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/2019-20

Dtd.: 23.05.2019

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

Dear Sir/Madam

Sub: ANNUAL AUDITED RESULTS 2018-19:
Symbol: SELMCL Series: EQ ISIN No: INE105I01012

Further to our letter dated 10.05.2019, we are pleased to enclose herewith a copy of Companies Audited Financial Results (standalone and consolidated) for the quarter and financial year ended 31st March, 2019. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 23.05.2019. The said meeting commenced at 12.45 p.m. and concluded at 02.25 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, 2019

PART- I

(Rs. In Lakhs)

Sr. No.	Particulars	Audited Quarter Ended 31/03/2019	Unaudited Quarter Ended 31/12/2018	Audited Quarter Ended 31/03/2018	Audited Year Ended 31/03/2019	Audited Year Ended 31/03/2018
1	Income from operations					
	a) Revenue from operations	11,269.21	10,010.64	17,647.51	45,910.97	98,927.71
	b) Other income	(165.48)	(967.16)	1,871.86	7,539.42	4,900.63
	Total Income from operations	11,103.73	9,043.48	19,519.37	53,450.39	103,828.34
2	Expenses					
	a) Cost of material consumed	2,695.31	3,507.00	1,950.14	15,027.60	67,293.00
	b) Purchase of stock-in-trade	25.69	-	19.13	29.74	37.02
	c) Changes in inventories of finished goods , work in progress and stock in trade	1,622.98	412.80	6,473.05	(163.08)	20,032.27
	d) Employee benefits expenses	2,031.83	1,912.49	2,468.49	8,037.40	9,948.27
	e) Finance Cost	212.12	(14.26)	(9,270.31)	337.54	784.39
	f) Depreciation and amortisation expenses	2,673.99	2,735.40	2,747.48	10,883.24	11,163.56
	g) Other expenses	5,795.22	7,266.53	10,490.64	25,958.93	28,794.70
	Total expenses	15,057.14	15,819.96	14,878.62	60,111.37	138,053.21
3	Profit/(loss)from operations before exceptional items (1-2)	(3,953.41)	(6,776.48)	4,640.75	(6,660.98)	(34,224.87)
4	Exceptional Items	6,630.17	(2,242.52)	41,811.67	16,935.56	132,495.53
5	Profit (+)/ (Loss) (-) before tax (3+4)	(10,583.58)	(4,533.96)	(37,170.92)	(23,596.54)	(166,720.40)
6	Tax Expense	-	-	100,262.87	-	55,459.54
7	Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)	(10,583.58)	(4,533.96)	(137,433.79)	(23,596.54)	(222,179.94)
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)	(10,583.58)	(4,533.96)	(137,433.79)	(23,596.54)	(222,179.94)
12	Other Comprehensive Income					
	a (i) Items that will not be reclassified to Profit or Loss	386.30	(13.26)	374.45	401.41	395.14
	(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	(307.85)	260.53	(1,851.47)	(351.90)	(1,836.05)
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-
13	Total Comprehensive Income/(loss) for the Period (11+12)	(10,505.13)	(4,286.69)	(138,910.81)	(23,547.03)	(223,620.85)
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				(260,089.01)	(236,541.97)
16	i. Earning per share (EPS) (for Continuing Operations) (In Rs.) (not annualised)					
	a) Basic	B- (3.19)	B- (1.37)	B- (41.48)	B- (7.12)	B- (67.05)
	b) Diluted	D- (3.19)	D- (1.37)	D- (41.48)	D- (7.12)	D- (67.05)
	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- (3.19)	B- (1.37)	B- (41.48)	B- (7.12)	B- (67.05)
	b) Diluted	D- (3.19)	D- (1.37)	D- (41.48)	D- (7.12)	D- (67.05)

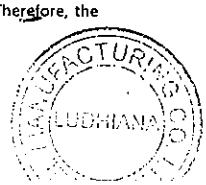
Notes:

1 The audited financial statements for the quarter & year ended March 31, 2019 have been taken on record by the Board of Directors at its meeting held on May 23rd, 2019. 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. The matter has since been transferred to Hon'ble Supreme Court of India and is pending for adjudication. 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 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.



4 The 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. 53,478 lakhs (Previous Year Rs. 54,084 lakhs) for the year ended 31st March, 2019 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2019. Due to non provision of the interest expense, net loss for the year ended 31st March, 2019 is reduced by Rs. 53,478 lakhs. Further the Financial Liability is reduced by Rs. 143,463 lakhs and correspondingly the equity is increased by the same amount.

