06,86,91,147</b>	<b>1,53,04,27,728</b>

**OTHER CURRENT ASSETS**
**NOTE NO. - 20**

PARTICULARS	AS AT 31.03.2016 In Rupees	AS AT 31.03.2015 In Rupees
(Unsecured, considered good)		
(a) Others		
i) Duty Drawback Receivable	37,80,31,586	60,91,48,510
ii) Interest Subsidy Receivable	3,95,43,68,307	3,80,79,72,158
iii) Interest Receivable	83,15,920	19,62,178
<b>TOTAL</b>	<b>4,34,07,15,812</b>	<b>4,41,90,82,845</b>

**REVENUE FROM OPERATIONS**
**NOTE NO. - 21**

PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
Sale of Products		
Finished Goods	23,31,86,67,239	25,21,56,21,562
Traded Goods	91,51,49,540	2,74,71,90,529
Other Operating Income		
Waste/Sale Scrap	41,79,86,498	70,76,03,393
	<b>24,65,18,03,277</b>	<b>28,67,04,15,484</b>
Less: Excise Duty	<b>2,21,372</b>	<b>3,61,78,018</b>
<b>TOTAL</b>	<b>24,65,15,81,905</b>	<b>28,63,42,37,466</b>

Details of Sales (Finished Goods)

PARTICULARS	CURRENT YEAR In Rupees	PREVIOUS YEAR In Rupees
Yarn	17,06,58,58,145	18,02,37,50,376
Hosiery Garments	1,69,10,87,128	1,60,79,84,648
Terry Towel	4,09,33,37,523	4,39,96,14,544
Knitted Cloth	46,83,84,443	1,18,42,71,994
	<b>23,31,86,67,239</b>	<b>25,21,56,21,562</b>
Less: Excise Duty	<b>2,21,372</b>	<b>3,61,78,018</b>
<b>TOTAL</b>	<b>23,31,84,45,867</b>	<b>25,17,94,43,544</b>

#### Details of Sales (Traded Goods)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Yarn	3,97,34,257	44,65,62,126
Hosiery Garments	72,49,75,424	1,81,97,05,665
Raw Material	-	6,163
Knitted Cloth	1,00,04,069	16,17,55,343
Terry Towel	14,04,35,790	31,91,61,232
<b>TOTAL</b>	<b>91,51,49,540</b>	<b>2,74,71,90,529</b>

#### OTHER INCOME

NOTE NO. - 22

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Export Incentives	73,35,42,972	99,39,97,113
Interest (Gross)	5,24,26,841	6,21,41,787
Foreign Exchange Fluctuation	63,10,71,241	47,30,97,122
Rental Income	5,34,828	7,54,055
Other Income	4,67,08,829	1,03,34,299
<b>TOTAL</b>	<b>1,46,42,84,712</b>	<b>1,54,03,24,376</b>

#### COST OF MATERIAL CONSUMED

NOTE NO. - 23

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Raw Material Consumed		
Opening Stock	5,34,95,49,167	1,26,08,32,310
Add: Purchases (net)	17,66,83,31,747	22,10,39,59,592
	23,01,78,80,913	23,36,47,91,902
Less: Closing Stock	7,76,11,12,185	5,34,95,49,167
<b>Cost of raw material consumed during the year (A)</b>	<b>15,25,67,68,728</b>	<b>18,01,52,42,735</b>
Packing Material Consumed		
Opening Stock	3,31,44,911	3,79,14,845
Add: Purchases (net)	45,84,85,309	58,27,24,913
	49,16,30,220	62,06,39,758
Less: Closing Stock	2,66,87,261	3,31,44,911
<b>Cost of packing material consumed during the year (B)</b>	<b>46,49,42,959</b>	<b>58,74,94,847</b>
<b>TOTAL (A+B)</b>	<b>15,72,17,11,687</b>	<b>18,60,27,37,582</b>

#### Details of Raw Material Consumed

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Raw Cotton/Waste	13,47,82,97,405	14,95,50,16,192
Polyster Fibre	54,94,85,826	54,37,90,711
Yarn	13,73,72,741	56,93,12,100
Knitted Cloth	1,09,16,12,756	1,94,71,23,732
<b>TOTAL</b>	<b>15,25,67,68,728</b>	<b>18,01,52,42,735</b>




