SEL MANUFACTURING COMPANY LIMITED

Regd Office: 274, Dhandari Khurd, G.T. Road, Ludhiana - 141 014, Punjab, India
Tel: +91-161-7111117, Fax: +91-161-7111118, Website: www.selindia.in
CIN: L51909PB2000PLC023679

SEL/NSE/2018-19

Dtd.: 05.07.2018

The Manager
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E)
MUMBAI
400 051

Dear Sir/Madam

Sub: ANNAUL AUDITED RESULTS 2017-18:
Symbol: SELMCL Series: EQ ISIN No: INE105I01012

Further to our letter dated 27.06.2018, we are pleased to enclose herewith a copy of Companies Audited Financial Results (i.e. standalone and consolidated) for the Financial year ended 31.03.2018. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 05.07.2018. The said meeting commenced at 05.00 p.m. and concluded at 07.45 p.m.

We hope you will find these in order.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited

(AUTHORISED SIGNATORY)

SEL MANUFACTURING CO. LTD. LUDHIANA

Encl.: As above

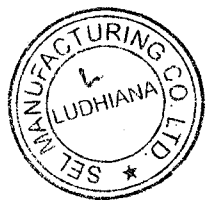
SEL Manufacturing Company Limited
Regd. Office: 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 (Punjab)
Tel.: +91-161-7111117 Fax: +91-161-7111118 Website: www.selindia.in
(CIN: L51909PB2000PLC023679)

Statement of Standalone Audited Financial Results for the Quarter & Year Ended March 31, 2018

PART- I

(Rs. In Lakhs)

Sr. No.	Particulars	Audited Quarter Ended 31/03/2018	Unaudited Quarter Ended 31/12/2017	Audited Quarter Ended 31/03/2017	Audited Year Ended 31/03/2018	Audited Year Ended 31/03/2017
1	Income from operations					
	a) Revenue from operations	17,647.51	15,901.91	52,421.65	98,927.71	171,287.12
	b) Other income	1,871.86	(538.71)	1,186.33	4,900.63	8,976.26
	Total income from operations	**19,519.37**	**15,363.20**	**53,607.98**	**103,828.34**	**180,263.38**
2	Expenses					
	a) Cost of material consumed	1,950.14	22,949.46	47,253.51	67,293.00	131,514.75
	b) Purchase of stock-in-trade	19.13	-	3,354.04	37.02	3,354.20
	c) Changes in inventories of finished goods , work in progress and stock in trade	6,473.05	12,667.69	14,876.06	20,032.27	40,939.36
	d) Employee benefits expenses	2,468.49	2,189.97	2,933.40	9,948.27	10,746.20
	e) Finance Cost	(9,270.31)	7,164.42	2,222.60	784.39	12,256.12
	f) Depreciation and amortisation expenses	2,747.48	2,802.81	2,769.20	11,163.56	11,408.91
	g) Other expenses	10,490.64	5,250.57	11,412.84	28,794.70	32,831.44
	Total expenses	**14,878.62**	**53,024.92**	**84,821.65**	**138,053.21**	**243,050.98**
3	**Profit(+)/ (Loss) (-) from operations before exceptional items (1-2)**	**4,640.75**	**(37,661.72)**	**(31,213.67)**	**(34,224.87)**	**(62,787.60)**
4	Exceptional Items	41,811.67	(4,738.74)	8,545.04	132,495.53	22,650.68
5	**Profit (+)/ (Loss) (-) before tax (3±4)**	**(37,170.92)**	**(32,922.98)**	**(39,758.71)**	**(166,720.40)**	**(85,438.28)**
6	Tax Expense	100,262.87	(10,606.87)	(33,318.60)	55,459.54	(29,682.89)
7	**Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)**	**(137,433.79)**	**(22,316.11)**	**(6,440.11)**	**(222,179.94)**	**(55,755.39)**
8	Net Profit (+)/ (Loss) (-) from Discontinuing Operations	-	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-	-
10	**Net Profit (+)/ (Loss) (-) from Discontinuing Operations after Tax (8-9)**	-	-	-	-	-
11	**Net Profit (+)/ (Loss) (-) for the period (7+10)**	**(137,433.79)**	**(22,316.11)**	**(6,440.11)**	**(222,179.94)**	**(55,755.39)**
12	**Other Comprehensive Income**					
	a (i) Items that will not be reclassified to Profit or Loss	374.45	1.88	32.80	395.14	32.80
	(ii) Income Tax relating to Items that will not be reclassified to Profit or Loss	-	-	-	-	-
	b (i) Items that will be reclassified to Profit or Loss	(1,851.47)	8.76	(2.01)	(1,836.05)	3,804.62
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-
13	**Total Comprehensive Income/(loss) for the Period (11+12)**	**(138,910.81)**	**(22,305.47)**	**(6,409.32)**	**(223,620.85)**	**(51,917.97)**
14	**Paid-up equity share capital of Rs. 10/- each**	**33,134.70**	**33,134.70**	**33,134.70**	**33,134.70**	**33,134.70**
15	Other Equity				**(236,541.97)**	**(12,919.91)**
16	i. Earning per share (EPS) (for Continuing Operations)					
	(in Rs.) (not annualised)					
	a) Basic	B- (41.48)	B- (6.74)	B- (1.94)	B- (67.05)	B- (16.83)
	b) Diluted	D- (41.48)	D- (6.74)	D- (1.94)	D- (67.05)	D- (16.83)
	ii. Earning per share (EPS) (for Discontinued Operations)					
	(in Rs.) (not annualised)					
	a) Basic	-	-	-	-	-
	b) Diluted	-	-	-	-	-
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations)					
	(in Rs.) (not annualised)					
	a) Basic	B- (41.48)	B- (6.74)	B- (1.94)	B- (67.05)	B- (16.83)
	b) Diluted	D- (41.48)	D- (6.74)	D- (1.94)	D- (67.05)	D- (16.83)



Notes:

1 The audited financial statements for the quarter and year ended March 31, 2018 have been taken on record by the Board of Directors at its meeting held on July 5, 2018. The information presented above is extracted from the audited standalone financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2 The Company had opted for CDR of its Debt in November, 2013. The CDR package was approved by the competent authority in June, 2014 and implemented by lenders in 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. All this has led to adverse financial performance and erosion in net worth of the Company. Also the company has been facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. However, despite all this, the manufacturing capacities are operational and running. The Company has requested its lenders for a second/deep restructuring of its debts. Considering the state of art manufacturing facilities of the Company, most modernized technology, skilled labor force, professional management and inherent viability of the Company, the lenders had in-principle agreed for second/deep restructuring of the debts. Pending discussions with the lenders, State Bank of India in its capacity as financial creditor has filed a petition on 12th October, 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT). On 11th April, 2018, the NCLT vide it's order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated. Mr. Navneet Kumar Gupta having Registration No.IBBI/IPA-001/IP-P00001/2016-17/10009 was appointed as Interim Resolution Professional (IRP) vide order dt. 25th April, 2018 and the affairs, business and assets are being managed by the Interim Resolution Professional (IRP).The Company has preferred an appeal against the admission of petition and appointment of IRP with National Company Law Appellate Tribunal (NCLAT).
The Corporate Insolvency Resolution Process (CIRP) has since been kept in abeyance vide order dt. 22nd June, 2018 of Hon'ble High Court of Punjab & Haryana. Accordingly, the Company has prepared these financial statements on the basis of going concern assumption. Due to non disbursement of credit facilities the Company had suffered operational losses as well as capital losses. Therefore, the Company has presented before the Adjudicating Authority counter claim & claim of set off against the banks

3 Exceptional items consists of provision for diminution in value of investment in subsidairy.

4 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

5 The majority of secured lenders have stopped charging interest on borrowings, since the accounts of the Company have been categorized as Non Performing Asset. Further the Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016" (as referred in Note No. 2 above). In view of the above, the Company has stopped providing interest accrued and unpaid effective 1st April, 2016 in its books. The amount of such accrued and unpaid interest, calculated according to the CDR term, not provided for is estimated at Rs. 54,084 lakhs (Previous Year Rs. 35,901 lakhs) for the year ended 31st March, 2018 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2018. Due to non provision of the interest expense, net loss for the year ended 31st March, 2018 is reduced by Rs. 54,084 lakhs. Further the Financial Liability is reduced by Rs. 89,985 lakhs and correspondingly the equity is increased by the same amount.

6 The company had given financial guarantee to the extent of Rs 201,324 lakhs to the bankers of its subsidiary namely SEL Textiles Limited, to secure the credit facilities availed by it. The said financial guarantee amounting Rs. 201,324 lakhs (consisting of principal outstanding and interest thereon upto 31st March 2018 calculated as per terms of MRA with CDR lenders of subsidiary company) and has been duly recognised in financial statements as required by Ind AS 109. The said guarantee has been invoked by the bankers before initiation of Corporate Insolvency Resolution Process.

7 In pursuance of the assessment of the search conducted u/s 132(1) of the Income Act, 1961 completed on 30.01.17, the Department had raised demands aggregating to Rs. 28344.39 lakhs (which includes interest upto 30.01.17 and are further subject to penalty proceedings) by making some frivolous additions to the total income of the Company. The Company had filed the appeals against these additions before appropriate authorities and the Company is hopeful that it will get relief in appeal. Considering the facts of the matters, no provision is considered necessary by management with no additional tax liability.

8 During the year the Company has made an allowance/impairment for trade receivables and loans & advances agreegating to Rs. 91677.20 lakhs in complaince of Ind AS 109 which is charged to Profit & Loss Statement as an exceptional item. Though the company strongly believes that these trade receivables and loans & advances are fully recoverable/adjustable.

9 Figures relating to the previous period have been regrouped/rearranged, whereever necessary to make them comparable with those of the current period.

For and on behalf of Board of Directors

Neeraj Saluja
Managing Director

SEL MANUFACTURING CO. LTD. LUDHIANA

Date: 05.07.2018
Place: Ludhiana

SEL Manufacturing Company Limited
Regd. Office: 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 (Punjab)
Tel.: +91-161-7111117 Fax: +91-161-7111118 Website: www.selindia.in
[CIN: L51909PB2000PLC023679]

Statement of Consolidated Unaudited Financial Results for the Quarter & Year Ended March 31, 2018

PART- I

(Rs. in Lakhs)

