ANNUAL REPORT 2019-20

SEL Manufacturing Company Ltd.

Board of Directors
(Current)

Sh. Rajeev Bhalla	Mg. Director
Sh. Naveen Arora	Whole-time Director
Sh. Dinesh Kumar Mehtani	Director
Sh. Shashank Rai	Director
Sh. Sushil Kumar	Director
Sh Rajiv Kumar Maheshwary	Director
Smt. Nidhi Aggarwal	Director
Sh. Vishal Sharat Ohri	Director (Nominee)

Auditors

Malhotra Manik & Associates
Chartered Accountants,
29-A, Bhai Randhir Singh Nagar,
Ludhiana - 141001
Punjab

Registered Office:

274, Dhandari Khurd, G. T. Road,
Ludhiana (Pb.) 141 014

CIN: L51909PB2000PLC023679

Registrar & Transfer Agent
Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
Noble Heights, 1st Floor,
Plot No. NH2, LSC, C-1 Block,
Near Savitri Market,
Janakpuri,
New Delhi-110058
Phone No: 011- 41410592,
Fax no: 011- 41410591
E-mail delhi@linkintime.co.in

Contents

SEL MANUFACTURING COMPANY LIMITED
Regd.Office: 274, DHANDARI KHURD, G.T. ROAD,
LUDHIANA,141 014 PUNJAB (INDIA)
CIN: L51909PB2000PLC023679

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Thursday, the 28th day of April, 2022 at 11.00 A.M. (IST) through Video Conferencing / Other Audio Visual Means to transact the following business(es):

AS ORDINARY BUSINESS:-

1. To receive, consider and adopt:

   a) the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Board of Directors & Auditors thereon.

   b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Auditors thereon.

AS SPECIAL BUSINESS:-

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

"RESOLVED THAT pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to M/s Jatin Sharma & Co., Cost Accountants, Firm Registration Number: 101845, appointed by the Board of Directors to conduct the Audit of the cost accounting records of the Company for the Financial year 2020-21 amounting to Rs.77,000 exclusive of GST as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

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

Ludhiana, 31.03.2022
Regd. Off.:
274, Dhandari Khurd, G.T. Raod
Ludhiana-141014 (Pb.)
CIN: L51909PB2000PLC023679

(NAVEEN ARORA)
DIRECTOR
DIN:09114375

NOTES:

1. In view of the situation arising due to COVID-19 global pandemic, social distancing is a norm to be followed. Accordingly, the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021 and Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/ 2021/11 dated January 15, 2021 allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of members at a common venue. Thus, in compliance with the said Circulars, the 20th Annual General Meeting (AGM) of the Company will be held through video conferencing (VC) or other audio visual means (OAVM). Members can attend and participate in the AGM through VC/OAVM.

2. The relative Statement pursuant to Section 102 of the Companies Act, 2013 in Respect of Item(s) of Special Business is annexed hereto and forms part of the Notice.

3. The venue of the Meeting shall be deemed to be the registered office of the Company.

4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 113 of the Companies Act, 2013, body corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020 and SEBI Circular dated May 12, 2020, the Notice calling the AGM alongwith Annual Report for the year 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Depositories. Members may note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The Register of Members and Share Transfer books shall remain closed from April 22, 2022 to April 28, 2022 (both days inclusive).

8. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure

mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

9. As per Regulation 40 of SEBI (LODR) Regulations, 2015, as amended, securities of listed companies can be transferred only in dematerialized form except in case of request received for transmission or transposition of securities.

   In view of the above and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact Company's Registrar and Transfer Agent: M/s. Link Intime India Pvt. Ltd. for assistance in this regard.

10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) and Bank Details by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are requested to submit their self attested copy of PAN card and bank details alongwith Original cancelled cheque leaf/attested bank passbook showing name of account holder and address, to the Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd..

12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, etc. will be available for inspection in electronic mode during the AGM. All other documents referred to in the Notice will be available for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM i.e. April 28, 2022.

13. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 08, 2021 and December 14, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed the services of Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

14. The members who have voted through remote e- voting will be eligible to attend the AGM but they will not be eligible to vote at the AGM.

INSTRUCTIONS FOR SHAREHOLDERS FOR REMOVE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 25th April, 2022 (9:00 a.m.) and ends on 27th April, 2022 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st April, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular**,** Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL**is given below:

Type of	Login Method

shareholders	
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Userswho have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest arehttps://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful loginthe Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is availableathttps://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link availableon www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on

	"Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual AGM for **Physical shareholders and shareholders other than individual holding in Demat form.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

    a. For CDSL: 16 digits beneficiary ID,
    b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the

	Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the RTA records in order to login. • If both the details are not recorded with the depository or RTA, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for SEL Manufacturing Company Limited on which you choose to vote.

(x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at shivaligupta393@gmail.com and to the Company at the email address viz; info@selindia.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 **days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at info@selindia.in. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time, for smooth conduct of the AGM. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 **days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at info@selindia.in.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE RTA/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to delhi@linkintime.co.in.

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Other instructions:

i) Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut off date.

ii) The Company has appointed M/s Gupta Shivali and Associates, Practising Company Secretary (Membership No. 30617), to act as the Scrutinizer to the e-voting process i.e. votes cast during the AGM and votes cast through remote e-voting, in a fair and transparent manner.

iii) The Scrutinizer will submit his report to the Chairman of the Company ('the Chairman') or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM.

iv) The results declared along with the Scrutinizer's Report shall be placed on the website of the Company i.e. www.selindia.in on the website of CDSL i.e. www.cdslindia.com. The results shall simultaneously be communicated to the Stock Exchanges.

v) Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of the Annual General Meeting i.e. 28th April, 2022.

vi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21st April, 2022 may follow the same instructions as mentioned above for e-Voting.

vii) A person who is not a Member as on the cut off date i.e. 21st April, 2022 should treat this Notice for information purposes only.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, MarathonFuturex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

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

FOR ITEM NO.2:

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of and Remuneration payable to M/s Jatin Sharma & Co., Cost Accountants for the audit of cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, for the Financial Year 2020-21 at a remuneration of Rs. 77,000/- excluding the applicable GST and reimbursement of out of pocket expenses incurred by him in connection with the audit.

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

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

The Board Recommends this Resolution for your approval.

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

(NAVEEN ARORA)
DIRECTOR
DIN:09114375

Ludhiana, 31.03.2022
Regd. Off.:
274, Dhandari Khurd, G.T. Raod
Ludhiana-141014 (Pb.)
CIN: L51909PB2000PLC023679

DIRECTORS' REPORT

To
The Members
SEL Manufacturing Company Ltd.

The Directors hereby present the 20th Annual Report on the affairs of the company together with Audited Financial Statements for the financial year ended 31st March, 2020.