**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS  
AND STOCK IN TRADE**
**NOTE NO. - 24**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
<b>Opening Stocks</b>		
Work in Process	1,45,48,31,136	1,78,39,43,616
Finished Goods	6,92,98,46,897	5,07,73,23,798
Stock in Trade	60,21,18,856	99,43,57,437
(A)	8,98,67,96,889	7,85,56,24,851
<b>Closing Stocks</b>		
Work in Process	1,37,02,53,814	1,45,48,31,136
Finished Goods	7,29,12,65,547	6,92,98,46,897
Stock in Trade	58,23,71,009	60,21,18,856
(B)	9,24,38,90,370	8,98,67,96,889
<b>Decrease/(Increase) in Inventories</b> (A-B)	<b>(25,70,93,481)</b>	<b>(1,13,11,72,038)</b>

**EMPLOYEE BENEFITS EXPENSE**
**NOTE NO. - 25**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Wages,Salaries & Other Allowances	1,23,75,93,317	1,20,78,83,825
Contribution to PF, ESI & Other Funds	9,50,34,283	8,94,21,649
Staff & Labour Welfare	1,80,19,704	2,99,51,603
<b>TOTAL</b>	<b>1,35,06,47,304</b>	<b>1,32,72,57,077</b>

**FINANCIAL COSTS**
**NOTE NO. - 26**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
a) Bank Charges	5,97,86,854	8,09,04,987
b) Interest on		
i) Working Capital Limits	1,75,47,52,866	1,30,16,85,112
ii) Term Loans	3,00,18,31,323	1,84,43,92,660
iii) Car Loans	5,99,984	27,34,529
iv) Others	14,22,00,488	19,51,11,926
<b>TOTAL</b>	<b>4,95,91,71,515</b>	<b>3,42,48,29,214</b>

**DEPRECIATION & AMORTIZATION EXPENSES**
**NOTE NO. - 27**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	In Rupees	In Rupees
Depreciation of Tangible Assets	3,73,81,48,546	3,63,61,57,812
Depreciation of Intangible Assets	29,81,471	3,04,58,573
Amortization of Preliminary Expenses	-	-
<b>TOTAL</b>	<b>3,74,11,30,017</b>	<b>3,66,66,16,385</b>

<b>OTHER EXPENSES</b>		<b>NOTE NO. - 28</b>
<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
	<b>In Rupees</b>	<b>In Rupees</b>
Job Work Expenses	4,63,92,102	6,98,56,596
Powel & Fuel	2,68,22,77,396	2,84,11,21,476
Consumables & Repair Maintenance	76,24,76,872	84,93,41,922
Printing & Stationery	17,15,362	21,24,668
Insurance	3,70,88,731	3,13,05,884
Fees & Taxes	2,28,47,706	1,31,89,579
Donation	13,18,700	22,06,021
Legal & Professional Charges	2,98,74,775	12,58,15,535
Postage & Courier Charges	97,87,355	86,27,513
Telephone & Fax Expenses	64,02,014	61,04,086
Statutory Auditors' Remuneration		
-Audit Fee	19,73,844	33,54,541
-Tax Audit Fee	6,66,750	11,59,500
Reimbursement of Expenses	88,680	1,33,700
-Service Tax	5,54,887	7,49,138
Cost Auditors' Remuneration		
-Audit Fee	1,26,500	-
General Repair & Maintenance	1,49,50,711	1,50,35,460
Office Expenses	2,14,71,099	2,41,62,733
Festival Expenses	70,46,032	85,64,401
Rent	39,49,798	43,89,005
Travelling & Conveyance	5,24,74,399	5,61,54,944
Water Charges	70,61,551	78,73,919
Service Tax Paid	37,08,213	49,73,912
Advertisement	29,39,197	16,39,585
Loss on Sale of Fixed Assets	6,62,26,495	23,67,694
Security Expenses	6,91,912	2,96,069
Building Repair & Maintenance	25,70,049	24,68,406
Vehicles Expenses	1,19,18,460	1,42,02,416
Wealth Tax	-	6,99,550
Business Promotion	56,71,967	1,01,73,838
Commission	26,62,89,231	21,80,73,860
Rebate & Discount	3,18,39,073	2,63,85,111
Clearing Forwarding & Freight Outward	38,40,83,800	44,64,25,312
<b>TOTAL</b>	<b>4,48,64,83,659</b>	<b>4,79,89,76,373</b>