Sr. No.	Particulars	Audited Quarter Ended 31/03/2018	Unaudited Quarter Ended 31/12/2017	Audited Quarter Ended 31/03/2017	Audited Year Ended 31/03/2018	Audited Year Ended 31/03/2017
1	Income from operations					
	a) Revenue from operations	20,916.14	23,701.13	61,729.20	126,253.65	208,411.47
	b) Other income	1,864.36	(825.15)	701.48	5,480.92	9,911.95
	Total income from operations	**22,780.50**	**22,875.98**	**62,430.68**	**131,734.57**	**218,323.42**
2	Expenses					
	a) Cost of material consumed	4,863.79	22,798.76	57,000.30	77,342.37	159,450.65
	b) Purchase of stock-in-trade	854.70	527.40	3,182.08	1,399.99	7,403.92
	c) Changes in inventories of finished goods , work in progress and stock in trade	(369.09)	20,776.32	19,737.01	28,069.93	53,574.03
	d) Employee benefits expenses	3,398.72	2,830.19	3,517.66	12,714.95	13,075.10
	e) Finance Cost	(13,749.92)	10,587.42	1,235.13	1,060.94	14,683.71
	f) Depreciation and amortisation expenses	3,210.10	3,903.31	4,044.26	14,929.57	15,783.42
	g) Other expenses	13,138.55	7,448.23	14,520.21	36,499.44	40,858.61
	Total expenses	**11,346.85**	**68,871.63**	**103,236.65**	**172,017.19**	**304,829.44**
3	**Profit(+)/ (Loss) (-) from operations before exceptional items (1-2)**	11,433.65	(45,995.65)	(40,805.97)	(40,282.62)	(86,506.02)
4	Exceptional Items	64,115.13	(8,162.00)	-	161,058.29	-
5	**Profit (+)/ (Loss) (-) before tax (3+4)**	**(52,681.48)**	**(37,833.65)**	**(40,805.97)**	**(201,340.91)**	**(86,506.02)**
6	Tax Expense	101,473.42	(12,327.52)	(21,169.46)	51,429.23	(29,223.16)
7	**Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)**	(154,154.90)	(25,506.13)	(19,636.51)	(252,770.14)	(57,282.86)
8	Net Profit (+)/ Loss (-) from Discontinuing Operations	-	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-	-
10	Net Profit (+)/ Loss (-) from Discontinuing Operations after Tax (8-9)	-	-	-	-	-
11	**Net Profit (+)/ (Loss) (-) for the period (7+10)**	(154,154.90)	(25,506.13)	(19,636.51)	(252,770.14)	(57,282.86)
12	**Profit/(Loss) attributable to**					
	(1) Owners of the Company	(154,134.10)	(25,505.85)	(19,624.61)	(252,748.33)	(57,267.84)
	(2) Non-Controlling Interests	(20.80)	(0.28)	(11.90)	(21.81)	(15.02)
	Profit/(Loss) for the period	**(154,154.90)**	**(25,506.13)**	**(19,636.51)**	**(252,770.14)**	**(57,282.86)**
13	**Other Comprehensive Income**					
	a (i) Items that will not be reclassified to Profit or Loss	477.31	6.81	53.26	511.78	53.26
	(ii) Income Tax relating to Items that will not be reclassified to Profit or	-	-	-	-	-
	b (i) Items that will be reclassified to Profit or Loss	1,652.42	8.75	4.99	1,667.84	4,641.29
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-
14	**Total Comprehensive Income/(loss) for the Period (11+13)**	(152,025.17)	(25,490.57)	(19,578.26)	(250,590.52)	(52,588.31)
	Total Comprehensive Income attributable to					
	(1) Owners of the Company	(152,004.37)	(25,490.29)	(19,566.36)	(250,568.71)	(52,573.29)
	(2) Non-Controlling Interests	(20.80)	(0.28)	(11.90)	(21.81)	(15.02)
	Total Comprehensive Income/(loss) for the Period (11+13)	**(152,025.17)**	**(25,490.57)**	**(19,578.26)**	**(250,590.52)**	**(52,588.31)**
15	**Paid-up equity share capital of Rs. 10/- each**	**33,134.70**	**33,134.70**	**33,134.70**	**33,134.70**	**33,134.70**
16	Other Equity				**(271,813.48)**	**(21,218.39)**
17	i. Earning per share (EPS) (for Continuing Operations)					
	(in Rs.) (not annualised)					
	a) Basic	B- (46.52)	B- (7.70)	B- (5.93)	B- (76.28)	B- (17.29)
	b) Diluted	D- (46.52)	D- (7.70)	D- (5.93)	D- (76.28)	D- (17.29)
	ii. Earning per share (EPS) (for Discontinued Operations)					
	(in Rs.) (not annualised)					
	a) Basic	-		-	-	-
	b) Diluted	-	-	-	-	-
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations)					
	(in Rs.) (not annualised)					
	a) Basic	B- (46.52)	B- (7.70)	B- (5.93)	B- (76.28)	B- (17.29)
	b) Diluted	D- (46.52)	D- (7.70)	D- (5.93)	D- (76.28)	D- (17.29)

SEL MANUFACTURING CO. LTD. LUDHIANA

Notes:

1 The audited financial statements for the quarter and year ended March 31, 2018 have been taken on record by the Board of Directors at its meeting held on July 5, 2018. The information presented above is extracted from the audited standalone financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2 The Holding and one of its subsidiary Company had opted for CDR of its Debt in the year 2013-14. The CDR package was approved by the competent authorities and implemented by lenders. However, the credit facilities envisaged and sanctioned under CDR packages were not released by the lenders to the said companies, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the said companies could not complete their respective spinning projects where substantial amounts were already incurred. All this has led to adverse financial performance and erosion in net worth of the said companies. Both the company are facing cash flow mismatch and are not servicing debt obligations as per the terms of CDR packages sanctioned earlier. Despite all, the manufacturing capacities are operational and running. The Holding company and one of its subsidiary company were finding it difficult to serve its debt obligations, they have requested their lenders for a second/deep restructuring of its debts. Pending discussions with the lenders of the Holding Company, State Bank of India in its capacity as financial creditor has filed a petition on 12th October, 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT). On 11th April, 2018, the NCLT vide it's order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated. Mr. Navneet Kumar Gupta having Registration No.IBBI/IPA-001/IP-P00001/2016-17/10009 was appointed as Interim Resolution Professional (IRP) vide order dt. 25th April, 2018 and the affairs, business and assets are being managed by the Interim Resolution Professional (IRP).The Holding Company has preferred an appeal against the admission of petition and appointment of IRP with National Company Law Appellate Tribunal (NCLAT). The Corporate Insolvency Resolution Process (CIRP) has since been kept in abeyance vide order dt. 22nd June, 2018 of Hon'ble High Court of Punjab & Haryana. The group has prepared these financial statements on the basis of going concern assumption. Due to non disbursement of credit facilities the Group had suffered operational losses as well as capital losses. Therefore, the Holding company and one of its subsidiary has presented before the Adjudicating Authority counter claim & claim of set off against the banks.

3 The majority of secured lenders have stopped charging interest on debts, since the dues from the Holding Company & one of its subsidiary have been categorized as Non Performing Asset and both the companies are in active discussion/negotiation with their lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In case of the Holding Company the Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016".In view of the above, the Holding Company & one of its subsidiary has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. The amount of such accrued and unpaid interest (including penal interest) not provided for is estimated at Rs. 75,743.39 lakhs (Previous Year Rs. 51,785.38 lakhs) for the year ended 31 March, 2018 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31 March 2018. Due to non provision of the interest expense, net loss for the year ended March 31, 2018 is reduced by Rs. 75,743.39 lakhs. Further the Financial Liability is reduced by Rs. 127,528.70 lakhs and correspondingly the equity is increased by the same amount.

4 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

5 In pursuance of the assessment of the search conducted u/s 132(1) of the Income Act, 1961 completed on 30.01.17, the Department had raised demands aggregating to Rs. 28344.39 lakhs (which includes interest upto 30.01.17 and are further subject to penalty proceedings) by making some frivolous additions to the total income of the Company. The Company had filed the appeals against these additions before appropriate authorities and the Company is hopeful that it will get relief in appeal. Considering the facts of the matters, no provision is considered necessary by management with no additional tax liability.