FINANCIAL RESULTS **(Rupees in Lacs)**

		Current Year (2019-20)		Previous year (2018-19)
Revenue from Operations		29104.29		45910.97
Other Income		7659.79		7539.42
		36764.08		53450.39
Less :				
Expenditure	36056.30		49228.14	
Depreciation &Amortization	10782.78	46839.08	10883.24	60111.38
Profit/(loss)before exceptional items And tax:		(10075.00)		(6660.98)
Exceptional Items		244026.36		16935.56
Profit/(Loss) before tax:		(254101.36)		(23596.54)
Less :				
Taxes :		--		--
Profit/(Loss)from continuing Operations		(254101.36)		(23596.54)
Profit/(Loss)from discontinuing Operations		--		--
Profit/(Loss) for the period		(254101.36)		(23596.54)
Other Comprehensive Income				
i) Items that will not be reclassified to Profit or loss		62.28		401.41
ii) Items that will be reclassified to Profit or loss		(779.99)		(351.90)
Total Comprehensive Income/(Loss)for the Period		(254819.07)		(23547.03)

The Directors of the Reconstituted Board were not in office for the period to which these report/annexures primarily pertains. During the CIRP Process (i.e. between 11th April, 2018 and 12th March, 2021), Resolution Professional (RP) was entrusted with and responsible for the management of the affairs of the Company. The Reconstituted Board is submitting these reports/annexures in compliance with the Act and other Regulations and the Directors, as on date, are not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the acquisition.

BUSINESS:

The Company is in the business of textiles with production facilities located at different parts of India.

State of Company's affairs:

During the year under review, your company has achieved Revenue from Operations of Rs. **29104.29** lacs as compared to Rs. 45910.97 lacs in the previous year. After deducting Expenses and Exceptional Items there was Loss of Rs. 254101.36 lacs as compared to Loss of Rs. 23596.54 lacs during the previous year.

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("**NCLT**") by State Bank of India against SEL Manufacturing Company Limited ("**Corporate Debtor**"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("**Code**"), the NCLT vide its order ("**Admission Order**") dated April 11, 2018 ("**Insolvency Commencement Date**") had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor. Subsequently, the NCLT *vide* its order dated April 25, 2018 ("**IRP Order**") appointed Mr. **Navneet Kumar Gupta,** as the interim resolution professional of the Corporate Debtor ("**IRP**").

Subsequently, on a writ petition filed by the Corporate Debtor and the managing director of the Corporate Debtor against the Admission Order, the Hon'ble High Court of Punjab and Haryana ("**High Court**") *vide* its order dated May 01, 2018, while disallowing the writ petition, kept the CIRP of the Corporate Debtor in abeyance and ordered that the IRP not take over the management of the Corporate Debtor till May 15, 2018 ("**First Abeyance Order**"). Pursuant to the First Abeyance Order, the existing management of the Corporate Debtor continued to manage the affairs of the Corporate Debtor during the period of abeyance. Against the First Abeyance Order, a special leave petition was filed before the Hon'ble Supreme Court, which, while dismissing the said special leave petition, *vide* its order dated May 12, 2018, extended the abeyance of the CIRP by another week, during which period the existing management retained control over the management of the Corporate Debtor. Accordingly, upon the lapse of the period of abeyance, as stipulated by the Hon'ble Supreme Court, the CIRP of the Corporate Debtor resumed on May 21, 2018 and Mr. Navneet Kumar Gupta, resumed his position and duties as the IRP on the same date. Thereafter, in accordance with the provisions of the Code, the first meeting of the committee of creditors of the Corporate Debtor was held on June 15, 2018 wherein *inter alia* the IRP was confirmed as the resolution professional of the Corporate Debtor ("**Resolution Professional**").

Subsequently, a petition was filed by one of the promoters and directors of the Corporate Debtor, before the High Court ("**Petition**") wherein the High Court, *vide* its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance ("**Second Abeyance Order**") and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court *vide* its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("**Withdrawal Order**"). A copy of the Withdrawal Order was published on September 11, 2019 ("**Publication Date**"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position as such.

As such on and from the Publication Date, the Resolution Professional had again assumed control over the management of the affairs of the Corporate Debtor and the powers of the board of directors of the Corporate Debtor.

As narrated above, the Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

Further the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 10, 2021 approved the Resolution plan submitted by Consortium of Arr Ess Industries Private Limited and Leading Edge Commercial FZE ("**Consortium**" or "**Resolution Applicant**") in respect of SEL Manufacturing Company Limited ("**Company**") and the Monitoring Committee ("**MC**") of the Company (constituted in terms of the Resolution Plan) in its meeting held on March 13, 2021 duly appointed the nominees of the Resolution Applicant as Directors of the Company and approved the reconstitution of the Board of Directors of the Company ("**Reconstituted Board**"). The Reconstituted Board has just been formed on March 13, 2021 and is in process to regularise all the issues at the earliest.

SUBSIDIARY COMPANY/FIRM(S):

As at 31.03.2020, the Company had the following Subsidiary Company(ies) namely SEL Aviation Pvt. Ltd., SEL Textiles Ltd., Silverline Corporation Ltd., and also a subsidiary firm namely M/s SE Exports.

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

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

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

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

Consolidated Financial Statements:

The Consolidated Financial Statements of the Company and its subsidiaries, prepared and presented in accordance with Accounting Standard, are attached to and form part of the Annual Report.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report

DIVIDEND:

No dividend has been recommended for the Financial year 2019-20.

SHARES WITH DIFFERENTIAL RIGHTS, EMPLOYEE STOCK OPTION, SWEAT EUITY SHARES:

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

FIXED DEPOSITS:

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

SECRETARIAL STANDARDS:

The Company has complied with applicable secretarial Standards.

DIRECTORS & KMP:

As narrated before, the Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

Mr. Ashwani Kumar resigned from Directorship w.e.f. 17.08.2019 and Mrs. Paramjit Kaur also resigned from Directorship w.e.f. 07.11.2019 and Mr. Joginder Kumar Gupta ceased to be Director of the Company w.e.f. 15.07.2019 respectively.

LISTING WITH EXCHANGES AND LISTING FEES:

The Equity Shares of the Company are presently listed with Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd. (NSE). Further the Company has paid listing fees to both the exchanges (i.e. BSE and NSE) upto financial year 2021-22.

AUDITORS:

M/s Malhotra Manik & Associates, Chartered Accountants, (Firm Registration No. 015848N) were appointed as Auditors of the Company for a term of five years.

