

SEL MANUFACTURING COMPANY LIMITED

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CIN:L51909PB2000PLC023679



SEL/NSE/2017-18

Dtd.: 12.08.2017

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

Dear Sir/Madam

Sub: UNAUDITED QUARTERLY RESULTS:

Symbol: SELMCL Series: EQ ISIN No: INE105I01012

Further to our letter dated 05.08.2017, we are pleased to enclose herewith a copy of Companies Unaudited Financial Results (i.e. standalone and consolidated) for the quarter ended 30.06.2017. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 12.08.2017. The said meeting commenced at 12.30 p.m. and concluded at 02.35 p.m.

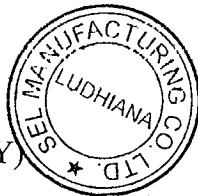
We hope you will find these in order.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited


RAHUL KAPOOR
(COMPANY SECRETARY)



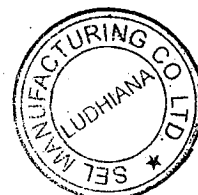
Encl.: As above

Statement of Standalone Unaudited Financial Results for the Quarter Ended June 30, 2017

Sr. No.	Particulars	(Rs. in Lakhs)			
		Unaudited Quarter Ended 30/06/2017	Audited Quarter Ended 31/03/2017	Unaudited Quarter Ended 30/06/2016	Audited Year ended 31/03/2017
1	Income from operations				
	a) Revenue from operations	41,284.65	52,421.65	44,834.89	171,061.80
	b) Other income	1,823.12	1,186.33	3,323.89	9,201.25
	Total income from operations	43,107.77	53,607.98	48,158.78	180,263.05
2	Expenses				
	a) Cost of material consumed	61,648.52	47,253.51	29,738.02	131,514.42
	b) Purchase of stock-in-trade	-	3,354.04	-	3,354.20
	c) Changes in inventories of finished goods, work in progress and stock in trade	1,484.48	14,876.06	7,427.53	40,939.36
	d) Employee benefits expenses	2,782.20	2,933.40	2,656.28	10,746.20
	e) Finance Cost	1,371.26	2,222.60	9,393.93	12,256.12
	f) Depreciation and amortisation expenses	2,805.43	2,769.20	6,847.00	11,408.91
	g) Other expenses	7,968.66	11,412.84	7,445.87	32,831.44
	Total expenses	78,060.55	84,821.65	63,508.63	243,050.65
3	Profit(+)/(Loss)(-) from operations before exceptional items & tax (1-2)	(34,952.78)	(31,213.67)	(15,349.85)	(62,787.60)
4	Exceptional Items	22.44	8,545.04	7,363.97	22,650.68
5	Profit (+)/ (Loss) (-) before tax (3+4)	(34,975.22)	(39,758.71)	(22,713.82)	(85,438.28)
6	Tax Expense	(14,270.46)	(33,318.60)	(4,021.07)	(29,682.89)
7	Net Profit (+)/ (Loss) (-) for the period from Continuing Operations tax (5-6)	(20,704.76)	(6,440.11)	(18,692.75)	(55,755.39)
8	Net Profit (+)/ (Loss) (-) from Discontinuing Operations	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-
10	Net Profit (+)/ (Loss) (-) from Discontinuing Operations after Tax (8-9)	-	-	-	-
11	Net Profit (+)/ (Loss) (-) for the period (7+10)	(20,704.76)	(6,440.11)	(18,692.75)	(55,755.39)
12	Other Comprehensive Income				
	a (i) Items that will not be reclassified to Profit or Loss	10.39	32.80	3.26	32.80
	b (i) Items that will be reclassified to Profit or Loss	1.97	(2.01)	-	(10.57)
13	Total Comprehensive Income/(Loss) for the Period (11+12)	(20,692.40)	(6,409.32)	(18,689.49)	(55,733.16)
14	Paid-up equity share capital of Rs. 10/- each	33,134.70	33,134.70	33,134.70	33,134.70
15	Other Equity				(16,735.10)
16	i. Earning per share (EPS) (for Continuing Operations) (in Rs.) (not annualised)				
	a) Basic	B- (6.25)	B- (1.94)	B- (5.64)	B- (16.83)
	b) Diluted	D- (6.25)	D- (1.94)	D- (5.64)	D- (16.83)
	ii. Earning per share (EPS) (for Discontinued Operations) (in Rs.) (not annualised)				
	a) Basic	-	-	-	-
	b) Diluted	-	-	-	-
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations) (in Rs.) (not annualised)				
	a) Basic	B- (6.25)	B- (1.94)	B- (5.64)	B- (16.83)
	b) Diluted	D- (6.25)	D- (1.94)	D- (5.64)	D- (16.83)