6 During the year the Holding and one of its subsidiary Company has made an allowance/impairment for trade receivables and loans & advances agreegating to Rs. 113,456.29 lakhs in complaince of Ind AS 109 which is charged to Profit & Loss Statement as an exceptional item. Though the company strongly believes that these trade receivables and loans & advances are fully recoverable/adjustable.

7 Figures relating to the previous period have been regrouped/rearranged, whereever necessary to make them comparable with those of the current period.

For and on behalf of Board of Directors

Neeraj Saluja
Managing Director

SEL MANUFACTURING CO LTD LUDHIANA

Date: 05.07.2018
Place: Ludhiana

STATEMENT OF ASSETS & LIABILITES (STANDALONE)

(Rs. in Lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
	Audited	Audited
ASSETS		
(1) Non Current Assets		
(a) Property, Plant and Equipment	161,514.59	175,599.61
(b) Capital Work in Progress	16,985.73	16,312.42
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intangible Assets under Development	-	-
(g) Biological Assets Other Than Bearer Plants	-	-
(h) Financial Assets	-	-
(i) Investments	202,124.17	899.62
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	21.51	181.24
(i) Deferred Tax Assets (Net)	-	51,212.91
(j) Other Non-Current Assets	1,430.39	8,994.64
	382,076.39	**253,200.44**
(2) Current Assets		
(a) Inventories	6,813.47	84,424.76
(b) Financial Assets	-	-
(i) Current Investments	-	-
(ii) Trade Receivables	13,551.70	99,991.82
(iii) Cash & Cash Equivalents	258.42	843.52
(iv) Bank Balances other than (iii) above	63.64	50.81
(v) Loans	-	-
(vi) Others	27,685.17	30,778.34
(c) Current Tax Assets (Net)	1,000.31	514.69
(d) Other Current Assets	5,951.96	4,717.68
	55,324.67	**221,321.62**
TOTAL ASSETS	**437,401.06**	**474,522.06**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(236,541.97)	(12,919.91)
	(203,407.27)	**20,214.79**
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	191,683.92	222,185.66
(ii) Trade Payables	-	-
(iii) Other Financial Liabilites	-	-
(b) Provisions	276.37	144.03
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	191,960.29	**222,329.69**
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	343,236.34	142,682.45
(ii) Trade Payables	6,577.76	14,792.83
(iii) Other Financial Liabilities	97,842.46	70,117.65
(b) Other Current Liabilities	524.00	3,553.03
(c) Provisions	667.48	831.62
(d) Current Tax Liabilities(Net)	-	-
	448,848.04	**231,977.58**
TOTAL EQUITY & LIABILITIES	**437,401.06**	**474,522.06**

MANUFACTURING CO. LUDHIANA

STATEMENT OF ASSETS & LIABILITES (CONSOLIDATED)

(Rs. in Lakhs)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
	Audited	Audited
ASSETS		
(1) Non Current Assets		
(a) Property, Plant and Equipment	230,906.68	248,728.09
(b) Capital Work in Progress	55,923.32	55,271.32
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intangible Assets under Development	-	-
(g) Biological Assets Other Than Bearer Plants	-	-
(h) Financial Assets	-	-
(i) Investments	4,250.28	4,232.86
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	39.85	181.24
(i) Deferred Tax Assets (Net)	0.00	42,621.34
(j) Other Non-Current Assets	4,433.53	20,996.76
	295,553.66	**372,031.61**
(2) Current Assets	-	-
(a) Inventories	11,398.89	103,123.91
(b) Financial Assets		
(i) Current Investments	-	-
(ii) Trade Receivables	21,143.40	115,189.95
(iii) Cash & Cash Equivalents	416.53	1,244.67
(iv) Bank Balances other than (iii) above	64.79	221.13
(v) Loans	-	-
(vi) Others	34,022.57	37,658.43
(c) Current Tax Assets (Net)	1,216.14	412.39
(d) Other Current Assets	9,588.34	10,653.12
	77,850.66	**268,503.60**
TOTAL ASSETS	**373,404.32**	**640,535.21**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(271,813.48)	(21,218.39)
Equity attributable to owners of the Company	**(238,678.78)**	**11,916.31**
Non-Controlling Interest	14.96	15.30
Total Equity	**(238,663.82)**	**11,931.61**
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	269,045.79	306,427.47
(ii) Trade Payables	-	-
(iii) Other Financial Liabilites	-	-
(b) Provisions	383.09	175.54
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	269,428.88	**306,603.01**
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	178,620.62	180,512.99
(ii) Trade Payables	11,307.74	19,287.06
(iii) Other Financial Liabilities	151,366.84	116,365.69
(b) Other Current Liabilities	616.34	4,852.23
(c) Provisions	727.72	982.62
(d) Current Tax Liabilities(Net)	-	-
	342,639.26	**322,000.59**
TOTAL EQUITY & LIABILITIES	**373,404.32**	**640,535.21**



MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

708/ 6-B, Street No 19-A,
Punjab Mata Nagar, Pakhowal
Road, Ludhiana – 141002
Mobile No. 98550-37608
E-Mail:mmasso123@gmail.com

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors,
SEL Manufacturing Company Ltd.,

Introduction

We have audited the accompanying statement of standalone financial results of SEL Manufacturing Company Limited (the company) for the year ended March 31,2018 ("the Statement"),in which are incorporated, the returns for the year ended on that date audited by the branch auditors of the company's overseas branch at Sharjah, United Arab Emirates, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016.

This statement is the responsibility of the Company's Management and approved by its Board of Directors, has been compiled from the related Standalone Ind AS Financial Statements which has been prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the companies Act,2013, read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Statement.