<b>EXCEPTIONAL ITEMS</b>		<b>NOTE NO. - 29</b>
<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
	<b>In Rupees</b>	<b>In Rupees</b>
Provision for Diminution in Value of Investments	1,32,55,346	-
Loss on Sale of Investments in Subsidiaries	6,74,36,054	-
<b>TOTAL</b>	<b>8,06,91,400</b>	<b>-</b>



## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Principles of Consolidation**

In preparing consolidated financial statements; the financial statements of parent company and subsidiaries 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 group.

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 Group's shareholders.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

### **2. Significant Accounting Policies**

#### **2.1 Basis of Preparation**

The Consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. Accounting policies have been consistently applied except change in recognizing leave with wages from accrual basis to actuarial valuation basis by holding company and one of its domestic subsidiary company.

#### **2.2 Use of Estimates**

The preparation of consolidated financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the consolidated financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of consolidated financial statements. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Future results may vary from these estimates.

#### **2.3 Revenue Recognition**

##### **i) Sales**

- (a) Revenue from sale of goods is recognized:
  - (i) When all the significant risks and rewards of ownership are transferred to the buyer and the Group 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.
- (b) Passenger and Cargo income are recognized on flown basis, i.e. when the services are rendered.

##### **ii) Export Incentives**

Revenue in respect of export incentives 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.

#### **2.4 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.

#### **2.5 Inventories**

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

- i) In respect of Raw Materials 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.
- iv) In respect of Consumable Stores on weighted average basis.

#### **2.6 Foreign Currency Transactions**

- (a) Foreign Branch and Subsidiary (Integral)
  - (i) Fixed assets are translated at the rates on the date of purchase/acquisition of assets and Inventories are translated at the rates that existed when costs were incurred.
  - (ii) All foreign currency monetary items outstanding at the year-end are translated at the year-end exchange rates. Income and expenses are translated at average rates of exchange and depreciation is translated at the rates referred to in (a)(i) above for fixed assets. The resulting exchange gains & losses are recognized in the profit and loss account.
- (b) Other foreign currency transactions:
  - (i) 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.
- (ii) 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.
- (iii) Foreign currency non monetary items, which are carried in terms of historical cost, re-stated at the rate of exchange prevailing at the year-end and the gain or loss, is accumulated in a foreign exchange fluctuation reserve.
- 2.7 Fixed Assets**
- (I) **a) Tangible 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.
- b) Intangibles Assets**  
Computer Software's are amortized over the estimated useful life.
- (ii) **Capital work in progress**  
Capital work in progress includes cost of assets at site, construction expenditure for acquisition of capital assets and pre-operative expenditure pending allocation to fixed assets.
- (iii) **Expenditure incurred during construction period**  
In respect of new/major expansion, the indirect expenditure incurred during implementation 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. The unallocated expenses are shown in pre-operative expenses.
- 2.8 Depreciation**  
Depreciation on Fixed Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013.
- 2.9 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. The capitalization of borrowing costs to be suspended during extended periods in which active developments will be interrupted.
- 2.10 Employee Benefits**
- (I) **Defined Contribution Plan:**  
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) **Defined Benefit Plans (Gratuity):**  
The Holding Company and one of its domestic subsidiary 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**  
The liability for leave with wages is recognised on the basis of actuarial valuation carried out by Life Insurance Corporation of India at the Balance Sheet date by using Projected Unit Credit Method.
- 2.11 Accounting for Taxes on Income**
- Current Tax**  
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**  
Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.
- Minimum Alternative Tax**  
Minimum Alternative Tax credit is recognized as an asset only when & to the extent there is convincing evidence that the Group will pay normal tax during the specified period. Such asset is reviewed at each Balance Sheet date & the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.
- 2.12 Impairment of Assets**  
The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in case of revalued assets.
- 2.13 Provisions and Contingent Liabilities**
- (a) Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:
- (i) The Group has a present obligation as a result of a past event;
- (ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
- (iii) The amount of the obligation can be reliably estimated
- (b) Contingent liability is disclosed in the case of:



## SEL Manufacturing Company Ltd.

- (i) 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
- (ii) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.
- 2.14 Earnings 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.
- 2.15 Operating Leases**  
Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Lease rentals paid for such leases are recognized as an expense on systematic basis over the term of lease.
- 2.16 Government Grants & Subsidies**  
Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.
- 30. Contingent Liabilities**  
There are contingent liabilities in respect of the following items: (No outflow is expected in view of the past history relating to these items)

		(Rs. In Crores)	
Particulars	March 31, 2016	March 31, 2015	
(i) Export Bills Discounted	31.07	55.97	
(ii) Estimated amount of capital contracts remaining to be executed net of advances	100.55	249.51	
(iii) Income Tax*	0.03	0.17	
(iv) Performance Guarantees issued for export obligations	48.56	20.89	

- (v) Further to the search and seizure operations by the Income-tax Authorities in September 2013, the Income Tax Department issued notice u/s 153A (1) of the Income Tax Act, 1961, dated March 24, 2014 for submission of Income Tax Returns u/s 153A (1) (a) from Assessment Year 2008-09 to 2013-14 in pursuance of the search conducted u/s 132 of the Income Tax Act, 1961. The Group had filed returns in response to notices and furnished details and explanations as required by the authorities. Assessments for the subsidiaries have been completed. However in the case of holding company Assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. There is no additional tax liability arises on account of completion of assessments for the said years. In respect of pending proceedings for the remaining assessment years, no provision has been made in the books for additional liability for tax, interest and penalty, if any.
- \*includes demand from tax authorities for various matters. The Group/tax department has preferred appeals on these matters and the same are pending with various appellate authorities. Considering the facts of the matters, no provision is considered necessary by management.

- 31. Related Party Disclosures**  
The related party disclosure in accordance with Accounting Standard-18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below:

Sr. No.	Name of Related Party	Relationship
1	S. E. Exports	Subsidiary Partnership Firm
2	SEL Textiles Ltd.	Subsidiary Company
3	SEL Aviation Pvt. Ltd.	Subsidiary Company
4	*Omega Hotels Ltd.	Subsidiary Company
5	**SEL Textile Corporation	Foreign Subsidiary Company
6	**Silverline Corporation Ltd.	Fellow Subsidiary Company
7	Mr. R. S. Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta Mr. V.K. Goyal	Key Management Personnel
8	**Mrs. Sneha Lata Saluja **Mrs. Ritu Saluja **Mrs. Reema Saluja	Relatives of KMP
9	**Shiv Narayan Investments Pvt. Ltd. **Saluja International Rythm Textile & Apparels Park Ltd.	Enterprises over which key management personal and relatives of such personal is able to exercise significant influence

\*cease to exist during the year.

\*\*No transactions have taken place during the year.



Related Parties Transactions:					(Rs. in Crores)	
Particulars	Key Management & Relatives of KMP		Enterprises over which Personal (KMP) significant influence		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Preference Capital Contribution Received in cash	-	69.71	-	-	-	69.71
Rent Paid	-	0.01	-	-	-	0.01
Rent Received	-	-	-	0.01	-	0.01
Loan Taken	-	4.50	-	-	-	4.50
Managerial Remuneration	3.40	3.76	-	-	3.40	3.76
Closing Balance of Related Parties Debit/(Credit)	(100.07)	(100.07)	-	0.01	(100.07)	(100.06)

32. Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from April 1, 2014, the Group has recalculated the remaining useful life of fixed assets in accordance with the provisions of Schedule II to the Act. During FY 2014-15, fixed assets which have already completed their useful life in terms of Schedule II of the Act, the carrying value (net of deferred tax) of Rs. 18,992,548/- of such assets as at April 1, 2014 has been adjusted to Retained Earnings and in case of other fixed assets the carrying value (net of residual value) is being depreciated as per method over the re-calculated remaining life. The depreciation expense charged for the year ended March 31, 2015 would have been lower by Rs. 100.04 crores, had the Company continued with the previously prescribed depreciation rates as per Schedule-XIV of the Companies Act, 1956.
33. The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments if any. During the course of preparation of consolidated financial statements, the Holding Company and its one domestic subsidiary had sent e-mails to various parties with a request to confirm their balances as on 31st March, 2016 out of which few parties have confirmed their balances direct to the management or to the auditors of the Holding Company and its one domestic subsidiary.
34. 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.
35. Earnings Per Share  
The calculation of Basic and diluted Earnings per Share (EPS) are computed 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
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (A)	Rs.	(3,699,757,568)	(1,495,461,085)
Weighted average of number of equity shares (B)	No.	331,347,000	331,347,000
Weighted average of number of Potential equity shares (C)	No.	-	-
<b>Total</b> (D)	No.	<b>331,347,000</b>	<b>331,347,000</b>
Basic EPS (A/B)	Rs.	(11.71)	(4.51)
Diluted EPS (A/D)	Rs.	(11.71)	(4.51)