5 During the year the Company has made an allowance/impairment for trade receivables and loans & advances agreegating to Rs. 17,057.02 lakhs, net of amount collected and provision made, 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.

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 2019 calculated as per terms of MRA with CDR lenders of subsidiary company) and has been duly recognized 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 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.

8 With reference to interest subsidy receivable, the subsidies are to released by the Ministry of Textiles and MP Government and the Company is hopeful of receiving the same. Since the subsidies are not related to the current year, the same does not have any impact on current year losses of the company.

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

MANUFACTURING CO. LUDHIANA LTD.

Date: 23.05.2019
Place: Ludhiana

STATEMENT OF ASSETS & LIABILITIES (STANDALONE)

(In Lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
	Audited	Audited
ASSETS		
(1) Non Current Assets		
(a) Property, Plant and Equipment	150,649.27	161,514.59
(b) Capital Work in Progress	16,940.42	16,985.73
(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	202,221.43	202,124.17
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	0.50	21.51
(i) Deferred Tax Assets (Net)	-	-
(j) Other Non-Current Assets	945.00	1,430.39
	370,756.62	**382,076.39**
(2) Current Assets		
(a) Inventories	5,898.79	6,813.47
(b) Financial Assets	-	-
(i) Current Investments	-	-
(ii) Trade Receivables	4,262.64	13,551.70
(iii) Cash & Cash Equivalents	475.12	258.42
(iv) Bank Balances other than (iii) above	32.59	63.64
(v) Loans	-	-
(vi) Others	27,382.78	27,685.17
(c) Current Tax Assets (Net)	1,443.20	1,000.31
(d) Other Current Assets	2,428.96	5,951.96
	41,924.08	**55,324.67**
TOTAL ASSETS	**412,680.70**	**437,401.06**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(260,089.01)	(236,541.97)
	(226,954.31)	**(203,407.27)**
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	158,498.35	191,683.92
(ii) Trade Payables	-	-
(iii) Other Financial Liabilites	-	-
(b) Provisions	136.12	276.37
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	158,634.47	**191,960.29**
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	342,261.40	343,236.34
(ii) Trade Payables		
(1) total outstanding dues of micro enterprises and small enterprises	-	-
(2) total outstanding dues of creditors other than micro enterprises and small enterprises	6,843.50	6,577.76
(iii) Other Financial Liabilities	131,187.39	97,842.46
(b) Other Current Liabilities	116.84	524.00
(c) Provisions	591.41	667.48
(d) Current Tax Liabilities(Net)	-	-
	481,000.54	**448,848.04**
TOTAL EQUITY & LIABILITIES	**412,680.70**	**437,401.06**

S.E.L. MANUFACTURING CO. LTD. LUDHIANA

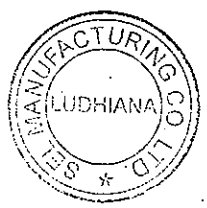
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Statement of Consolidated Audited Financial Results for the Quarter & Year Ended March 31, 2019

PART- I

(Rs. in Lakhs)

