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.: 05.02.2019

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

Dear Sir/Madam

Sub: UN-AUDITED QUARTERLY AND NINE MONTHS FINANCIAL RESULTS:
Symbol: SELMCL Series: EQ ISIN No: INE105I01012

Further to our earlier letter dated 23.01.2019, we are pleased to enclose herewith a copy of Companies un-audited financial results (i.e. standalone and consolidated) for the quarter and nine months period ended 31.12.2018. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 05.02.2019. The said meeting commenced at 12.15 p.m. and concluded at 14.05 p.m..

Hope you will find these in order.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited

RAHUL KAPOOR
(COMPANY SECRETARY)

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 Unaudited Financial Results for the Quarter & Nine Months Period Ended December 31, 2018

PART- I

(Rs. in Lakhs)

Sr. No.	Particulars	Unaudited Quarter Ended 31/12/2018	Unaudited Quarter Ended 30/09/2018	Unaudited Quarter Ended 31/12/2017	Unaudited Year to date 31/12/2018	Unaudited Year to date 31/12/2017	Audited Year ended 31/03/2018
1	Income from operations						
	a) Revenue from operations	10,010.64	11,988.14	15,901.91	34,641.76	81,280.20	98,927.71
	b) Other Income	(967.16)	8,411.64	(538.71)	7,704.90	3,028.77	4,900.63
	Total income from operations	9,043.48	20,399.78	15,363.20	42,346.66	84,308.97	103,828.34
2	Expenses						
	a) Cost of material consumed	3,507.00	4,696.80	22,949.46	12,332.29	65,342.86	67,293.00
	b) Purchase of stock-in-trade	-	-	-	4.05	17.89	37.02
	c) Changes in inventories of finished goods , work in progress and stock in trade	412.80	(720.94)	12,667.69	(1,786.06)	54,269.87	20,032.27
	d) Employee benefits expenses	1,912.49	2,029.03	2,189.97	6,005.57	7,479.78	9,948.27
	e) Finance Cost	(14.26)	45.79	7,164.42	125.42	10,054.70	784.39
	f) Depreciation and amortisation expenses	2,735.40	2,730.92	2,802.81	8,209.25	8,416.08	11,163.56
	g) Other expenses	7,266.53	6,008.98	5,250.57	20,163.71	18,304.06	28,794.70
	Total expenses	15,819.96	14,790.58	53,024.92	45,054.23	163,885.24	138,053.21
3	Profit/(loss) from operations before exceptional items (1-2)	(6,776.48)	5,609.20	(37,661.72)	(2,707.57)	(79,576.27)	(34,224.87)
4	Exceptional Items	(2,242.52)	11,521.33	(4,738.74)	10,305.39	49,973.21	132,495.53
5	Profit (+)/ (Loss) (-) before tax (3±4)	(4,533.96)	(5,912.13)	(32,922.98)	(13,012.96)	(129,549.48)	(166,720.40)
6	Tax Expense	-	-	(10,606.87)	-	(44,803.33)	55,459.54
7	Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)	(4,533.96)	(5,912.13)	(22,316.11)	(13,012.96)	(84,746.15)	(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)	(4,533.96)	(5,912.13)	(22,316.11)	(13,012.96)	(84,746.15)	(222,179.94)
12	Other Comprehensive Income						
	a (i) Items that will not be reclassified to Profit or Loss	(13.26)	(2.26)	1.88	15.11	20.69	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	260.53	(145.95)	8.76	(44.05)	15.42	(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)	(4,286.69)	(6,060.34)	(22,305.47)	(13,041.90)	(84,710.04)	(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	33,134.70
15	Other Equity						(236,541.97)
16	i. Earning per share (EPS) (for Continuing Operations) (in Rs.) (not annualised)						
	a) Basic	B- (1.37)	B- (1.78)	B- (6.74)	B- (3.93)	B- (25.58)	B- (67.05)
	b) Diluted	D- (1.37)	D- (1.78)	D- (6.74)	D- (3.93)	D- (25.58)	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- (1.37)	B- (1.78)	B- (6.74)	B- (3.93)	B- (25.58)	B- (67.05)
	b) Diluted	D- (1.37)	D- (1.78)	D- (6.74)	D- (3.93)	D- (25.58)	D- (67.05)

Notes:

1 The unaudited financial statements for the quarter & nine months ended December 31, 2018 have been taken on record by the Board of Directors at its meeting held on February 5th, 2019. The information presented above is extracted from the unaudited/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.IDDI/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 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

SEL MANUFACTURING CO. LTD. LUDHIANA

4 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. 39,448 lakhs for the quarter & nine months ended December 31, 2018 and the same has not been considered for preparation of the financial statements for the quarter & nine months ended December 31, 2018. Due to non provision of the interest expense, net loss for the quarter & nine months ended December 31, 2018 is reduced by Rs. 39,448 lakhs. Further the Financial Liability is reduced by Rs. 129,434 lakhs and correspondingly the equity is increased by the same amount.