## SEL Manufacturing Company Ltd.

36. During the year, the Holding Company sold 97.85% of its stake in Omega Hotels Limited and thus Omega Hotels Limited cease to be subsidiary of the Holding Company. The loss on sale of investment amounting to Rs. 67,436,054/- has been shown under the exceptional items.
37. During the financial year ended March 31, 2015, SEL Manufacturing Company Limited along with one of its domestic subsidiary collectively referred to as the 'Borrowers' had restructured various financial facilities from the secured CDR lenders under the Corporate Debt Restructuring Proposal. Pursuant to approval of CDR Package by the CDR Empowered Group ('CDR EG'), the implementation of the CDR package was formalized upon execution of Master Restructuring Agreement (MRA) between the CDR Lenders and Borrowers during the financial year ended March 31, 2015.
- The details of the Restructuring package as approved by CDR cell were as under:
- Restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFS) and Non-TUFS Term Loans, reduction in interest rates, additional facilities in the form of Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL).
  - The promoters to bring contribution equivalent to 25% of the sacrifice amount of by lenders. Accordingly, promoters have brought in an amount of Rs. 101.82 crores as 1% Redeemable, Non-Cumulative, Non-Convertible Preference Shares & Unsecured Loans.
  - Lenders with the approval of CDR EG shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per the CDR guidelines. The recompense payable is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to Rs. 198.34 crores.
- However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the borrowers, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the borrowers could not complete their spinning projects where substantial amount were already incurred. All this has led to adverse financial performance and erosion in net worth of the borrowers. The Borrowers have accumulated losses of Rs. 431.40 crores as at March 31, 2016 resulting net worth reduced to Rs. 747.06 crores. Also the Borrowers are facing cash flow mismatch and are not able to serve debt obligations as per the terms of CDR package sanctioned earlier.
38. There are no long term contracts, as on the date of balance sheet, including derivative contracts for which there are any material foreseeable losses.
39. Segment Reporting: The Group is mainly engaged in the business of manufacturing of textiles consisting of yarn, fabrics and garments. Considering the nature of business and financial reporting of the Group, the Group has only one segment textile as reportable segment. The Group operates in Local & Export segments geographically. The sale for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities cannot be bifurcated separately.
- Primary Segment: Business Segment  
The segment other than textile has been classified as other segment.

(Rs. In crores)

Particulars	Textiles		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>						
External Segment	2465.16	2863.42	0.00	0.00	2465.16	2863.42
Other Income	141.13	147.74	0.00	0.00	141.13	147.74
Inter Segment Sales	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>2606.29</b>	<b>3011.16</b>	<b>0.00</b>	<b>0.00</b>	<b>2606.29</b>	<b>3011.16</b>
<b>Segment Results</b>	<b>13.97</b>	<b>100.89</b>	<b>0.00</b>	<b>0.00</b>	<b>13.97</b>	<b>100.89</b>
Operating Profit					13.97	100.89
Interest Expense					489.94	334.39
Interest Income					5.24	6.21
Income Taxes					(100.73)	(77.82)
<b>Net Profit</b>					<b>(369.99)</b>	<b>(149.47)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	7034.16	7011.74	0.00	0.00	7034.16	7011.74
Unallocated Corporate Assets					46.12	47.76
<b>Total Assets</b>					<b>7080.28</b>	<b>7059.50</b>
Segment Liabilities	827.71	646.54	0.00	0.00	827.41	646.54
Unallocated Corporate Liabilities					3955.81	4118.34
<b>Total Liabilities</b>					<b>4783.22</b>	<b>4764.88</b>
<b>Capital Expenditures</b>	<b>25.49</b>	<b>230.40</b>	<b>0.00</b>	<b>0.00</b>		
<b>Depreciation</b>	<b>374.11</b>	<b>366.66</b>	<b>0.00</b>	<b>0.00</b>		
<b>Non Cash Expenses other than depreciation</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		