Sr. No.	Particulars	Audited Quarter Ended 31/03/2019	Unaudited Quarter Ended 31/12/2018	Audited Quarter Ended 31/03/2018	Audited Year Ended 31/03/2019	Audited Year Ended 31/03/2018
1	Income from operations					
	a) Revenue from operations	14,854.58	12,768.99	20,916.14	60,672.87	126,253.65
	b) Other income	(364.46)	(1,845.23)	1,864.36	9,168.72	5,480.92
	Total income from operations	**14,490.12**	**10,923.76**	**22,780.50**	**69,841.59**	**131,734.57**
2	Expenses					
	a) Cost of material consumed	3,589.24	3,659.94	4,863.79	19,395.57	77,342.37
	b) Purchase of stock-in-trade	63.08	214.79	854.70	281.92	1,399.99
	c) Changes in inventories of finished goods , work in progress and stock in trade	2,427.35	564.03	(369.09)	1,248.15	28,069.93
	d) Employee benefits expenses	2,663.24	2,558.66	3,398.72	11,460.88	12,714.95
	e) Finance Cost	520.71	(9.41)	(13,749.92)	684.27	1,060.94
	f) Depreciation and amortisation expenses	3,596.09	3,676.32	3,210.10	14,630.76	14,929.57
	g) Other expenses	7,451.78	9,578.38	13,138.55	34,502.78	36,499.44
	Total expenses	**20,311.49**	**20,242.71**	**11,346.85**	**82,204.33**	**172,017.19**
3	**Profit/(loss) from operations before exceptional items (1-2)**	(5,821.37)	(9,318.95)	11,433.65	(12,362.74)	(40,282.62)
4	Exceptional Items	7,278.96	(2,775.68)	64,115.13	24,884.24	161,058.29
5	**Profit (+)/ (Loss) (-) before tax (3+4)**	**(13,100.33)**	**(6,543.27)**	**(52,681.48)**	**(37,246.98)**	**(201,340.91)**
6	Tax Expense	(0.03)	-	101,473.42	(0.03)	51,429.23
7	**Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)**	(13,100.30)	(6,543.27)	(154,154.90)	(37,246.95)	(252,770.14)
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)**	(13,100.30)	(6,543.27)	(154,154.90)	(37,246.95)	(252,770.14)
12	**Profit/(Loss) attributable to**					
	(1) Owners of the Company	(13,100.38)	(6,538.43)	(154,134.10)	(37,249.45)	(252,748.33)
	(2) Non-Controlling Interests	0.08	(4.84)	(20.80)	2.50	(21.81)
	Profit/(Loss) for the period	**(13,100.30)**	**(6,543.27)**	**(154,154.90)**	**(37,246.95)**	**(252,770.14)**
13	**Other Comprehensive Income**					
	a (i) Items that will not be reclassified to Profit or Loss	28.57	408.63	477.31	496.51	511.78
	(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	(200.28)	(200.29)	1,652.42	(801.13)	1,667.84
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss	-	-	-	-	-
14	**Total Comprehensive Income/(loss) for the Period (11+13)**	(13,272.01)	(6,334.93)	(152,025.17)	(37,551.57)	(250,590.52)
	Total Comprehensive Income/(loss) attributable to					
	(1) Owners of the Company	(13,272.09)	(6,330.09)	(152,004.37)	(37,554.07)	(250,568.71)
	(2) Non-Controlling Interests	0.08	(4.84)	(20.80)	2.50	(21.81)
	Total Comprehensive Income/(loss)	**(13,272.01)**	**(6,334.93)**	**(152,025.17)**	**(37,551.57)**	**(250,590.52)**
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				(309,367.55)	(271,813.48)
17	i. Earning per share (EPS) (for Continuing Operations)					
	(in Rs.) (not annualised)					
	a) Basic	B- (3.95)	B- (1.97)	B- (46.52)	B- (11.24)	B- (76.28)
	b) Diluted	D- (3.95)	D- (1.97)	D- (46.52)	D- (11.24)	D- (76.28)
	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- (3.95)	B- (1.97)	B- (46.52)	B- (11.24)	B- (76.28)
	b) Diluted	D- (3.95)	D- (1.97)	D- (46.52)	D- (11.24)	D- (76.28)



1 The audited financial statements for the quarter & year ended March 31, 2019 have been taken on record by the Board of Directors at its meeting held on May 23rd, 2019. The information presented above is extracted from the audited consolidated 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 matter has since been transferred to Hon'ble Supreme Court of India and is pending for adjudication. 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 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. 76,136.75 lakhs (Previous Year Rs. 75,743.39 lakhs) for the year ended 31 March, 2019 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31 March 2019. Due to non provision of the interest expense, net loss for the year ended March 31, 2019 is reduced by Rs. 76,136.75 lakhs. Further the Financial Liability is reduced by Rs. 203,664.47 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 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. 24,884.24 lakhs, net of amount collected and provision made, 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.

6 The Holding Company and one of its subsidiary Company were implementing a Spinning project(s) which got stuck due to non-disbursement of credit facilities by the banks. However, post Corporate Insolvency Resoluation Process (CIRP) the Holding Company and negotation with lenders also, the Company and its subsidiary expects that the project would be completed. Therefore, impairment testing was not conducted.

7 With reference to interest subsidy receivable, the subsidies are to released by the Ministry of Textiles and MP Government and the Company is hopeful of receiving the same. Since the subsidies are not related to the current year, the same does not have any impact on current year losses of the company.