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 quarter the Company has made an allowance/impairment for trade receivables and loans & advances agreegating to Rs. 10,305 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 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 be released by Ministry of Textiles and MP Government and the Company is hopeful of rereiving the same Since the subsidies are not related to current period, the same does not have any impact on current period profits/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

SEL MANUFACTURING CO. LTD. LUDHIANA

Date: 05.02.2019
Place: Ludhiana

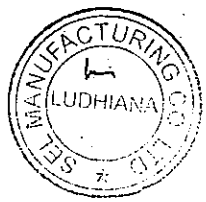
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[CIN: L51909PB2000PLC023679]

Statement of Consolidated Unaudited Financial Results for the Quarter & Nine Months Period Ended December 31, 2018

PART- I

(Rs. in Lakhs)

Sr. No.	Particulars	Unaudited Quarter Ended 31/12/2018	Unaudited Quarter Ended 30/09/2018	Unaudited Quarter Ended 31/12/2017	Unaudited Year to date 31/12/2018	Unaudited Year to date 31/12/2017	Audited Year ended 31/03/2018
1	Income from operations						
	a) Revenue from operations	12,768.99	14,509.06	23,701.13	45,818.29	105,337.51	126,253.65
	b) Other income	(1,845.23)	10,901.03	(825.15)	9,533.18	3,616.56	5,480.92
	Total income from operations	10,923.76	25,410.09	22,875.98	55,351.47	108,954.07	131,734.57
2	Expenses						
	a) Cost of material consumed	3,659.94	5,422.24	22,798.76	15,806.33	77,803.58	77,342.37
	b) Purchase of stock-in-trade	214.79	-	527.40	218.84	545.29	1,399.99
	c) Changes in inventories of finished goods , work in progress and stock in trade	564.03	422.63	20,776.32	(1,179.20)	63,824.67	28,069.93
	d) Employee benefits expenses	2,558.66	3,033.36	2,830.19	8,797.64	9,316.23	12,714.95
	e) Finance Cost	(9.41)	48.51	10,587.42	163.56	14,810.86	1,060.94
	f) Depreciation and amortisation expenses	3,676.32	3,671.85	3,903.31	11,034.67	11,719.47	14,929.57
	g) Other expenses	9,578.38	7,713.02	7,448.23	27,051.00	23,360.89	36,499.44
	Total expenses	20,242.71	20,311.61	68,871.63	61,892.84	201,380.99	172,017.19
3	Profit/(loss) from operations before exceptional items (1-2)	(9,318.95)	5,098.48	(45,995.65)	(6,541.37)	(92,426.92)	(40,282.62)
4	Exceptional Items	(2,775.68)	14,432.03	(8,162.00)	17,605.28	56,232.51	161,058.29
5	Profit (+)/ (Loss) (-) before tax (3+4)	(6,543.27)	(9,333.55)	(37,833.65)	(24,146.65)	(148,659.43)	(201,340.91)
6	Tax Expense	-	-	(12,327.52)	-	(50,044.19)	51,429.23
7	Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)	(6,543.27)	(9,333.55)	(25,506.13)	(24,146.65)	(98,615.24)	(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)	(6,543.27)	(9,333.55)	(25,506.13)	(24,146.65)	(98,615.24)	(252,770.14)
12	Profit/(Loss) attributable to						
	(1) Owners of the Company	(6,538.43)	(9,328.02)	(25,505.85)	(24,149.07)	(98,614.23)	(252,748.33)
	(2) Non-Controlling Interests	(4.84)	(5.53)	(0.28)	2.42	(1.01)	(21.81)
	Profit/(Loss) for the period	(6,543.27)	(9,333.55)	(25,506.13)	(24,146.65)	(98,615.24)	(252,770.14)
13	Other Comprehensive Income						
	a (i) Items that will not be reclassified to Profit or Loss	408.63	12.99	6.81	467.94	34.47	511.78
	(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	(200.29)	(200.28)	8.75	(600.85)	15.41	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)	(6,334.93)	(9,520.84)	(25,490.57)	(24,279.56)	(98,565.36)	(250,590.52)
	Total Comprehensive Income/(loss) attributable to						
	(1) Owners of the Company	(6,330.09)	(9,515.31)	(25,490.29)	(24,281.98)	(98,564.35)	(250,568.71)
	(2) Non-Controlling Interests	(4.84)	(5.53)	(0.28)	2.42	(1.01)	(21.81)
	Total Comprehensive Income/(loss)	(6,334.93)	(9,520.84)	(25,490.57)	(24,279.56)	(98,565.36)	(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	33,134.70
16	Other Equity						(271,813.48)
17	i. Earning per share (EPS) (for Continuing Operations)						
	(in Rs.) (not annualised)						
	a) Basic	B- (1.97)	B- (2.82)	B- (7.70)	B- (7.29)	B- (29.76)	B- (76.28)
	b) Diluted	D- (1.97)	D- (2.82)	D- (7.70)	D- (7.29)	D- (29.76)	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- (1.97)	B- (2.82)	B- (7.70)	B- (7.29)	B- (29.76)	B- (76.28)
	b) Diluted	D- (1.97)	D- (2.82)	D- (7.70)	D- (7.29)	D- (29.76)	D- (76.28)