Notes:

- The above results are reviewed by the Audit Committee and taken on record at the meeting of the Board of Directors on August 12, 2017. The Statutory Auditor of the Company have carried out Limited Review of the results for the quarter ended 30th June 2017.
- 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 is 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 not defaulted in any of its statutory dues and has been able to retain all its management functionaries. Keeping in view the above, the financial statements of the company are prepared on going concern basis and the company considers that sufficient taxable income will be available in the specified period against which deferred tax asset and MAT credit would be adjusted.
- Exceptional items consists of provision for diminution in value of investment in subsidiary.



- 4 The Company has only one Reportable Segment viz. " Textiles".
- 5 The majority of lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company has not provided interest amounting to Rs. 10899.54 lakhs on majority of NPA classified accounts for the quarter in its books of account. Due to this the interest expense, net loss and financial liabilities for the quarter ended June 30, 2017 are reduced by Rs. 10899.54 lakhs and correspondingly the equity is increased by the same amount.
- 6 During the quarter, a fire broke out in the garment unit of the Company situated at Bajra Road, Ludhiana damaging assets worth Rs. 927.72 lakhs., without any human casualty, for which claim has been filed with the insurance company. This has no material business impact on the operation of the company.
- 7 In pursuance of the assessment of the search conducted u/s 132(1) of the Income Act, 1961, the Department had raised demands aggregating to Rs. 28344.39 lakhs (which includes interest upto 30.01.17 and are further subject to penalty proceedings) by making some frivolous additions to the total income of the Company. The Company had filed the appeals against these additions before appropriate authorities and the Company is hopeful that it will get relief in appeal. Considering the facts of the matters, no provision is considered necessary by management with no additional tax liability.
- 8 Regarding compliance of the provisions of Ind-AS 109 w.r.t. accounting of corporate guarantee for Rs. 201384 lakhs given to lenders of one of its subsidiary, as the same is not presently ascertainable.
- 9 The figures of quarter ended March 31, 2017 are the balancing figures in respect of the full financial year ended March 31, 2017 and the unaudited published year to date figures upto December 31, 2016 which were subjected to limited review.
- 10 Figures relating to the previous period have been regrouped/rearranged, wherever necessary to make them comparable with those of the current period.