AUDITORS' REPORT:

A) With reference to the Auditors remarks regarding non provision of interest on NPA classified bank borrowings, it was stated that 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. 57,777 lakhs for the year ended 31st March, 2020 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2020. Due to non provision of the interest expense, net loss for the year ended 31st March, 2020 is reduced by Rs. 57,777 lakhs. Further the Financial Liability is reduced by Rs. 201,240 lakhs and correspondingly the equity is increased by the same amount.

B) With reference to remark on Impairment testing valuation repots, it was stated that the Corporate Insolvency Resolution Process has been initiated under *"Insolvency and Bankruptcy Code, 2016"*. In view of this, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency

Commencement Date. However, the said valuation Reports are not shared to any person/authority considering the confidentiality of the same.

Further the report of Auditors and notes on accounts are self explanatory and there are no further adverse remarks/qualified opinion by the Auditors.

COST AUDITORS:

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and get them audited every year and accordingly such accounts and records are made and maintained. The Board appointed M/s. Jatin Sharma & Co., Cost Accountants, as cost auditors of the Company for the financial year 2020-21 at a fee of INR 77,000 plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing annual general meeting. The cost audit report for the financial year ended March 31, 2020 has been filed with the Central Government.

Number of Board Meetings held during the year:

The Board met 5 times during the financial year 2019-20 till the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position, the details of which are given in corporate governance section.

Annual Evaluation of the performance of the Board, its Committees and of Individual Directors:

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

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

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

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

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

POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

LOANS, GUARANTEES AND INVESTMENTS BY THE COMPANY

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

MATERIAL AND SIGNIFICANT ORDERS PASSED BY REGULATORS & COURTS

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("**NCLT**") by State Bank of India against SEL Manufacturing Company Limited ("**Corporate Debtor**"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("**Code**"), the NCLT vide its order ("**Admission Order**") dated April 11, 2018 ("**Insolvency Commencement Date**") had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor. Subsequently, the NCLT *vide* its order dated April 25, 2018 ("**IRP Order**") appointed Mr. **Navneet Kumar Gupta,** as the interim resolution professional of the Corporate Debtor ("**IRP**").

Subsequently, on a writ petition filed by the Corporate Debtor and the managing director of the Corporate Debtor against the Admission Order, the Hon'ble High Court of Punjab and Haryana ("**High Court**") *vide* its order dated May 01, 2018, while disallowing the writ petition, kept the CIRP of the Corporate Debtor in abeyance and ordered that the IRP not take over the management of the Corporate Debtor till May 15, 2018 ("**First Abeyance Order**"). Pursuant to the First Abeyance Order, the existing management of the Corporate Debtor continued to manage the affairs of the Corporate Debtor during the period of abeyance. Against the First Abeyance Order, a special leave petition was filed before the Hon'ble Supreme Court, which, while dismissing the said special leave petition, *vide* its order dated May 12, 2018, extended the abeyance of the CIRP by another week, during which period the existing management retained control over the management of the Corporate Debtor. Accordingly, upon the lapse of the period of abeyance, as stipulated by the Hon'ble Supreme Court, the CIRP of the Corporate Debtor resumed on May 21, 2018 and Mr. Navneet Kumar Gupta, resumed his position and duties as the IRP on the same date. Thereafter, in accordance with the provisions of the Code, the first meeting of the committee of creditors of the Corporate Debtor was held on June 15, 2018 wherein *inter alia* the IRP was confirmed as the resolution professional of the Corporate Debtor ("**Resolution Professional**").

Subsequently, a petition was filed by one of the promoters and directors of the Corporate Debtor, before the High Court ("**Petition**") wherein the High Court, *vide* its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance ("**Second Abeyance Order**") and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court *vide* its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("**Withdrawal Order**"). A copy of the Withdrawal Order was published on September 11, 2019 ("**Publication Date**"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position as such.

As such on and from the Publication Date, the Resolution Professional had again assumed control over the management of the affairs of the Corporate Debtor and the powers of the board of directors of the Corporate Debtor.

Further the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 10, 2021 approved the Resolution plan submitted by Consortium of Arr Ess Industries Private Limited and Leading Edge Commercial FZE ("**Consortium**" or "**Resolution Applicant**") in respect of SEL Manufacturing Company Limited ("**Company**") and the Monitoring Committee ("**MC**") of the Company (constituted in terms of the Resolution Plan) in its meeting held on March 13, 2021 duly appointed the nominees of the Resolution Applicant as Directors of the Company and approved the reconstitution of the Board of Directors of the Company ("**Reconstituted Board**").

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

MATERIAL CHANGES & COMMITMENTS

Apart from the Orders of NCLT and other Court(s) Orders and State of Company's Affairs as stated earlier, no material changes and commitments, affecting the financial position of the Company have occurred after the end of the financial year 2019-20 and till the date of this report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

Your Company has always believed in providing a safe and harassment free workplace for every individual working in SEL through various interventions and practices. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company believes in prevention of harassment of employees as well as contractors. During the year ended 31 March, 2020, no complaints pertaining to sexual harassment were received.

RELEVANT EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under the provisions of the Companies Act, 2013, forms an integral part of Board Report. Form MGT-9 is available on the website of the Company and can be accessed at *www.selindia.in/policy.html*

SECRETARIAL AUDIT

The report of the Secretarial Audit is annexed to this report as Annexure V.

With reference to Secretarial Auditors comments regarding not having alteast Half of the Board of Independent Directors as per the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as per SEBI (LODR) Third Amendment Regulations, 2018 the provisions as specified in Regulation 17 etc. of the SEBI(LODR) Regulations, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code.

With reference to other comments regarding Non-submission of Financial Results in time under Regulation 33 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter/half year ended 30.09.2019, and for the quarter/nine months period ended 31.12.2019, the Company was under CIRP process during that period and the Exchanges were informed in respect of interalia the insolvency commencement date, the appointment of the RP etc.

Further the “Secretarial Auditors” report is self explanatory and therefore does not require further comments and explanation.

RELATED PARTY TRANSACTIONS

The Board has adopted a policy to regulate the transactions of the Company with its related parties. As per policy, all related party transactions require approval as per the provisions of the Companies Act, 2013 and SEBI(LODR) Regulations. The said policy is available on the Company’s website viz. *www.selindia.in/policy.html*

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

VIGIL MECHANISM

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

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

FAMILIARISATION PROGRAM FOR DIRECTORS

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

CHANGES IN CAPITAL STRUCTURE

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

AUDIT COMMITTEE:

For the year 2019-20, till the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position, the Board had constituted its Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of the Company comprised of the following members namely Mr. Ashwani Kumar, Mr. Ranjan Madaan, Mrs. Paramjit Kaur and Mr. Navneet Gupta. Sh. Ashwani Kumar was the chairman of the said committee.

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

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

PARTICULARS OF EMPLOYEES:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors approving the financial statements assured that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 2013.