Notes:

1 The unaudited financial statements for the quarter & nine months ended December 31, 2018 have been taken on record by the Board of Directors at its meeting held on February 5th, 2019. The information presented above is extracted from the unaudited/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 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. 56,227 lakhs for the quarter & nine months ended December 31, 2018 and accordingly the same has not been considered for preparation of the financial statements for the quarter & nine months ended December 31, 2018. Due to non provision of the interest expense, net loss for the quarter & nine months ended December 31, 2018 is reduced by Rs. 56,227 lakhs. Further the Financial Liability is reduced by Rs. 183,756 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. 17,605 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 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.

8 With reference to interest subsidy receivable, the subsidies are to be released by Ministry of Textiles and MP Government and the Company is hopeful of receiving the same in fu Since the subsidies are not related to current period, the same does not have any impact on current period profits/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 Jalota
Managing Director

SEL MANUFACTURING CO. LTD. LUDHIANA

Date: 05.02.2019
Place: Ludhiana

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 REVIEW REPORT

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

Introduction

We have reviewed the accompanying Statement of standalone unaudited financial results of SEL Manufacturing Company Limited (the company) for the quarter & nine months ended December 31, 2018 ("the Statement") prepared 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 has been approved by the Board of Directors. Our responsibility is to issue a report on these standalone financial results based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

1. *The company has not provided the provision of interest amounting to Rs 39,448 lakhs pertaining to nine months ended on 31st December, 2018 (Rs 13,613 lakhs pertaining to quarter ended on 31st December, 2018) on NPA classified bank borrowings which 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 company has not provided for any allowance under ECL Model for 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.*

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 16,960 lakhs*

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

outstanding as at 31st December, 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.

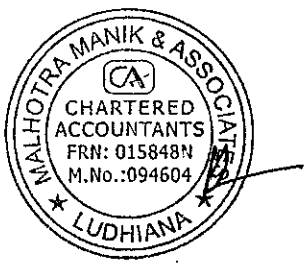
We further report that, except for the effects, if any, of the matters stated in paragraph (2&3) above which are not ascertainable, had the impact of our observations made in para (1) above, the net loss and borrowings for the quarter and nine months ended 31st December would have been increased by Rs. 13,613 lakhs and Rs. 39,448 lakhs respectively and the equity would have been reduced by the same amount. The financial impact of matters stated in paragraphs 2&3 to the Basis for Qualified Opinion can't be measured reliably.

Qualified Conclusion

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 standalone 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, 2015 read 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 Standalone unaudited 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 filed 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. 4,534 lakhs and Rs. 13,013 lakhs for the quarter & nine months ending 31st December 2018 resulting into accumulated losses of Rs. 3,10,325 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 not recognized Deferred Tax assets and MAT credit as the 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. 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. Note No. 6 of standalone unaudited financial results, the company has provided for allowance of Rs. 9,490 lakhs in respect of Trade Receivables under Expected credit losses for nine months ended on 31st December, 2018 (Rs. (3,037) lakhs pertaining to quarter ended 31st December, 2018) and also for impairment loss in respect of long outstanding Trade Advances given to suppliers of Rs. 815 Lakhs for nine months ended 31st December, 2018. (Rs. 795 for the quarter ended 31st December, 2018)

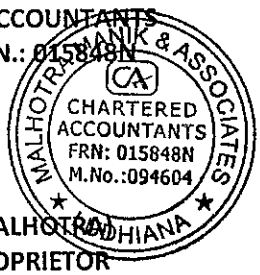
2. Contingency related to 'compensation payable in lieu of bank sacrifice,' the outcome of which is materially uncertain and cannot be determined currently.

3. Contingency relating to export incentives obligation refundable in respect of allowance for foreign trade receivables amounting Rs. 3,855 lakhs (as per audited financial statements at 31.03.2018), which is further subject to interest and penalties. Further, the amount of such obligation shall increase with allowance on trade receivable made during nine months ended 31st December, 2018, was not provided to us by the company.