**b. Secondary Segment: Geographical segment**

The financial information about geographical segment is presented below:

(Rs. In crores)

	2015-16	2014-15
<b>1. Segment Revenue-External Turnover</b>		
-Within India	988.28	1067.69
-Outside India	1476.88	1795.73
Total Revenue	2465.16	2863.42
<b>2. Segment Assets</b>		
-Within India	6992.34	6970.11
-Outside India	87.93	89.40
Total Assets	7080.28	7059.51
<b>3. Capital Expenditures</b>		
-Within India	25.49	229.72
-Outside India	-	0.68
Total Assets	25.49	230.40

40. During the year, the Holding Company and one of its domestic subsidiary have changed their accounting policy of recognizing liability for leave with wages from accrual valuation to actuarial valuation. Had the Holding Company and one of its domestic subsidiary followed their previous policy then the loss for the period, accumulated losses as well as liabilities as shown in the balance sheet would have been more by Rs. 15,13,767/-.
41. Previous year figures have been recast/regrouped wherever considered necessary to confirm with current year presentation
42. List of Subsidiaries which are included in the Consolidation and the Company' effective holdings therein are as under:

Name of Subsidiary	Country of Incorporation	Effective Ownership in Subsidiaries as at	
		31.03.2016	31.03.2015
SEL Textiles Ltd.	India	100.00%	100.00%
SE Exports	India	99.00%	99.00%
SEL Aviations Pvt. Ltd.	India	97.54%	97.54%
Omega Hotels Ltd.*	India	-	97.85%
SEL Textiles Corporation	USA	100.00%	100.00%
Silverline Corporation Limited.**	India	98.79%	98.79%

\*cease to exist during the year

\*\*Subsidiary of SEL Textiles limited

43. Additional Information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiary:

Name of the subsidiary	Net Asset (Total Assets - Total Liabilities)		Share in profit or loss	
	As % of Consolidated Net Asset	Amount (In Crores)	As % of Consolidated Profit or Loss	Amount (In Crores)
<b>Parent Company</b> SEL Manufacturing Co.Ltd.	101.15	755.68	108.64	(401.95)
<b>Indian subsidiaries</b>				
SEL Textiles limited	41.28	308.43	43.32	(160.26)
SEL Aviation Pvt.Limited	1.73	12.96	0.21	(0.77)
Silverline Corporation Limited	5.43	40.60	0.01	0.01
S E Exports	0.06	0.45	0.01	(0.03)
<b>Overseas subsidiaries</b>				
SEL Textiles Corporation	0.01	0.06	-	-
Minority interest in all subsidiaries	0.04	0.31	0.01	(0.02)
Eliminations	(49.07)	(371.44)	(52.20)	193.04
Total	100.00	747.05	100.00	(369.98)

For Dass Khanna & Co.  
Chartered Accountants  
Firm Registration No: 000402N

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

(CA. R.D. Khanna)  
Partner  
M. No.: 12391

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420

(Rahul Kapoor)  
Company Secretary

Place: Ludhiana  
Date: 24.05.2016



## SEL Manufacturing Company Ltd.

### Form AOC-1

Statement containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/Joint ventures

#### PART-A: Subsidiaries

(Rs. in Crores)

Sr. No.	Particulars	SEL Textiles Ltd.	SE Exports	SEL Aviation Pvt. Ltd.	Silverline Corporation Ltd.	SEL Textiles Corporation
1.	Share Capital	127.05	0.45	4.09	4.14	0.06
2.	Reserves & Surplus	181.38	-	8.87	36.46	0.00
3.	Total assets	2,171.30	0.45	13.99	40.69	0.06
4.	Total liabilities	2,171.30	0.45	13.99	40.69	0.06
5.	Investments	81.03	-	-	-	-
6.	Turnover	656.69	-	0.97	0.02	-
7.	Profit before taxation	(204.44)	(0.03)	(1.16)	0.01	-
8.	Provision for taxation	(44.18)	-	(0.39)	-	-
9.	Profit after taxation	(160.26)	(0.03)	(0.77)	0.01	-
10.	Proposed dividend	-	-	-	-	-
11.	% of Share holding	100%	99%	97.54%	98.79%	100%
12.	Reporting currency and Exchange rate as on the last date of F.Y. for foreign subsidiaries.					US\$ Exchange Rate as on 31.03.2016: 66.3329