The Directors approving the financial statements confirmed that:

- In the preparation of the annual accounts/financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit/loss of the Company for the year ended on 31st March, 2020;

- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- The annual accounts/financial statements have been prepared on a going concern basis.

- That Internal financial controls were laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- Proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

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

ACKNOWLEDGEMENTS:

Your Directors express their gratitude to the Company's vendors, customers, Banks, Financial Institutions, Shareholders & society at large for their understanding and support. Finally, your Directors acknowledge the dedicated services rendered by all employees of the company.

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

PLACE : LUDHIANA	**(NAVEEN ARORA)**	**(RAJEEV BHALLA)**
DATED : 31.03.2022	**WHOLE TIME DIRECTOR**	**MANAGING DIRECTOR**
	DIN:09114375	**DIN:** 00551773

ANNEXURE-I TO THE DIRECTORS' REPORT

A. Conservation of energy

i) Steps taken or Impact on conservation of energy:

The company provides high priority to energy conservation schemes to conserve natural resources and is regularly taking effective steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. Energy Conservation is an ongoing process in the Company. The Company continued its efforts to improve energy usage efficiencies.

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

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

iii) Capital Investment on energy conservation equipments etc.:

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

	2019-20	2018-19
(a) Captive Power Plant (CPP Turbine)	**2019-20**	**2018-19**
Units (Lacs)	**562.05**	**715.62**
Husk per Unit (Kg)	**1.69**	**1.69**
Cost/Unit (Rs.)	**6.03**	**6.22**

B. RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION

Specific areas in which R & D activities/Technology Abrorption were carried out by the company

- **Quality Improvement**
- **Yield/Productivity Improvement**
- **Energy Conservation**
- **New Technology/Product development**

Benefits Derived

- **Better Quality; reduced wastages**
- **Cleaner environment**
- **Safer operations and improved competitiveness**

Future Plan of Action

Management is committed to strengthen R & D activities for product development and to improve its competitiveness in the times to come.

Expenditure on R & D

(Rs. In Lacs)

a) Capital : --
b) Recurring : --
Total : --

Technology Absorption

The Company has not imported any technology from abroad during the last five years. However the company has been using the imported machinery. The Company has been making efforts for absorption of latest technology.

Benefits Derived

The Company has achieved improvement in quality and lower cost of production.

C. FOREIGN EXCHANGE EARNINGS & OUTGO, EFFORTS AND INITIATIVES IN RELATION TO EXPORTS:

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. There have been concentrated efforts to maintain and improve exports performance and to meet the need of end users.

(Rs. in Lacs)

		2019-20	2018-19
(i)	Foreign Exchange earned		
	(a) FOB value of exports as per Balance Sheet	4529.72	20221.18
	(b) Overseas Income	--	--
(ii)	Foreign Exchange used		
	(a) CIF value of Imports	104.16	372.22
	(b) Other Expenditure	153.97	599.98
	(c)Overseas Expenditures	--	--

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

PLACE : LUDHIANA
DATED : 31.03.2022

(NAVEEN ARORA)
WHOLE TIME DIRECTOR
DIN:09114375

(RAJEEV BHALLA)
MANAGING DIRECTOR
DIN: 00551773

ANNEXURE-II TO THE DIRECTORS' REPORT

Information pursuant to provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Directors' Report for the year ended 31st March, 2020:

Name	Age (Yrs.)	Designation	Gross Remn. (Rs.)	Qualification	Experience (Yrs.)	Dt. Of joining	Previous Employment	%age of Eq. Shares held as on 31.03.2019
Mr. Neeraj Saluja	53	Managing Director & COO	40,00,000	Diploma in business Administra-ton	28 Yrs	30.03.2006	SEL Mfg. Co. Ltd.	(2.98%)
Mr. Dhiraj Saluja	48	Jt. Managing Director & CMO	24,00,000	Degree in Mechanical Engineeri-ng	24 Yrs	28.05.2007	SEL Mfg. Co. Ltd.	(2.53%)
Mr. Vinod Kumar Goyal	61	Executive Director & CEO	42,00,000	MBA	39 Yrs	13.07.2010	Vardhman Texgarments Ltd./ Vardhman Textiles Ltd.	(0.00%)
Mr. Navneet Gupta	50	Executive Director & CFO	20,00,000	CA	25 Yrs.	08-05-2008	SEL Mfg. Co. Ltd.	(0.00%)
Mr. Manuj Mehta	51	President (HR)	5120004	MBA	29 Yrs.	22-11-2010	Malwa Industries Ltd.	(0.00%)
Mr. Jayanta Kumar Das	56	President (Operations)	4464000	B.Tech. in Textile tech.	33 Yrs.	08-04-2013	Vallabh Textile Co. Ltd. Ldh.	(0.00%)
Mr. Anchal Kumar	53	President (Commercial)	3480000	B.Tech. in Textile tech.	31 Yrs.	30-08-2010	Vardhman Textiles Ltd	(0.00%)
Mr. Rajesh Singla	55	President (Raw material)	4224000	MBA	31 Yrs.	29-11-2010	Vardhman Textiles Ltd.	(0.00%)
Mr. Raman Kumar	45	Asstt. Vice President (Marketing)	3300000	Diploma in FD	23 Yrs.	04-11-2008	Vanasthali Textile Ind.Ltd.	(0.00%)
Mr. Chhotu Ali	47	President (Marketing)	4104000	B.Tech	21	01-04-2008	Cheema Spintex	(0.00%)
Mr. Mukhwinder Pal Singh	53	Asstt. Vice President (Production)	2784000	Diploma in textiles	31	12-10-2007	Vardhman textiles Ltd.	(0.00%)
Mr.	48	President	2250000	Diploma in	25	28-11-2006	Aarti	(0.00%)

Deepak Chauhan		(HR)		Manageme nt			Internation al	
Mr. Sudhir Kumar Yadav	50	Sr. Manager	2376000	B. Tech in Textile Tech.	30	31-05-2010	Vardhman textiles Ltd.	(0.00%)

*Remuneration received includes basic salary, allowances, taxable value of perquisites etc..
*The nature of employment i.e. the tenure of Appointment for Managing Director/Executive Director is for a period of 3 years.
Other employees are on Roll of the Company.
*Mr. Neeraj Saluja and Mr. Dhiraj Saluja are sons of Mr. Ram Saran Saluja, all were on the Board of the Company.
None of other Director/employees are related to any director which were on the Board of the Company.

Nature of Duties:

Employees are incharge of their respective departments as narrated above.