For and on behalf of Board of Directors

Ram Saran Saluja
Chairman



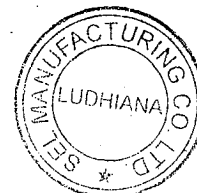
Date: 12.08.2017
Place: Ludhiana

Statement of Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2017

Sr. No	Particulars	(Rs. in Lakhs)			
		Unaudited Quarter Ended 30/06/2017	Audited Quarter Ended 31/03/2017	Unaudited Quarter Ended 30/06/2016	Audited Year ended 31/03/2017
1	Income from operations				
	a) Revenue from operations	50,795.49	61,729.20	56,845.52	208,186.16
	b) Other income	2,205.61	701.48	4,284.69	10,136.93
	Total income from operations	53,001.10	62,430.68	61,130.21	218,323.09
2	Expenses				
	a) Cost of material consumed	68,480.42	57,000.30	40,764.76	163,492.80
	b) Purchase of stock-in-trade	-	3,182.08	-	3,361.44
	c) Changes in inventories of finished goods, work in progress and stock in trade	2,929.18	19,737.01	7,981.64	53,574.03
	d) Employee benefits expenses	3,409.90	3,517.66	3,244.52	13,075.10
	e) Finance Cost	1,989.48	1,235.13	13,306.94	14,683.71
	f) Depreciation and amortisation expenses	3,583.26	4,044.26	9,144.49	15,783.42
	g) Other expenses	9,390.83	14,520.21	9,406.55	40,858.60
	Total expenses	89,783.07	103,236.65	83,848.90	304,829.11
3	Profit/(+)/(Loss)(-) from operations before exceptional items & tax (1-2)	(36,781.97)	(40,805.97)	(22,718.69)	(86,506.02)
4	Exceptional Items	-	-	-	-
5	Profit (+)/(Loss)(-) before tax (3+4)	(36,781.97)	(40,805.97)	(22,718.69)	(86,506.02)
6	Tax Expense	(14,874.24)	(21,169.46)	(4,067.04)	(29,223.16)
7	Net Profit (+)/(Loss) (-) for the period from Continuing Operations tax (5-6)	(21,907.73)	(19,636.51)	(18,651.65)	(57,282.86)
8	Net Profit (+)/(Loss) (-) from Discontinuing Operations	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-
10	Net Profit (+)/(Loss) (-) from Discontinuing Operations after Tax (8-9)	-	-	-	-
11	Net Profit (+)/(Loss) (-) for the period (7+10)	(21,907.73)	(19,636.51)	(18,651.65)	(57,282.86)
12	Profit/(Loss) attributable to				
	(1) Owners of the Company	(21,907.36)	(19,624.61)	(18,650.98)	(57,267.84)
	(2) Non-Controlling Interests	(0.37)	(11.90)	(0.67)	(15.02)
	Profit/(Loss) for the period	(21,907.73)	(19,636.51)	(18,651.65)	(57,282.86)
13	Other Comprehensive Income				
	a (i) Items that will not be reclassified to Profit or Loss	15.05	53.26	-	53.26
	b (i) Items that will be reclassified to Profit or Loss	1.97	4.99	-	24.11
14	Total Comprehensive Income/(loss) for the Period (11+13)	(21,890.71)	(19,578.26)	(18,651.65)	(57,205.49)
	Total Comprehensive Income/(loss) attributable to				
	(1) Owners of the Company	(21,890.34)	(19,566.36)	(18,650.98)	(57,190.47)
	(2) Non-Controlling Interests	(0.37)	(11.90)	(0.67)	(15.02)
	Total Comprehensive Income/(loss)	(21,890.71)	(19,578.26)	(18,651.65)	(57,205.49)
15	Paid-up equity share capital of Rs. 10/- each	33,134.70	33,134.70	33,134.70	33,134.70
16	Other Equity				(25,820.27)
17	i. Earning per share (EPS) (for Continuing Operations)				
	(in Rs.) (not annualised)				
	a) Basic	B- (6.61)	B- (5.93)	B- (5.63)	B- (17.29)
	b) Diluted	D- (6.61)	D- (5.93)	D- (5.63)	D- (17.29)
	ii. Earning per share (EPS) (for Discontinued Operations)				
	(in Rs.) (not annualised)				
	a) Basic	-	-	-	-
	b) Diluted	-	-	-	-
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations)				
	(in Rs.) (not annualised)				
	a) Basic	B- (6.61)	B- (5.93)	B- (5.63)	B- (17.29)
	b) Diluted	D- (6.61)	D- (5.93)	D- (5.63)	D- (17.29)

Notes:

- The above results are reviewed by the Audit Committee and taken on record at the meeting of the Board of Directors on August 12, 2017. The Statutory Auditor of the Company have carried out Limited Review of the results for the quarter ended 30th June 2017.
- 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. Both the Companies have not defaulted in payment of their statutory dues and have retain all their management functionaries. Keeping in view the above, the financial statements of the companies are prepared on going concern basis and the companies considers that sufficient taxable income will be available in the specified period against which deferred tax asset and MAT credit would be adjusted.
- The figures of quarter ended March 31, 2017 are the balancing figures in respect of the full financial year ended March 31, 2017 and the unaudited published year to date figures upto December 31, 2016 which were subjected to limited review.
- The Company has only one Reportable Segment viz. "Textiles".



5 The majority of lenders have stopped charging interest on debts, since the dues from the Company and one of its subsidiary have been categorized as Non Performing Asset. The Company and one of its subsidiary is in active discussion/negotiation with its lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company and one of its subsidiary have not provided interest amounting to Rs. 15152.14 lakhs on majority of NPA classified accounts for the quarter in its books of account. Due to this the interest expense, net loss and financial liabilities for the quarter ended June 30, 2017 are reduced by Rs. 15,152.14 lakhs and correspondingly the equity is increased by the same amount.

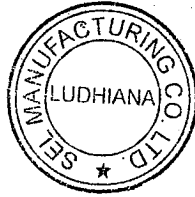
6 In pursuance of the assessment of the search conducted u/s 132(1) of the Income Act, 1961, the Department had raised demands aggregating to Rs. 28776.38 lakhs (which includes interest upto 30.01.17 and are further subject to penalty proceedings) by making some frivolous additions to the total income 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.