Name of subsidiaries which are yet to commence operations:	Names of subsidiaries which have been liquidated or sold during the year:
SEL Textiles Corporation	Omega Hotels Ltd.

#### Part-B Associates and Joint ventures

The Company does not have any Associates and Joint Ventures

Name of Associates or Joint ventures which are yet to commence operations:	Names of Associates or Joint Ventures which have been liquidated or sold during the year:
Nil	Nil

(Neeraj Saluja)  
Managing Director  
DIN: 00871939

(Navneet Gupta)  
Executive Director  
DIN: 02122420

Rahul Kapoor  
Company Secretary

## SEL MANUFACTURING COMPANY LIMITED

Registered Office: 274, Dhandari Khurd, G.T. Road, LUDHIANA 141 014 (Punjab)

Ph.: 91-161-6611111, Fax : 91-161-6611112

Website: www.selindia.in

CIN : L51909PB2000PLC023679

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s)		Registered Address	
DP.ID* :		Folio No.:	
Client ID* :		Email ID	

I/We, being the member/members of SEL MANUFACTURING COMPANY LIMITED holding.....shares of the above named Company , hereby appoint:

1. Name _____	2. Name _____	3. Name _____
Address _____	Address _____	Address _____
E-mail id _____	E-mail id _____	E-mail id _____
Signature _____ or failing him/her	Signature _____ or failing him/her	Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, the 30th day of September, 2016 at 9.30 A.M at the Registered office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141014 and at any adjournment thereof in respect of such resolutions as are indicated below

#### Resolution No.

#### DESCRIPTION

#### ORDINARY BUSINESS

1	a) Adoption of the Audited Financial Statements of the Company for the year ended 31st March 2016, together with the Report of the Directors & Auditors thereon.
	b) Adoption of the Audited Consolidated Financial Statements of the Company for the year ended 31st March 2016, together with the Report of the Auditors thereon.
2	Re-appointment of Shri Dhiraj Saluja, (DIN: 01144870), Director of the Company who retires by rotation.
3	Appointment of Auditors and fixing their remuneration.

#### SPECIAL BUSINESS

4	Ratification of remuneration payable to Cost Auditors, M/s Jatin Sharma & Co., Cost Accountants, for the year 2016-17.
5	To charge from the member, the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made for specific mode u/s 20 of the Companies Act 2013
6	Appointment of Mr. Joginder Kumar Gupta (DIN:07463532) as a Nominee Director of the Company.
7	Special Resolution for confirmation of re-appointment and remuneration of Mr. Dhiraj Saluja, (DIN: 01144870), as Joint Managing Director of the Company.
8	Special Resolution for confirmation of re-appointment and remuneration of Mr. Vinod Kumar Goyal, (DIN: 02751391) as Executive Director of the Company.

\*Applicable for shareholders holding shares in electronic form

Signed this .....day of .....2016

Signature of Shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp  
Here

#### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

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## SEL MANUFACTURING COMPANY LIMITED

Registered Office: 274, Dhandari Khurd, G.T. Road, LUDHIANA 141 014 (Punjab)

Ph.: 91-161-6611111, Fax : 91-161-6611112

Website: www.selindia.in

CIN : L51909PB2000PLC023679

### ATTENDANCE SLIP

#### 16th Annual General Meeting September 30, 2016

Folio No./DP and Client ID (as applicable)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of Shares held

--	--	--	--	--	--

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 16th Annual General Meeting of the company held at the Registered Office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana 141 014 (Pb.) on Friday, the 30<sup>th</sup> day of September, 2016 at 9.30 A.M

Name of the member/proxy

Signature of member/proxy

(in Block Letters)

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting. Members are requested to bring their copy of the Notice to the meeting.