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

PLACE : LUDHIANA
DATED : 31.03.2022

(NAVEEN ARORA)
WHOLE TIME DIRECTOR
DIN:09114375

(RAJEEV BHALLA)
MANAGING DIRECTOR
DIN: 00551773

MANAGERIAL REMUNERATION

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

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

NAME	DESIGNATION	RATIO TO MEDIAN REMUNERATION OF EMPLOYEES
Mr. Ram Saran Saluja	Director	0
Mr. Neeraj Saluja	Managing Director & COO	23.89
Mr. Dhiraj Saluja	Jt. Managing Director & CMO	14.33
Mr. Vinod Kumar Goyal	Executive Director & CEO	25.09
Mr. Navneet Gupta	Executive Director & CFO	11.95
Mr. Ashwani Kumar	Independent Director	0.17
Mr. Ranjan Madaan	Independent Director	0.39
Ms. Paramjit Kaur	Independent Director	0.33

*computed based on annualized remuneration.

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

During the financial year 2019-20 there has not been any increase in the Remuneration to Managing Director/whole time Directors of the Company. The company has not paid any profit linked commission to non-executive Independent Directors of the Company. During the year, there has also been no further increase in remuneration during the year for Chief Financial Officer and Chief Executive Officer and Company Secretary of the Company.

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

7.00%

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

6604

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

The average increase in the remuneration of employees was 7.00%. During the financial year 2019-20, there has not been any increase in the Remuneration to Managing Director/whole time Directors of the Company. The company has not paid any profit linked commission to non-executive independent Directors of the Company. Further during the year, there has also been no further increase in remuneration during the year for Chief Financial Officer, Chief Executive Officer, Company Secretary of the Company. Accordingly, there is no comparative information in this regard.

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

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

PLACE : LUDHIANA
DATED : 31.03.2022

(NAVEEN ARORA)
WHOLE TIME DIRECTOR
DIN: 09114375

(RAJEEV BHALLA)
MANAGING DIRECTOR
DIN: 00551773

ANNEXURE-III TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

. The CSR policy of the Company is also placed on the website of the Company viz. *www.selindia.in/policy.html*

2. Composition of CSR Committee

Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT. Earlier the Corporate Social Responsibility Committee consists of Sh. Ranjan Madaan (Chairman), Smt. Paramjit Kaur and Sh. Ram Saran Saluja.

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

N.A since losses were incurred.

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

N.A.

5. Details of CSR spent during the financial year :

a. Total amount to be spent for the financial year; N.A.

b. Amount unspent, if any; N.A

c. Manner in which the amount spent during the financial year N.A.

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

N.A.

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

N.A.

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

--N.A--

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

PLACE : LUDHIANA	**(NAVEEN ARORA)**	**(RAJEEV BHALLA)**
DATED : 31.03.2022	**WHOLE TIME DIRECTOR**	**MANAGING DIRECTOR**
	DIN: 09114375	**DIN:** 00551773

ANNEXURE-IV TO THE DIRECTORS' REPORT

FORM NO. AOC -2

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

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

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

   --NONE--

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

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

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

PLACE : LUDHIANA	**(NAVEEN ARORA)**	**(RAJEEV BHALLA)**
DATED : 31.03.2022	**WHOLE TIME DIRECTOR**	**MANAGING DIRECTOR**
	DIN:09114375	**DIN:** 00551773

Annexure-V

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

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

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

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

Based on our verification of the SEL Manufacturing Company Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by SEL Manufacturing Company Limited, for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent they were applicable to the Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client:
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

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

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc., to the extent applicable, as mentioned above subject to the following observations/non-compliance:

A1) As per clause 17(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company does not consist to have alteast Half of the Board of Independent Directors as per the requirement under said clause of the Listing Regulations.

A2) Non-submission of Financial Results in time under Regulation 33 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 for quarter/half year ended 30.09.2019, and for the quarter/nine months period ended 31.12.2019.

We further state that:

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("**NCLT**") by State Bank of India against SEL Manufacturing Company Limited ("**Corporate Debtor**"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("**Code**"), the NCLT vide its order ("**Admission Order**") dated April 11, 2018 ("**Insolvency Commencement Date**") had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor. Subsequently, the NCLT *vide* its order dated April 25, 2018 ("**IRP Order**") appointed Mr. **Navneet Kumar Gupta** (Regn No: IBBI/IPA-001/IP-P00001/2016-17/10009) as the Interim resolution professional of the Corporate Debtor ("**IRP**") who was later confirmed as Resolution Professional of the Company.

Subsequently, a petition was filed by one of the promoters and directors of the Corporate Debtor, before the High Court ("**Petition**") wherein the High Court, *vide* its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court *vide* its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("**Withdrawal Order**"). A copy of the Withdrawal Order was published on September 11, 2019 ("**Publication Date**"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stood restored and the Resolution Professional has resumed its position.

During the period under review Board Meetings were held till the corporate insolvency resolution process of the Corporate Debtor stood restored. After restoration of the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, the powers of Board of Directors of the Company stood suspended and the said powers were exercised by the Resolution Professional. As a result thereof, Committee of Creditors held its meetings from time to time during the period under review.

We further report that till the restoration of the corporate insolvency resolution process as stated aforesaid, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors under the Act, subject to our observations/non-compliances as mentioned at Para A(1) above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We may further state here that as provided under Sub-Regulation 2A and 2B in Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions as specified in Regulation 17,18,19,20 and 21 of the SEBI (LODR) Regulations, shall not be applicable during the

insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code.

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

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

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

For P. Sharma & Co.,
Company Secretaries

Pawan Sharma
ACS No.: 15148
C P No.: 12316

Place: Bhatinda
Date: 13.02.2021

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

ANNEXURE A

To,
The Members,
SEL Manufacturing Company Limited

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

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

For P. Sharma & Co.,
Company Secretaries

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

Place: Bhatinda
Date: 13.02.2021

Annexure-VI: Remuneration Policy

1. Policy

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

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

While formulating this policy, the factors laid down under Section 178(4) of the Act have been considered, which are as under:

“(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals”

Key principles governing this remuneration policy are as follows:

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

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

attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organised by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

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

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

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

In terms of remuneration mix or composition:

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

CORPORATE GOVERNANCE REPORT

The company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("**NCLT**") by State Bank of India against SEL Manufacturing Company Limited ("**Corporate Debtor**"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("**Code**"), the NCLT vide its order ("**Admission Order**") dated April 11, 2018 ("**Insolvency Commencement Date**") had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor. Subsequently, the NCLT *vide* its order dated April 25, 2018 ("**IRP Order**") appointed Mr. **Navneet Kumar Gupta,** as the interim resolution professional of the Corporate Debtor ("**IRP**").