7 During the quarter, a fire broke out in the garment unit of the Company situated at Bajra Road, Ludhiana damaging assets worth Rs. 927.72 lakhs., without any human casualty, for which claim has been filed with the insurance company. This has no material business impact on the operation of the company.

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

For and on behalf of Board of Directors

Ram Saran Saluja
Chairman



Date: 12.08.2017
Place: Ludhiana

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 ended June 30, 2017 ("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 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. As mentioned in note no. 5 of the statement of standalone unaudited Financial results for the Quarter ended 30 June, 2017 regarding non provision of interest amounting to Rs 10899.54 lakhs pertaining to quarter ended on 30th June, 2017 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 complied with the provision of Ind AS 109 w.r.t. accounting of corporate guarantee for Rs 201384 lakhs given to lenders of one of its subsidiary.

We further report that, except for the effect, if any, of the matter stated in paragraph (2) above which are not ascertainable, had the impact of our observations made in para (1) above, the net loss and borrowings for the year ended would have been increased by Rs. 10899.54 lakhs and the equity would have been reduced by the same amount.

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.

Emphasis of Matter

We draw attention to the following matters:

1. The outstandings in some of the trade receivables of the company are overdue and the company has not provided any impairment provision in respect of their realizations as the management claims that the said receivables are fully recoverable.
2. Note no. 2 of the statement of standalone unaudited Financial results regarding preparation of the standalone unaudited financial results on going concern basis for the reasons stated in the said note notwithstanding the facts that the company has accumulated losses resulting in erosion of net worth. Keeping in view the above, the company has recognized deferred tax asset and MAT Credit considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit can be adjusted.
3. Note no. 7 of the statement of standalone unaudited financial results regarding tax demands raised by the income tax department against which the company has filed appeals before appropriate authorities and therefore no provision is made by the company for this liability.

Our conclusion is not modified in respect of the matters reported in para (1) to (3) of Emphasis of matters.

Place: Ludhiana
Date: 12.08.2017

For DASS KHANNA & CO.
Chartered Accountants
Firm Reg. No. 000402N


(CA Rakesh Soni)
Partner
M.No. : 083142

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 (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2017 ("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)
5. SEL Textile Corporation (Subsidiary Company)

Scope of Review

We conducted our review in accordance 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 overseas branch of the holding company and its four subsidiaries.

Basis of Qualified Conclusion

1. As mentioned in note no. 5 of the statement of consolidated unaudited Financial results for the Quarter ended 30 June, 2017 the holding company and one of its subsidiary namely SEL Textiles Limited have not provided for interest amounting to Rs 15,152.14 lakhs pertaining to quarter ended on 30th June, 2017 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.

We further report that, had the impact of our observations made in para above been (1) considered, the net loss and borrowings for the year ended would have been increased by Rs. 15,152.14 lakhs and the equity would have been reduced by the same amount.



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, 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.

Emphasis of Matter

We draw attention to the following matters:

1. The outstandings in some of the trade receivables of the holding as well as one of its subsidiary company are overdue and the Group has not provided any impairment provision in respect of their realizations as the management claims that the said receivables are fully recoverable.
2. Note no. 2 of statement of consolidated unaudited financial results regarding preparation of the consolidated unaudited financial results on a going concern basis for the reasons stated in the said note notwithstanding the facts that the holding company as well as one its subsidiary namely SEL Textiles Limited have accumulated losses resulting in erosion of net worth. Keeping in view the above, the company has recognized deferred tax asset and MAT Credit considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit can be adjusted
3. Note no. 6 of the statement of consolidated unaudited financial results regarding tax demands raised by the income tax department against which the company has filed appeals before appropriate authorities and therefore no provision is made by the company for this liability.

Our conclusion is not modified in respect of the matters reported in para (1) to (3) of Emphasis of matters.

Other Matters

We draw attention to the following matter:

1. We did not review the interim financial results of four subsidiaries included in the consolidated financial results whose interim financial results reflect total revenues of 11625.73 lakhs for the quarter ended 30th June, 2017. The consolidated financial results also include the group's share of net loss of Rs.1209.85 lakhs for the quarter ended 30th June, 2017.

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

Place: Ludhiana
Date: 12.08.2017

For DASS KHANNA & CO.
Chartered Accountants
Firm Reg. No. 000402N


(CA Rakesh Soni)
Partner
M.No.: 083142