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

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
FRN: 015848N
M.No.:094604

Basis of Qualified Opinion

1. *Note No. 5 to the Standalone Ind AS financial results in respect of non provision of interest on borrowings from banks (classified as NPA) amounting Rs.54084 lakhs &Rs. 35901 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2018 & 31st March 2017 respectively. The same is not in compliance with the requirements of para 27 of the Ind AS 1-Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, borrowings are not reflected at fair value in financial statements as required by Ind AS 109, Financial Instruments.*

2. *The Standalone Ind AS financial results includes interest subsidy receivable amounting to Rs.26,621 Lakhs which consists of interest subsidy (i) under TUFS from ministry of textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the Financial years 2013-14 to 2016-17 for which no confirmation was available. The company has not provided for any allowance under ECL there against.*

3. *The company has not provided to us for our review any working regarding impairment testing being conducted to assess recoverable amount of Capital work in progress of Rs16986 lakhs outstanding as at 31st March 2018. We are unable to comment on whether the company needs to make a provision in respect of impairment losses on above as required under Ind AS 36.*

4. *The Company written down the inventories of Raw materials, Work in Progress & Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 40710 lakhs for which the company has not provided to us any technical market/commercial evaluation for the same to justify its reasonableness. Being a technical matter we are unable to comment on the loss recognized by the company due to write down of inventories to net realizable value*

5. *In Statement of Assets and Liabilities,Borrowings(NonCurrent), Short Term Borrowings and other Financial Liabilities (Current) contains secured loans from banks. There is shortfall in the carrying value of the security against the secured loans consequently the loans are not fully secured.*

   We further report that, had the impact of our observations made in paragraph 1 of Basis for qualified opinion paragraph been considered, the net loss for the year ended 31st March, 2018 would have been increased by Rs. 54084 lakhs and the borrowings for the year ended 31st March 2018 and 31st March 2017 would have been increased by Rs. 89985 lakhs &Rs. 35901 lakhs and Equity would have been reduced by the same amount for the years ended 31.3.2018 and 31.3.2017 respectively. The financial impact of matters stated in paragraphs 2,3,4&5 to the Basis for Qualified Opinion paragraph can't be measured reliably.

Qualified Opinion

Based on our audit conducted as above, nothing *except the above observations has come to our attention* that causes us to believe that the accompanying statement of standaloneaudited financial results read with notes thereon, prepared in accordance with Indian Accounting Standards as specified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

MALHOTRA MEHTA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 015848N
M.No.:094604

Material Uncertainty Related to Going Concern

Note no.2 of the Standalone Ind AS financial results, stating thereto that the terms and conditions of the sanctioned CDR package w.r.t. interest and principal repayment were not complied with. Consequently , State Bank of India, in its capacity as financial creditor had filed a petition under Insolvency and Bankruptcy Code, 2016 (IBC) against the company with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) which was admitted on 11th April 2018 and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC. The company has preferred an appeal against the admission of petition and appointment of IRP with NCLAT. The CIRP has since been kept in abeyance vide order dated 22.06.2018 of Hon'ble High Court of Punjab and Haryana. The company has incurred net loss of Rs.222,643 lakhs resulting into accumulated losses of Rs. 296,335 lakhs leading to erosion of entire net worth and current liabilities have exceeded the current assets of the company, Further concerning the company's ability to realize the value of inventories, trade receivables and other financial assets, meet its contractual/ financial obligations w.r.t. repayment of overdue principal and accrued interest on secured borrowings, arranging working capital for ensuring normal operations, further investments required towards ongoing projects under construction and the Corporate guarantee given on the behalf of its subsidiary namely SEL Textiles Limited. Moreover the company has derecognized Deferred Tax assets and MAT credit since availability of future taxable income is not certain. Due to financial constraints, the company has started job work operations in major spinning plants instead of pursuing its own manufacturing activities since November 2017.These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as going concern and therefore company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Emphasis of Matter

We draw attention to the following matters:

1. The Standalone Ind AS financial results 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.

2. The Standalone Ind AS financial results in respect of contingency related to export incentives obligation refundable amounting Rs. 3855 lakhs in respect of Allowance for foreign trade receivables, which is further subject to interest and penalties, the amount of such obligation cannot be determined currently.

3. Note No. 7 of the Standalone In AS financial results in respect of contingency related to Income Tax demands raised by the Income Tax Authorities amounting Rs. 27854 Lakhs for various matters,which is further subject to interest and penalties,the amount of such obligation cannot be measured with sufficient reliability.

4. The Standalone Ind AS financial results regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of Standalone Ind AS financial statements, e-mails/letters have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2018 out of which few parties have confirmed their balances direct to us or to the company.

5. In Note No.8of Standalone Ind AS financial results, the company has provided for allowance of Rs.88093 lakhs in respect of Trade Receivables due to change in probability factor in estimating Expected credit losses (under ECL Model) as reported in para 3 to the financial statements.

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
FRN: 015848N

Further, Note No.8 to the Standalone Ind AS financial results, the company has provided for impairment loss of Rs. 3584 Lakhs in respect of long outstanding Capital/Trade Advances given to suppliers.

6. In our opinion, the aforesaid standalone Ind AS financial results comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules except non compliance of provisions of para 42(b) of Ind AS 8,Accounting Policies, Changes in Accounting Estimates and Errors, which requires disclosure of restated opening balances of assets, liabilities and equity for the earliest prior period presented which had not been made by the company in the Standalone Ind AS Statements of assets and liabilities.

Our conclusion is not modified in respect of the matters reported in para (1) and (6) of Emphasis of matters.

Other matters

1. We did not audit the financial statements of Overseas branch included in the Standalone Ind AS financial results of the Company whose financial statements reflect NIL total assets as at 31st March, 2018 and NIL revenues for the year ended on that date, as considered in the Standalone Ind AS 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.

2. The Statement included the results for the quarter ended March 31,2018 being the balancing figure between the audited figures in respect of the financial year and the unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion is not modified in respect of the above said matters.

FOR MALHOTRAMANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG.NO. 015848N

Manik Malhotra

(CA.MANIK MALHOTRA)
PROPRIETOR
M.NO. 094604

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
FRN: 015848N
M.No.:094604
LUDHIANA

PLACE: LUDHIANA
DATED: 05.07.2018

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

708/ 6-B, Street No 19-A,
Punjab Mata Nagar, Pakhowal
Road, Ludhiana – 141002
Mobile No. 98550-37608
E-Mail:mmasso123@gmail.com

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors,
SEL Manufacturing Company Ltd.,

Introduction

We have audited the accompanying statement of Consolidated financial results of SEL Manufacturing Company Limited (the Holding) for the year ended March 31,2018 ("the Statement"),attached herewith,being submitted by the Group pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016.