Subsequently, on a writ petition filed by the Corporate Debtor and the managing director of the Corporate Debtor against the Admission Order, the Hon'ble High Court of Punjab and Haryana ("**High Court**") *vide* its order dated May 01, 2018, while disallowing the writ petition, kept the CIRP of the Corporate Debtor in abeyance and ordered that the IRP not take over the management of the Corporate Debtor till May 15, 2018 ("**First Abeyance Order**"). Pursuant to the First Abeyance Order, the existing management of the Corporate Debtor continued to manage the affairs of the Corporate Debtor during the period of abeyance. Against the First Abeyance Order, a special leave petition was filed before the Hon'ble Supreme Court, which, while dismissing the said special leave petition, *vide* its order dated May 12, 2018, extended the abeyance of the CIRP by another week, during which period the existing management retained control over the management of the Corporate Debtor. Accordingly, upon the lapse of the period of abeyance, as stipulated by the Hon'ble Supreme Court, the CIRP of the Corporate Debtor resumed on May 21, 2018 and Mr. Navneet Kumar Gupta, resumed his position and duties as the IRP on the same date. Thereafter, in accordance with the provisions of the Code, the first meeting of the committee of creditors of the Corporate Debtor was held on June 15, 2018 wherein *inter alia* the IRP was confirmed as the resolution professional of the Corporate Debtor ("**Resolution Professional**").

Subsequently, a petition was filed by one of the promoters and directors of the Corporate Debtor, before the High Court ("**Petition**") wherein the High Court, *vide* its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance ("**Second Abeyance Order**") and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("**Transferred Case**"). The Hon'ble Supreme Court *vide* its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("**Withdrawal Order**"). A copy of the Withdrawal Order was published on September 11, 2019 ("**Publication Date**"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position as such.

As such on and from the Publication Date, the Resolution Professional had again assumed control over the management of the affairs of the Corporate Debtor and the powers of the board of directors of the Corporate Debtor.

As narrated above, the Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

Further the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 10, 2021 approved the Resolution plan submitted by Consortium of Arr Ess Industries Private Limited and Leading Edge Commercial FZE ("**Consortium**" or "**Resolution Applicant**") in respect of SEL Manufacturing Company Limited ("**Company**") and the Monitoring Committee ("**MC**") of the Company (constituted in terms of the Resolution Plan) in its meeting held on March 13, 2021 duly appointed the nominees of the Resolution Applicant as Directors of the Company and approved the reconstitution of the Board of Directors of the Company ("**Reconstituted Board**"). The Reconstituted Board has just been formed on March 13, 2021 and is in process to regularise all the issues at the earliest.

2. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance philosophy stems from our belief that corporate governance is an integral element in improving efficiency and growth as well as enhancing investor confidence.

2(A) Code of Business Conduct and Ethics for Directors and Senior Management:

A declaration signed by the CEO is given below:

I hereby confirm that:
The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2019-20.

Vinod Kumar Goyal
CEO

2(B) Whistle Blower Mechanism/Vigilance Mechanism:

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

3. BOARD OF DIRECTORS:

(a) Board Meetings

The Board met 5 times during the financial year 2019-20 till the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position. These meetings were held on 23.04.2019, 23.05.2019, 03.07.2019, 17.07.2019 and 05.09.2019 respectively.

(b) Composition

The details of the Board composition, attendance of Directors at Board Meetings held during 2019-20 and their other memberships are given below:

S. No	Name	Designation	Category	No. of Board Meet-ings Atte-nded	Atte-dance at Last AGM	Total Number of Directorships in other Public Ltd. Companies*		No. of Committee Positions in Public Ltd. Companies**		Directorship in other listed entity (Category of Directorship)
						Chairman	Member	Chairman	Member	
1	Ram Saran Saluja	Chairman	Promoter	05	Yes	1	2	--	2	--
2	Neeraj Saluja	Managing Director	Promoter	04	Yes	1	3	1	1	--
3	Dhiraj Saluja	Jt. Managing Director	Promoter	--	No	--	3	--	--	--
4	Ashwani Kumar	Director	Independent	01	N.A	--	3	3	--	1.Prime Industries Ltd. (Independent, Non-executive) 2.Master Trust Ltd. (Independent, Non-executive)
5	Navneet Gupta	Executive Director & CFO	Executive	05	Yes	--	3	1	2	--
6	Ranjan Madaan	Director	Independent	05	Yes	--	--	1	1	--
7	Vinod Kumar Goyal	Executive Director & CEO	Executive	05	Yes	--	--	--	--	--
8	Paramjit Kaur	Director	Independent	04	Yes	--	1	--	2	--

Notes:

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

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

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

Mr. Ashwani Kumar resigned from Directorship w.e.f. 17.08.2019 and Mrs. Paramjit Kaur also resigned from Directorship w.e.f. 07.11.2019 and Mr. Joginder Kumar Gupta ceased to be Director of the Company w.e.f. 15.07.2019 respectively.

The holding(s) of Non-Executive directors in the Company as on 31.03.2020 is given as under:

Name of the Director	No. of Equity shares held (face value of Rs.10/- each)
Mr. Ram Saran Saluja	4621505
Mr. Ranjan Madaan	--

Skills/expertise/competencies fundamental for the effective functioning of the Company in the context of its business and sector:

Global Business	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Financial	Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes.
Leadership	Extended leadership experience for a significant enterprise, resultling in a practical understanding of organizations, processes, strategic planning, and driving change and long-term growth.

The Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, and are independent of the management of the Company.

(c) Information of Directors including those being Appointed/Re-appointed

The Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of

CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT.

(d) Audit Committee

For the year 2019-20, the Audit Committee of the Company comprised of the following members namely Mr. Ashwani Kumar (Chairman), Mr. Ranjan Madaan, Mrs. Paramjit Kaur and Mr. Navneet Gupta. Mr. Ashwani Kumar, Mrs. Paramjit Kaur and Mr. Ranjan Madaan were non-executive Independent Directors of the Company.

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

During the F.Y. 2019-20 till the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position, the Audit Committee met on 23.04.2019, 23.05.2019, 16.07.2019 and 05.09.2019 respectively.

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

Name of Member	No of meetings attended
Sh. Ashwani Kumar	1
Sh. Ranjan Madaan	4
Smt. Paramjit Kaur	4
Sh. Navneet Gupta	4

(e) Nomination & Remuneration Committee

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

For the year 2019-20, the Nomination and Remuneration Committee comprised of three members namely Mr. Ranjan Madaan, Mr. Ashwani Kumar and Mrs. Paramjit Kaur. Sh. Ranjan Madaan was the chairman of the said committee.

All these members were non-executive Independent Directors of the Company. During the F.Y. 2019-20 till the CIRP of the Corporate Debtor stood restored and the Resolution Professional had resumed his position, the Nomination and Remuneration Committee met on 22.04.2019 respectively.