8 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: 23.05.2019
Place: Ludhiana

STATEMENT OF ASSETS & LIABILITES (CONSOLIDATED)

(In Lakhs)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
	Audited	Audited
ASSETS		
(1) Non Current Assets		
(a) Property, Plant and Equipment	215,520.33	230,906.68
(b) Capital Work In Progress	55,940.78	55,923.32
(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	4,280.56	4,250.28
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	18.84	39.85
(i) Deferred Tax Assets (Net)	-	-
(j) Other Non-Current Assets	4,053.98	4,433.53
	279,814.49	**295,553.66**
(2) Current Assets	-	-
(a) Inventories	7,272.38	11,398.89
(b) Financial Assets		
(i) Current Investments	-	-
(ii) Trade Receivables	5,901.30	21,143.40
(iii) Cash & Cash Equivalents	539.31	416.53
(iv) Bank Balances other than (iii) above	32.74	64.79
(v) Loans	-	-
(vi) Others	33,721.95	34,022.57
(c) Current Tax Assets (Net)	1,878.98	1,216.14
(d) Other Current Assets	3,887.21	9,588.34
	53,233.87	**77,850.66**
TOTAL ASSETS	**333,048.36**	**373,404.32**
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(309,367.55)	(271,813.48)
Equity attributable to owners of the Company	**(276,232.85)**	**(238,678.78)**
Non-Controlling Interest	18.31	14.96
Total Equity	**(276,214.54)**	**(238,663.82)**
LIABILITIES		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	219,495.12	269,045.79
(ii) Trade Payables	-	-
(iii) Other Financial Liabilites	-	-
(b) Provisions	173.47	383.09
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	219,668.59	**269,428.88**
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	177,132.41	178,620.62
(ii) Trade Payables		
(1) total outstanding dues of micro enterprises and small enterprises	-	-
(2) total outstanding dues of creditors other than micro enterprises and small enterprises	12,011.34	11,307.74
(iii) Other Financial Liabilities	199,557.32	151,366.84
(b) Other Current Liabilities	184.65	616.34
(c) Provisions	708.59	727.72
(d) Current Tax Liabilities(Net)	-	-
	389,594.31	**342,639.26**
TOTAL EQUITY & LIABILITIES	**333,048.36**	**373,404.32**

SEL MANUFACTURING CO. LTD. LUDHIANA

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

708/ 6-B, Street No 19-A,
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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 31st March, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors has been compiled from the related Standalone Financial Statements, which have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under (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 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 Financial control with reference to the Statement. 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Manik Malhotra

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

Basis of Qualified Opinion

1. *Note No. 4 to the Standalone financial results in respect of non provision of interest on borrowings from banks (classified as NPA) amounting Rs.53478 lakhs & Rs. 54084 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2019 & 31st March 2018 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 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 this amount.*

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 Rs 16940 lakhs outstanding as at 31st March 2019. 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. *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 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, 2019 would have been increased by Rs. 53478 lakhs and the borrowings for the year ended 31st March 2019 and 31st March 2018 would have been increased by Rs. 143463 lakhs & Rs. 89985 lakhs and Equity would have been reduced by the same amount for the years ended 31.3.2019 and 31.3.2018 respectively. The financial impact of matters stated in paragraphs 2, 3 & 4 to the Basis for Qualified Opinion paragraph can't be measured reliably.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for possible effects of our observations described in the Basis of Qualified Opinion paragraph* above; the Statement

(i) Is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard as modified by SEBI circular no. CIR/CFD/FAC/62/2016 dated 5th July,2016;and

(ii) gives a true and fair view, in conformity with the recognition and measurement Principles laid down in the aforesaid Ind AS and other accounting principles generally accepted in India and read with paragraphs Material Uncertainty Related to Going Concern and Emphasis of Matter below, of the total comprehensive loss (comprising of net loss and other comprehensive loss)and other financial information of the Company for the year ended 31st March, 2019.

Manik Malhotra

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

Material Uncertainty Related to Going Concern

Note no.2 of the Standalone 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 matter has since been transferred to Hon'ble Supreme Court of India and is pending for adjudication. The company has incurred net loss of Rs.23596 lakhs resulting into accumulated losses of Rs. 320909 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 to 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. The company had derecognized Deferred Tax assets and MAT credit in preceding previous year .Moreover the company has not recognized Deferred Tax Assets 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 and major source of operating revenue during the year under consideration is from job work. 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 the 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 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 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. The standalone financial results regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of Standalone 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, 2019 out of which few parties have confirmed their balances direct to us or to the company.