This statement, which is the responsibility of the Holding's Management and approved by its Board of Directors, has been compiled from the related Consolidated Ind AS Financial Statements which has been prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the companies Act,2013, read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the holding's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Statement.

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

The Statement includes the financial results of following entities:

1. SEL Manufacturing Co. Ltd. (Holding Company)
2. SEL Textiles Limited (Subsidiary Company)
3. SEL Textiles Corporation (Subsidiary Company) (Cease to Exist during the year)
4. Silverline Corporation Limited (Fellow Subsidiary Company)
5. SEL Aviation Private Limited (Subsidiary Company)
6. SE Exports (Subsidiary Firm)



Basis of Qualified Opinion

(1) *As mentioned in Note No. 3 to the* consolidated Ind*AS financial results in respect of non provision of interest on borrowings from banks (classified as NPA) of holding and one of its subsidiary amounting Rs.75743lakhs &Rs51785lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2018 & 31st March 2017 respectively. The same is not in compliance with the requirements of para 27 of the Ind AS 1-Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently,borrowings are not reflected at fair value in financial statements as required by Ind AS 109, Financial Instruments.*

(2) *The Consolidated Ind AS financial results includes interest subsidy receivable amounting to Rs.32952 Lakhs which consists of interest subsidy (i) under TUFS from ministry of textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the Financial years 2013-14 to 2016-17 for which no confirmation was available. The group has not provided for any allowance there against.*

(3) *The Group has not provided to us for our review any working regarding impairment testing conducted to assess recoverable amount of Capital work in progress of Rs55923lakhs outstanding as at 31st March 2018. We are unable to comment on whether the company needs to make a provision in respect of impairment losses on above as required under Ind AS 36-Impairment of Assest.*

(4) *The Group write down the inventories, of Raw materials, Work in Progress, Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value, by Rs47602 lakhs for which the company has not provided to us any technical market/commercial evaluation for the same to justify its reasonableness. Being a technical matter we are unable to comment on the loss recognized by the company due to write down of inventories to net realizable value.*

(5) *The Consolidated Ind AS financial results, in respect of Borrowings (Non Current), Short Term Borrowings and other Financial Liabilities (Current) respectively contains secured loans from banks and current maturities thereof. There is shortfall in the carrying value of the security against the secured loans consequently the loans are not fully secured.*

We further report that, had the impact of our observations made in paragraph1 above been considered, the net loss for the year ended 31st March, 2018 would have been increased by Rs. 75743 lakhs and the borrowings for the year ended 31st March 2018 and 31st March 2017 would have been increased by Rs. 127529 lakhs & 51785 lakhs and Equity would have been reduced by the same amount for the years ended 31.3.2018 and 31.3.2017 respectively. The financial impact of matters stated in paragraphs 2,3,4& 5 to the Basis for Qualified Opinion paragraph can't be measured reliably.

Qualified Opinion

Based on our review conducted as above, nothing *except the above observations* has come to our attention that causes us to believe that the accompanying statement of consolidated unaudited financial results read with notes thereon, prepared in accordance with Indian Accounting Standards as specified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th



July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material Uncertainty Related to Going Concern

Note no. 2 *of the Consolidated Ind AS financial results*, stating thereto that the terms and conditions of the CDR package sanctioned to holding company and one of its subsidiary namely SEL Textiles Limited w.r.t. interest and principal repayment were not complied with. Consequently , State Bank of India, in its capacity as financial creditor had filed a petition under Insolvency and Bankruptcy Code, 2016 (IBC) against the holding company with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) which was admitted on 11th April 2018 and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC. The holding company has preferred an appeal against the admission of petition and appointment of IRP with NCLAT. The CIRP has since been kept in abeyance vide order dated 22.06.2018 of Hon'ble High Court of Punjab and Haryana. The group has incurred net loss of Rs.250591 lakhs resulting into accumulated losses of Rs. 271813 lakhs leading to erosion of entire net worth and current liabilities have exceeded the current assets of the group and, Further concerning the group's ability to realize the value of inventories, trade receivables and other financial assets, meet its contractual/ financial obligations w.r.t. repayment of overdue principal and accrued interest on secured borrowings, arranging working capital for ensuring normal operations, further investments required towards ongoing projects under construction and the Corporate guarantee given by the holding company on the behalf its subsidiary namely SEL Textiles Limited. Moreover the group has derecognized Deferred Tax assets and MAT credit since availability of future taxable income is not certain. Due to financial constraints, the company has started job work operations in major spinning plants instead of pursuing its own manufacturing activities since November 2017. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as going concern and therefore group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Emphasis of Matter

We draw attention to the following matters:

1. The consolidated Ind AS financial results 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.

2. The consolidated Ind AS financial results in respect of contingency related to export incentives obligation refundable amounting Rs. 4921 lakhs in respect of Allowance for foreign trade receivables, which is further subject to interest and penalties, the amount of such obligation cannot be determined currently.

3. Note No. 5 of the consolidated Ind AS financial results in respect of contingency related to Income Tax demands raised by the Income Tax Authorities amounting Rs. 27854 Lakhs in respect of Holding Company for various matters, which is further subject to interest and penalties, the amount of such obligation cannot be measured with sufficient reliability.

4. The consolidated Ind AS financial results regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of consolidated Ind AS financial statements, e-mails/letters have been sent to various parties by the respective companies with a request to confirm their balances as on 31st March, 2018 out of which few parties have confirmed their balances direct to us or to the respective companies.



5. As reported vide note 6 to the Consolidated Ind AS financial results, the group has provided for allowance of Rs.108952 lakhs in respect of Trade Receivables due to change in probability factor in estimating Expected credit losses (under ECL Model). Further, Note No.6 to the Consolidated Ind AS financial results, the group has provided for impairment loss of Rs.12326 lakhsin respect of long outstanding Capital/Trade Advances given to suppliers

6. In our opinion, the aforesaid consolidated Ind AS financial results comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules except non compliance of provisions of para 42(b) of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, which requires disclosure of restated opening balances of assets, liabilities and equity for the earliest prior period presented which had not been made by the group in the consolidated Ind AS Statements of assets and liabilities.