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

Name of Member	No of meetings attended
Sh. Ranjan Madaan	1
Sh. Ashwani Kumar	1
Smt. Paramjit Kaur	1

The Remuneration Committee constituted to recommend/review the remuneration package of the Managing/Whole time/Executive Directors, based on performance.

The remuneration policy is directed towards rewarding performance, based on review of achievements. The remuneration policy is in consonance with the existing Industry practice. Evaluation criteria for Independent Directors: The candidature of an independent Director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013, listing agreement and other applicable regulations or guidelines. In case of re-appointment of Independent Directors, the Board shall take into consideration the results of the performance evaluation of the Directors and their engagement level.

4. DIRECTORS' ETC. REMUNERATION:

The Company pays remuneration to the Managing Director, Whole time Director/Executive Director as approved by the members of the Company in the General Body Meeting and as recommended by the Nomination and Remuneration Committee of the Board. The details of remuneration paid to them during the Financial year 2019-20 are given below:

NAME	DESIGNATION	GROSS SALARY (Rs. in Lacs)
Sh. Neeraj Saluja	Managing Director & COO	40.00
Sh. Dhiraj Saluja	Jt. Managing Director & CMO	24.00
Sh. Navneet Gupta	Executive Director & CFO	20.00
Sh. Vinod Kumar Goyal	Executive Director & CEO	42.00

The tenure of appointments of the Managing Director, Jt. Mg. Director, Whole time Director/Executive Director were for a period of 3 years each respectively with no severance fees.

The Company does not have a Scheme for grant of Stock Options to the Managing Director/Executive Director(s) or Employees of the company.

Non-executive Directors have not been paid any other remuneration except Sitting fees for attending meeting(s) during the Financial Year 2019-20. The criteria for payment of remuneration is time spent by the Non-Executive Directors at the Board/Committee meetings and advice given be these directors to the Management.

There were no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Non-Executive Directors.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

For the year 2019-20, the Stakeholders Relationship Committee of the Company comprised of the following members namely Mr. Ranjan Madaan, Mr. Ram Saran Saluja and Mrs. Paramjit Kaur. Sh. Ranjan Madaan was the chairman of the said committee.

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

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

During the F.Y. 2019-20, Six Investor complaints were received and resolved. Further, there was no pendency in respect of shares received for transfers/dematerialization.

6. GENERAL BODY MEETINGS:

The details of last three Annual General Meetings (AGM) are as follows:

MEETING	**DAY, DATE & TIME OF MEETING**	**VENUE**	**NO. OF SPECIAL RESOLUTIONS**
19th AGM	Thursday, 26.09.2019 09.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	FOUR
18th AGM	Thursday, 27.09.2018 09.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	THREE
17th AGM	Wednesday, 27.09.2017 09.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	FOUR

No Extra-ordinary General Meeting of the Company was held during the F.Y. 2019-20.

The Company did not pass any resolution through postal ballot during the financial year 2019-20 and further the Company do not propose to pass any resolution through postal ballot in the ensuing Annual General Meeting.

CERTIFICATE FOR DIRECTORS DISQUALIFICATION:

As the Company was undergoing Corporate Insolvency Resolution Process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. Upon re-initiation of CIRP, the management of the Company was handed over from the existing board of directors to the resolution professional appointed by the Hon'ble NCLT. Hence such certificate is not applicable.

DETAILS OF TOTAL FEES PAID TO STATUTORY AUDITORS:

M/s Malhotra Manik & Associates, Chartered Accountants, (Firm Registration No. 015848N) been appointed as the Statutory Auditors of the Company. The particulars of payment of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

	Amount (Rs. In Lakhs)
Audit Fees (including audit and audit related services)	**3.73**
Reimbursement of Expenses	**0.17**
TOTAL	**3.90**

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working in SEL through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company believes in prevention of harassment of employees as well as contractors. During the year ended 31 March, 2020, no complaints pertaining to sexual harassment were received.

VIGIL MECHANISM

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

7. DISCLOSURES:

During the period under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the company at large.

Further with reference to not having alteast Half of the Board of Independent Directors as per the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as per SEBI (LODR) Third Amendment Regulations, 2018 the provisions as specified in Regulation 17 etc. of the SEBI(LODR) Regulations, shall not be applicable during the

insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code.

With reference to Non-submission of Financial Results in time under Regulation 33 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter/half year ended 30.09.2019, and for the quarter/nine months period ended 31.12.2019, the Company was under CIRP process during that period and the Exchanges were informed in respect of interalia the insolvency commencement date, the appointment of the RP etc.

Apart from the above, there has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

RELATED PARTY TRANSACTIONS

There is a policy to regulate the transactions of the Company with its related parties. As per policy, all related party transactions require approval as per the provisions of the Companies Act, 2013 and listing Agreement entered into with Stock Exchanges/SEBI (LODR) Regulations. The said policy is available on the Company's website viz. *www.selindia.in/policy.html*

Further the Company has also formulated a policy for determining 'material' subsidiaries. The said policy is available on the Company's website viz. *www.selindia.in/policy.html.*

Convertible Warrants and GDR Issue:

The Company on 01.06.2012 had issued 220,000,000 Equity shares of the Company of the face value of Rs.10/ each consequent to the Global Depository Receipts (GDR) issue of the Company. As on 31.03.2020, 4,96,00,000 shares of the face value of Rs.10/- each per share were outstanding, representing the shares underlying GDRs which were issued during 2012-13.

Commodity price risk:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is Nil and is not required to be given.

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

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

Further with reference to not having alteast Half of the Board of Independent Directors as per the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as per SEBI (LODR) Third Amendment Regulations, 2018 the provisions as specified in Regulation 17 etc. of the SEBI(LODR) Regulations, shall not be applicable during the

insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code.

With reference to Non-submission of Financial Results in time under Regulation 33 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter/half year ended 30.09.2019, and for the quarter/nine months period ended 31.12.2019, the Company was under CIRP process during that period and the Exchanges were informed in respect of interalia the insolvency commencement date, the appointment of the RP etc.

8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Report, filings made with Stock Exchanges and by filing reports & returns with the Statutory bodies like the Registrar of Companies and Stock Exchanges. The Quarterly Financial Results are published in prominent daily newspapers like The Financial Express and Desh Sewak. The Financial Results etc. of the Company are also made available at the Company's website www.selindia.in.