4. As reported vide Note No. 5 to the standalone financial results, the company has made an allowance/impairment of Rs. 17057 lakhs in compliance of Ind AS 109 under Expected credit losses (under ECL Model) in respect of Trade Receivables and Capital/Trade Advances given to suppliers.

Our conclusion is not modified in respect of the matter.

Manik Malhotra

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

Other Matters

The statement includes the results for the quarter ended 31st March, 2019 being the balancing figures between audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year which were subject to limited review by us.

FOR MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO.: 015848N

Manik Malhotra.

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

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

PLACE: LUDHIANA
DATED: 23.05.2019

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

708/ 6-B, Street No 19-A,
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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 acccmpanying statement of Consolidated financial results of SEL Manufacturing Company Limited ("the Parent") and its subsidiaries (the Parent and its Subsidiaries together referred to as "the Group") for the year ended March 31, 2019 ("the Statement"), being submitted by the parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular no. CIR/CFD/FAC/62/2016 dated July5, 2016.

This statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related Consolidated 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 there under ("Ind AS") and other accounting principles generally accepted in Incia. 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 specified under Section 143(10) of the Companies Act 2013. 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 control relevant to the Parent'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 Parent's internal Financial control with reference to the Statement. 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 obtained by us and the audit evidence obtained by the other auditors in term of their reports referred to in paragraph below, is sufficient and appropriate to provide a basis for our audit opinion.

Manik Malhotra

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

Basis of Qualified Opinion

(1) As mentioned in Note No. 3 to the consol dated *financial results in respect of non provision of interest on borrowings from banks (classified as NPA) of parent and one of its subsidiary amounting Rs.76136 lakhs & Rs 75743 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2019 & 31st March 2018 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 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 Rs55940 lakhs outstanding as at 31st March 2019. 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 Asset.

(4) The Consolidated 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, 2019 would have been increased by Rs. 76136 lakhs and the borrowings for the year ended 31st March 2019 and 31st March 2018 would have been increased by Rs. 203665 lakhs & 127529 lakhs and Equity would have been reduced by the same amount for the years ended 31.3.2019 and 31.3.2018 respectively. The financial impact of matters stated in paragraphs 2, 3 & 4 to the Basis for Qualified Opinion paragraph can't be measured reliably.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial statements and the other financial information of subsidiaries referred to in paragraph below , *except for possible effects of our observations described in the Basis of Qualified Opinion paragraph* above; the Statement

a) includes the results of the following entities:
   1. SEL Textiles Limited (Wholy Owned Subsidiary Company)
   2. Silverline Corporation Limited (Fellow Subsidiary Company)
   3. SEL Aviation Private Limited (Subsidiary Company)
   4. SE Exports (Subsidiary Firm)

Manik Malhotra

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

b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard as modified by SEBI circular no. CIR/CFD/FAC/62/2016 dated 5th July,2016,and

c) gives a true and fair view, in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India and read with paragraphs Material Uncertainty Related to Going Concern and Emphasis of Matter below, of the consolidated total comprehensive loss (comprising of net loss and other comprehensive loss) and other financial information of the group for the year ended 31st March, 2019.

Material Uncertainty Related to Going Concern

Note no. 2 *of the consolidated financial results*, stating thereto that the terms and conditions of the CDR package sanctioned to parent 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 parent 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 parent 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 matter has since been transferred to Hon'ble Supreme Court of India and is pending for adjudication. The group has incurred net loss of Rs. 36403 lakhs resulting into accumulated losses of Rs. 367206 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 to 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 parent on behalf its subsidiary namely SEL Textiles Limited. *The Group had derecognized Deferred Tax assets and MAT credit in preceding previous year .Moreover the Group has not recognized Deferred Tax Assets since availability of future taxable income is not certain.* Due to financial constraints, the parent and one of its subsidiary has started job work operations in major spinning plants instead of pursuing its own manufacturing activities since November 2017 *and the major source of operating revenue during the year under consideration is from job work.* This condition 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 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 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. The consolidated financial results regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of consolidated

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS FRN: 015348N M.No.:094604 LUDHIANA

Manik Malhotra

financial statements, e-mails/letters have been sent to various parties by the group with a request to confirm their balances as on 31st March, 2019 out of which few parties have confirmed their balances direct to us or to the group.

4. As reported vide note 5 to the Consolidated financial results, the group has provided for allowance/impairment of Rs. 24884 lakhs in compliance of Ind AS 109 under Expected credit losses (under ECL Model) in respect of Trade Receivables and Capital/Trade Advances given to suppliers.