Our conclusion is not modified in respect of the matters reported in para (1) and (6) of Emphasis of matters.

Other Matters

We draw attention to the following matter:

1. We did not audit the financial statements/ financial information of two subsidiaries included in the consolidated financial results whose financial statements/ financial information reflect total assets (net) of Rs 4653 lakhs as at 31st March 2018, Total revenue of Rs. 85 lakhs ,Total comprehensive income of Rs. (615) lakhs and net cash outflows amounting to Rs. 4.68 lakhsfor the year ended on that date. These Financial Statementsand other financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures includes in respect of these subsidiaries, is based solely on the reports of the other auditors.

   We have relied on the unaudited financial statements of a subsidiary wherein total assets (net) of Rs. 54.80 lakhs as at March 31, 2018.The group's also share of loss aggregate to Rs. 11.62 lakhs for the year ended. 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 in so far as it relate to the aforesaid subsidiaries are based solely on such approved unaudited financial statements.

2. The Statement included the results for the quarter ended March 31,2018 being the balancing figure between the audited figures in respect of the financial year and the unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our conclusion is not modified in respect of the matterreported in Other Matters.

FOR MALHOTRAMANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG.NO. 015848N

Manik Malhotra

(CA.MANIK MALHOTRA)
PROPRIETOR
M.NO. 094604

MALHOTRAMANIK & ASSOCIATES
CA CHARTERED ACCOUNTANTS
FRN: 015848N
M.No.:094604
LUDHIANA

PLACE: LUDHIANA
DATED: 05.07.2018

SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Standalone Financial Results)

(Rs. In Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	103828.34	103828.34
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	138053.21	138053.21
	3.	Net Profit/(Loss)	(222179.94)	(276263.94)
	4.	Earnings Per Share	(67.05)	(83.38)
	5.	Total Assets	437401.06	437401.06
	6.	Total Liabilities	640808.33	730793.33
	7.	Net Worth	(203407.27)	(293392.27)
	8.	Any other financial item(s) (as felt appropriate by the management)	None	None

II.	Audit Qualification (each audit qualification separately)	
a.	Details of Audit Qualification	*Note No. 5 to the Standalone Ind AS financial results in respect of non provision of interest on borrowings from banks (classified as NPA) amounting Rs.54084 lakhs &Rs. 35901 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2018 & 31st March 2017 respectively. The same is not in compliance with the requirements of para 27 of the Ind AS 1-Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	Second Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	The Majority of Lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. Further the Corporate Insolvency Resolution Process has been initiated under *"Insolvency and Bankruptcy Code, 2016"*. In view of the above, the Company has stopped providing interest accrued and unpaid effective 1st April, 2016 in its books. The amount of such accrued and unpaid interest, calculated according to the CDR term, not provided for is estimated at Rs. 54,084 lakhs (Previous Year Rs. 35,901 lakhs) for the year ended 31st March, 2018 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2018. Due to non provision of the interest expense, net loss for the year ended 31st March, 2018 is reduced by Rs. 54,084 lakhs. Further the Financial Liability is reduced by Rs. 89,985 lakhs and correspondingly the equity is increased by the same amount.
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	--N.A.--

SEL MANUFACTURING CO. LTD. LUDHIANA

SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Standalone Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*Results includes interest subsidy receivable amounting to Rs.26,621 Lakhs which consists of interest subsidy (i) under TUFS from Ministry of Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the Financial years 2013-14 to 2016-17 for which no confirmation was available. The company has not provided for any allowance under ECL there against.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	The Subsidies are to be released by Ministry of Textiles and Madhya Pradesh Government and the Company is hopeful of receiving the same in full. Since, the subsidies are not related to current year, the same does not have any impact on current year's profits/losses of the Company. However the reserves & surplus & current assets are overstated to the extent.
	(ii) If management is unable to estimate the impact, reasons for the same:	--N.A--
	(iii) Auditors' Comments on (i) or (ii) above:	*No confirmation to justify the release of subsidy by Ministry of Textiles and Madhya Pradesh Government. Moreover no Allowance under Expected credit loss has been provided under Ind AS 109, Financial Instruments being long overdue.*

SEL MANUFACTURING CO. LTD. LUDHIANA

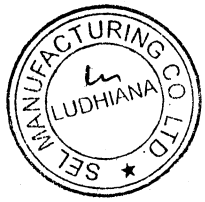
SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Standalone Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The company has not provided to us for our review any working regarding impairment testing being conducted to assess recoverable amount of Capital work in progress of Rs 16986 lakhs outstanding as at 31st March 2018.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A.--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A.--
	(ii) If management is unable to estimate the impact, reasons for the same:	The Company was implementing a Spinning project which got stuck due to non-disbursement of credit facilities by the Banks. However, post Corporate Insolvency Resolution Process (CIRP) the Company expects that the project would be completed. Therefore, impairment testing was not conducted.
	(iii) Auditors' Comments on (i) or (ii) above:	*We are unable to comment on whether the company needs to make a provision in respect of impairment losses on above as required under Ind AS 36.*



SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Standalone Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Company written down the inventories of Raw materials, Work in Progress & Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 40710 lakhs for which the company has not provided to us any technical market/commercial evaluation for the same to justify its reasonableness.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A--
	(ii) If management is unable to estimate the impact, reasons for the same:	Due to the liquidity stress, which the Company was facing from last five years, the Company has not been able to manufacture products as per requirements of the buyers or as per market demand. It has been manufacturing products to keep its production capacities working and as per availability of raw material. The Company has been procuring raw material from the sources where credit is available. All this had resulted in build-up of obsolete stock and slow moving stock which has been now written down to net realizable value.
	(iii) Auditors' Comments on (i) or (ii) above:	*Being a technical matter we are unable to comment on the loss recognized by the company due to write down of inventories to net realizable value.*



SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Standalone Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*In Statement of Assets and Liabilities, Borrowings(Non Current), Short Term Borrowings and other Financial Liabilities (Current) contains secured loans from banks. There is shortfall in the carrying value of the security against the secured loans consequently the loans are not fully secure.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A.--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A--
	(ii) If management is unable to estimate the impact, reasons for the same:	The carrying value of the security has reduced due to writing down of inventories, impairment of advances, trade receivables etc. Further, inclusion of Corporate Guarantee in financial statement has increased the borrowings without corresponding increase in security value.
	(iii) Auditors' Comments on (i) or (ii) above:	*Management comments are self explanatory, the disclosure of bank borrowings classification between secured and unsecured not given in financial statements.*