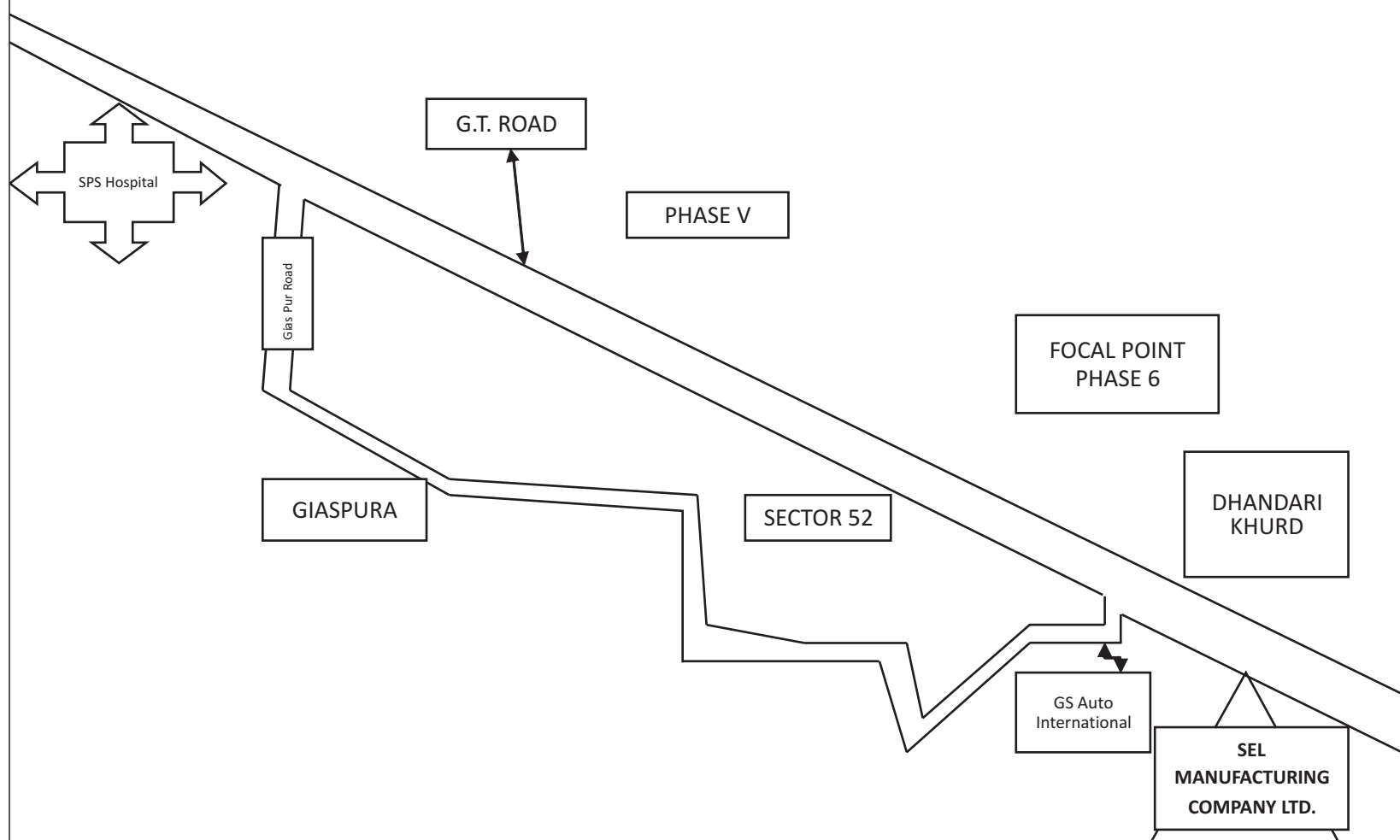
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## ROUTE MAP TO THE VENUE OF THE 16<sup>TH</sup> ANNUAL GENERAL MEETING

**Venue: SEL MANUFACTURING COMPANY LIMITED**

**274, DHANDARI KHURD, G.T. ROAD, LUDHIANA -141014 (PUNJAB)**



*If undelivered, please return to :*  
**SEL MANUFACTURING COMPANY LIMITED**  
274, Dhandari Khurd, G.T. Road,  
Ludhiana 141014  
Punjab, (India)