   Our conclusion is not modified in respect of this matter.

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 4778 lakhs as at 31st March 2019, total revenue of Rs. 4 lakhs ,total comprehensive income of Rs. 124 lakhs and net cash flows of Rs.124.41 lakhs for the year ended on that date, as considered in the consolidated financial results. These Financial Statements/ financial information have been audited by other aucitors 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 included in respect of these subsidiaries is based solely on the reports of the other auditors.

2.The Consolidated financial results includes the unaudited Financial statement/financial information of subsiciary whose Financial statement/financial information reflect total assets (net) of Rs. (18) lakhs as at March 31, 2019,total revenue of Rs. NIL and total Net Loss of Rs. 54 lakhs for the year ended or that date as considered in the consolidated Financial results. These Financial statement/financial information are unaudited and have been furnished to us by the Management and our opinion on the statement in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited Financial statement/financial information.

Our opinion on the statement 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 wel as our reliance on such approved unaudited financial statements.

The Statement includes the results for the quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financia year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us .

FOR MALHOTRA MANIK & ASSCCIATES
CHARTERED ACCOUNTANTS
FIRM REG.NO. 015848N

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

Manik Malhotra

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

PLACE: LUDHIANA
DATED: 23.05.2019

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, 2019

(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	53,450.39	53,450.39
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	60,111.38	60,111.38
	3.	Net Profit/(Loss)	(23,596.54)	(77,074.54)
	4.	Earnings Per Share	(7.12)	(23.26)
	5.	Total Assets	412,680.70	412,680.70
	6.	Total Liabilities	639,635.01	783,098.01
	7.	Net Worth	(226,954.31)	(370,417.31)
	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) amounting Rs. 53478 lakhs & Rs. 54084 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2019 & 31st March 2018 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	Third Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	The 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"*. In view of this, 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. 53,478 lakhs (Previous Year Rs. 54,084 lakhs) for the year ended 31st March, 2019 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2019. Due to non provision of the interest expense, net loss for the year ended 31st March, 2019 is reduced by Rs. 53,478 lakhs. Further the Financial Liability is reduced by Rs. 143,463 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 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, 2019

(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 this amount .*
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:	--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

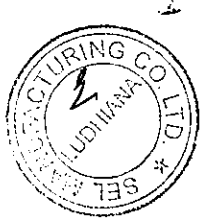
SEL MANUFACTURING COMPANY LIMITED

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, 2019

(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 16940 lakhs outstanding as at 31st March 2019.*
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:	--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, 2019
(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 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	Second 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 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.*

Place: Ludhiana **Sd/-** **Sd/-** **Sd/-** **Sd/-**
Dated: 23.05.2019 **(Managing. Director)** **(CFO)** **(Audit Committee Chairman)** **(Statutory Auditors)**

SEL MANUFACTURING CO. 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, 2019

(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	69,841.59	69,841.59
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	82,204.33	82,204.33
	3.	Net Profit/(Loss)	(37,246.94)	(113,383.69)
	4.	Earnings Per Share	(11.24)	(34.22)
	5.	Total Assets	333,048.36	333,048.36
	6.	Total Liabilities	609,262.90	812,927.37
	7.	Net Worth	(276,214.54)	(479,879.01)
	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 parent and one of its subsidiary amounting Rs. 76136 lakhs & Rs 75743 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2019 & 31st March 2018 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	Third Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	The Secured 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

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		interest (including penal interest) not provided for is estimated at Rs. 76,136.75 lakhs (Previous Year Rs. 75,743.39 lakhs) for the year ended 31 March, 2019 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31 March 2019. Due to non provision of the interest expense, net loss for the year ended March 31, 2019 is reduced by Rs. 76,136.75 lakhs. Further the Financial Liability is reduced by Rs. 203,664.47 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.--

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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, 2019

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Consolidated 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 company 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	Second 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 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, 2019

(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 55940 lakhs outstanding as at 31st March 2019.*
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:	--
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.*

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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, 2019

(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Consolidated 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.*
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:	--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 impairment of advances, trade receivables etc for the Company and one of its subsidiary. 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.*

Place: Ludhiana **Sd/-** **Sd/-** **Sd/-** **Sd/-**

Dated: 23.05.2019 **(Managing. Director)** **(CFO)** **(Audit Committee Chairman)** **(Statutory Auditors)**

MANUFACTURING CO LUDHIANA