SEL MANUFACTURING CO. LTD. LUDHIANA

III.	**Signatories:**	
	• **Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	

SEL MANUFACTURING CO. LTD. LUDHIANA

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS FRN: 015848N M.No.:094604 LUDHIANA

Manik Malhotra

Placed: LUDHIANA

Date: 05.07.2018

SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Consolidated Financial Results)

(Rs. In Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	131734.57	131734.57
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	172017.19	172017.19
	3.	Net Profit/(Loss)	(252770.14)	(328513.53)
	4.	Earnings Per Share	(76.28)	(99.14)
	5.	Total Assets	373404.32	374445.39
	6.	Total Liabilities	612068.14	739596.84
	7.	Net Worth	(238663.82)	(365151.45)
	8.	Any other financial item(s) (as felt appropriate by the management)	None	None

II.	Audit Qualification (each audit qualification separately)	
a.	Details of Audit Qualification	*Regarding non provision of interest on borrowings from banks (classified as NPA) of holding and one of its subsidiary amounting Rs. 75743 lakhs & Rs 51785 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2018 & 31st March 2017 respectively. The same is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	Second Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	The Majority of Lenders have stopped charging interest on debts, since the dues from the Company and one of its subsidiary have been categorized as Non Performing Asset and both the companies are in active discussion/negotiation with their lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In case of the Holding Company the Corporate Insolvency Resolution Process has been initiated under *"Insolvency and Bankruptcy Code, 2016"*.In view of the above, the Holding Company & one of its subsidiary has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. The amount of such accrued and unpaid

SEL MANUFACTURING CO. LTD. LUDHIANA

		interest (including penal interest) not provided for is estimated at Rs. 75,743.39 lakhs (Previous Year Rs. 51,785.38 lakhs) for the year ended 31 March, 2018 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31 March 2018. Due to non provision of the interest expense, net loss for the year ended March 31, 2018 is reduced by Rs. 75,743.39 lakhs. Further the Financial Liability is reduced by Rs. 127,528.70 lakhs and correspondingly the equity is increased by the same amount..
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	--N.A.--

SEL MANUFACTURING CO LTD LUDHIANA

SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Consolidated Ind AS financial results includes interest subsidy receivable amounting to Rs.32952 Lakhs which consists of interest subsidy (i) under TUFS from Ministry of Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the Financial years 2013-14 to 2016-17 for which no confirmation was available. . The group has not provided for any allowance there against.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	The Subsidies are to be released by Ministry of Textiles and Madhya Pradesh Government and the Company and one of its subsidiary is hopeful of receiving the same in full. Since, the subsidies are not related to current year, the same does not have any impact on current year's profits/losses of the Company. However the reserves & surplus & current assets are overstated to the extent.
	(ii) If management is unable to estimate the impact, reasons for the same:	--N.A.--
	(iii) Auditors' Comments on (i) or (ii) above:	*No confirmation to justify the release of subsidy by Ministry of Textiles and Madhya Pradesh Government. Moreover no Allowance under Expected credit loss has been provided under Ind AS 109, Financial Instruments being long overdue.*

SEL MANUFACTURING CO. LTD. LUDHIANA

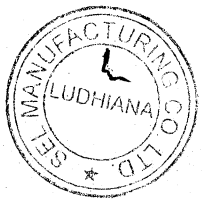
SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Group has not provided to us for our review any working regarding impairment testing conducted to assess recoverable amount of Capital work in progress of Rs 55923 lakhs outstanding as at 31st March 2018.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A.--
	(ii) If management is unable to estimate the impact, reasons for the same:	The Company and one of its Subsidiary were implementing their Spinning project(s) which got stuck due to non-disbursement of credit facilities by the Banks. However, post Corporate Insolvency Resolution Process (CIRP) for the holding Company and negotiation with lenders also, the Company and its subsidiary expects that the project would be completed. Therefore, impairment testing was not conducted.
	(iii) Auditors' Comments on (i) or (ii) above:	*We are unable to comment on whether the company needs to make a provision in respect of impairment losses on above as required under Ind AS 36.*



SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Group write down the inventories of Raw materials, Work in Progress, Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 47602 lakhs for which the company has not provided to us any technical market/commercial evaluation for the same to justify its reasonableness.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A.--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A.--
	(ii) If management is unable to estimate the impact, reasons for the same:	Due to the liquidity stress, which the Company and one of its subsidiary were facing from last five years, the Company and one of its subsidiary have not been able to manufacture products as per requirements of the buyers or as per market demand. They have been been manufacturing products to keep their production capacities working and as per availability of raw material. The Company and one of its subsidiary have been procuring raw material from the sources where credit is available. All this had resulted in build-up of obsolete stock and slow moving stock which has been now written down to net realizable value.
	(iii) Auditors' Comments on (i) or (ii) above:	*Being a technical matter we are unable to comment on the loss recognized by the company due to write down of inventories to net realizable value.*



SEL MANUFACTURING COMPANY LIMITED

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results:

Statement on Impact of Audit Qualifications for the Financial year ended March 31, 2018

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Consolidated Ind AS financial results, in respect of Borrowings (Non Current), Short Term Borrowings and other Financial Liabilities (Current) contains secured loans from banks. There is shortfall in the carrying value of the security against the secured loans consequently the loans are not fully secured.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A.--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A.--
	(ii) If management is unable to estimate the impact, reasons for the same:	The carrying value of the security has reduced due to writing down of inventories, impairment of advances, trade receivables etc for the Company and one of its subsidiary.
	(iii) Auditors' Comments on (i) or (ii) above:	*Management comments are self explanatory, the disclosure of bank borrowings classification between secured and unsecured not given in financial statements.*

SEL MANUFACTURING CO. LTD. LUDHIANA

III.	**Signatories:** • **Managing Director** • **CFO** • **Audit Committee Chairman** • **Statutory Auditor**

SEL MANUFACTURING CO LTD LUDHIANA

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS FRN: 015848N M.No.:094604 LUDHIANA

Placed: LUDHIANA

Date: 05.07.2018