4. Note No. 5 of standalone unaudited financial results in respect of contingency relating to Income Tax demands raised by the Income Tax Authorities amounting Rs 28,344 Lakhs for various matters, which is further subject to interest and penalties, the amount of such obligation cannot be measured with sufficient reliability. The company has filed the appeal with ITAT, Chandigarh and the matter is subjudice.

Our conclusion is not modified in respects of the matters reported in para (1 to 4) of Emphasis of matters.

FOR MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN.: 015848N



Manik Malhotra

(CA. MANIK MALHOTRA)
PROPRIETOR
M.No.: 094604

PLACE: LUDHIANA
DATED: 05.02.2019

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying statement of consolidated unaudited financial results of SEL Manufacturing Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (referred to as "the Group") for the quarter & nine months ended December31, 2018 ("the Statement") prepared by the company pursuant to the requirement 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 has been approved by the Board of Directors. Our responsibility is to issue a report on these consolidated financial results based on our review.

The Statement includes the financial results of following entities:

1. SEL Manufacturing Co. Ltd. (Holding Company)
2. SEL Textiles Limited (Subsidiary Company)
3. SEL Aviation Private Limited (Subsidiary Company)
4. SE Exports (Subsidiary Firm)

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. We did not review the financial results of the three subsidiaries of the holding company.

Basis of Qualified Conclusion

1. *The group has not provided the provision of interest amounting to Rs. 56,227 lakhs pertaining to nine months ended on 31st December, 2018 (Rs. 19,320 pertaining to quarter ended31stDecember, 2018) on NPA classified bank borrowings which 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 group has not provided for any allowance under ECL model for interest subsidy receivable amounting to Rs. 32,952 Lakhs which consists of interest subsidy (i) under TUFS from Ministry of*

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

Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the financial years 2013-14 to 2016-17.

3. *The group 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 55,910 lakhs outstanding as at 31st December, 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.*

We further report that, except for the effects, if any, of the matters stated in paragraphs (2&3) above which are not ascertainable, had the impact of our observations made in para (1) above been considered, the net loss and borrowings for the quarter and nine months ended 31st December would have been increased by Rs. 19,320 lakhs and Rs. 56,227 lakhs respectively and the equity would have been reduced by the same amount. The financial impact of matters stated in paragraphs 2&3 to the Basis for Qualified Opinion can't be measured reliably.

Qualified Conclusion

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 unaudited 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 filed 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 Court of Punjab and Haryana. The group has incurred net loss of Rs. 6,538 lakhs and Rs.24,149 lakhs for the quarter &nine months ending 31st December 2018 resulting into accumulated losses of Rs. 3,54,106 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 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 group has not recognized Deferred Tax assets and MAT credit as the 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. 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.

MALHOTRA MANIK & ASSOCIATES
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CHARTERED ACCOUNTANTS
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LUDHIANA

Emphasis of Matter

We draw attention to the following matters:

1. Note No. 6 of consolidated unaudited financial results, the group has provided for allowance of Rs. 16,786 lakhs in respect of Trade Receivables under Expected credit losses for nine months ended on 31st December, 2018 (Rs. (3,570) lakhs pertaining to quarter ended 31st December, 2018) and also for impairment loss in respect of long outstanding Trade Advances given to suppliers of Rs. 819 Lakhs for nine months ended 31st December, 2018. (Rs. 795for the quarter ended 31st December, 2018)

2. Contingency related to 'compensation payable in lieu of bank sacrifice,' the outcome of which is materially uncertain and cannot be determined currently.

3. Contingency relating to export incentives obligation refundable in respect of allowance for foreign trade receivables amounting Rs. 4,921 lakhs (as per audited financial statements at 31.03.2018), which is further subject to interest and penalties. Further, the amount of such obligation shall increase with allowance on trade receivable made during nine months ended 31st December, 2018, was not provided to us by the company.

4. Note No. 5 of consolidated unaudited financial results in respect of contingency relating to Income Tax demands raised by the Income Tax Authorities amounting Rs 28,344 Lakhs for various matters, which is further subject to interest and penalties, the amount of such obligation cannot be measured with sufficient reliability. The company has filed the appeal with ITAT, Chandigarh and the matter is subjudice.

Our conclusion is not modified in respect of the matters reported in para (1 to 4) of Emphasis of matters.

Other Matters

We draw attention to the following matter:

1. We did not review the interim financial results of three subsidiaries included in the consolidated financial results whose interim financial results reflect total revenues of Rs. 4,161 lakhs and 13,185 lakhs for the quarter & nine months ended 31st December, 2018. The consolidated financial results also include the group's share of net loss of Rs. 10,432 lakhs for the nine months ended 31st December, 2018.

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

FOR MALHOTRA MANIK & ASSOCIATES
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Manik Malhotra

(CA. MANIK MALHOTRA)
PROPRIETOR
M.No.: 094604

PLACE: LUDHIANA
DATED: 05.02.2019