9. GENERAL INFORMATION FOR SHAREHOLDERS:

i) 20th Annual General Meeting:

Date and Time	: Thursday, the 28th day of April, 2022 at 11.00 A.M. through Video Conferencing / Other Audio Visual Means

ii) Financial year 2020-21

First Quarterly Results	: April 2021
Second Quarterly Results	: April 2021
Third Quarterly Results	: April 2021
Fourth Quarterly Results/ Annual Results 2020-21	: June 2021

iii) Date of Book Closure	: April 22, 2022 to April 28, 2022 (both days inclusive)
(iv) Dividend Payment Date	: No dividend has been declared for the F.Y. 2019-20
(v) Listing	:The Equity Shares of the Company are Listed with: a) Bombay Stock Exchange Limited,

b) National Stock Exchange of India Limited

(vi) Stock code

NSE: SELMC
BSE: 532886
ISIN Number for NSDL/CDSL:
INE105I01020

(vii) Stock Market Data :

The highest and the lowest share prices are indicated below:

Month	BSE SENSEX		At Bombay Stock Exchange Limited (BSE) (in Rs.)	
	High	Low	Month's high quoted price	Month's low quoted price
April, 2019	39,487.45	38,460.25	1.30	0.95
May, 2019	40,124.96	36,956.10	1.13	0.92
June, 2019	40,312.07	38,870.96	1.04	0.77
July, 2019	40,032.41	37,128.26	0.95	0.62
August 2019	37,807.55	36,102.35	0.81	0.52
September 2019	39,441.12	35,987.80	0.73	0.50
October 2019	40,392.22	37,415.83	0.75	0.50
November 2019	41,163.79	40,014.23	0.96	0.49
December 2019	41,809.96	40,135.37	1.10	0.76
January 2020	42,273.87	40,476.55	0.85	0.67
February 2020	41,709.30	38,219.97	0.84	0.63
March 2020	39,083.17	25,638.90	0.72	0.41

(viii) Dematerialisation of Shares/ Registrar Transfer Agents & Share Transfer system:

The equity shares of the Company are available for dematerialization through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The International Securities Identification Number (ISIN) is ISIN-INE105I01020

The Company has appointed M/s Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Limited) having its office at Noble Heights, 1st Floor, Plot No. NH-2, C-1 BLOCK, LSC Near Savitri Market, Janakpuri, NEW DELHI -110058 as Registrar for depository services and share transfer work.

The dematerialized shares will be directly transferred to the beneficiaries through the depositories. The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates/option letters is completed within a period of 10-15 days if the documents are in order in all respects.

The Stakeholders Relationship Committee specifically looks into the redressal of Investors' complaints like transfer of equity shares and related matters.

(ix) Distribution of shareholding as on 31.03.2020

Share Holding	**Share Holders Number**	**% to total**	**Share Holding Number**	**% to total**
Up to 500	33856	61.4938	6123150	1.8480
501 to 1000	7445	13.5226	6351898	1.9170
1001 to 2000	5052	9.1761	8045542	2.4281
2001 to 3000	2201	3.9977	5777733	1.7437
3001 to 4000	1110	2.0161	4050622	1.2225
4001 to 5000	1219	2.2141	5865664	1.7702
5001 to 10000	2024	3.6763	15565704	4.6977
10001 and above	2149	3.9033	279566687	84.3728
TOTAL	55056	**100.0000**	**331347000**	**100.0000**
Physical Mode	**12**	**00.02**	**307801**	**00.09**
Electronic Mode	**55044**	**99.98**	**331039199**	**99.91**

(x) Share Holding Pattern as on 31.03.2020

Category	**Number of Shares**	**% to Total Shares**
Promoter and Promoter Group	52275198	15.78
Foreign Portfolio Investors	42178900	12.73
Bodies Corporate	15148962	04.57
Public (Individuals)	160971851	48.58
Others	11172089	03.37
Shares held against GDRs/ADRs	49600000	14.97
TOTAL	**331347000**	**100.00**

(xi) Details of Unclaimed shares* as on 31.03.2020 issued pursuant to Initial Public Offer (IPO):

S. No.	Particulars	Cases	No. of Shares
1.	Aggregate Number of Shareholders and the outstanding shares in the Suspense account at the beginning of the year i.e. 01.04.2019.	01	361
2.	Number of shareholders who approached for transfer of shares from suspense/escrow account during the year.	00	00
3.	Number of Shareholders to whom shares were transferred from suspense/escrow account during the year.	00	00
4.	Aggregate number of Shareholders and outstanding shares in the Suspense Account at the end of the year i.e. 31.03.2020.	01	361

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

(xii) Registrars and Transfer Agents

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Limited)
Noble Heights, 1st Floor,
Plot No. NH-2, C-1 BLOCK,
LSC Near Savitri Market,
Janakpuri, NEW DELHI -110058
Tel.: 011 41410592
Fax.: 011 41410591
E-mail: delhi@linkintime.co.in

(xiii) Investors Correspondence:

(a) Investor correspondence: All queries of investors regarding the Company's shares in physical/demat form, payment of dividend on shares, etc. may be sent to the following address:

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Limited)
Noble Heights, 1st Floor,
Plot No. NH-2, C-1 BLOCK,
LSC Near Savitri Market,
Janakpuri, NEW DELHI -110058
Tel.: 011 41410592
Fax.: 011 41410591
E-mail: delhi@linkintime.co.in

(b) For securities held in Demat form

To the Depository Participant

(c) Any query on Annual Report

Secretarial Department
SEL Manufacturing Company Ltd.,
274, Dhandari Khurd, G.T. Road,
Ludhiana (Pb.) 141014

e-mail ID of the grievance redressel division : rahul@selindia.in
website: www.selindia.in

(xiv) Major Plant locations of the Company:

(a) Vill: Lal Kalan, Teh: Samrala
Ludhiana-Chandigarh Road, Near Neelon Canal Bridge, Ludhiana
(b) Vill. Shekhan Majara, Machiwara Rahon Road, Teh. & Distt. Nawanshehar (Pb.)
(c) Vill. Mehatwara, Teh. Ashta, Dist. Sehore, Madhya Pradesh

(xv) Unclaimed Dividends

There is no amount lying pending with the company till date which needed to be transferred to the Investor education and Protection fund administered by the Central Government.

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

(xvi) CEO/CFO Certification

As required by sub clause 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO have certified about compliance by the company with the requirements of the said sub clause for the financial year ended 31st March, 2020.

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SEL Manufacturing Company Ltd.,

This certificate is issued in accordance with the terms of our engagement.

We have examined the compliance of conditions of Corporate Governance by SEL Manufacturing Company Ltd., for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility
The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility
Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion
Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations.

Other Matter:

Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench by State Bank of India against SEL Manufacturing Company Limited ("Corporate Debtor"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time, the NCLT vide its order dated April 11, 2018 had admitted the application for the initiation of the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor i.e. SEL Manufacturing Company Ltd.. Subsequently, the NCLT vide its order dated April 25, 2018 appointed Mr. Navneet Kumar Gupta, as the interim resolution professional of the Corporate Debtor.

As narrated above, the Company was undergoing Corporate Insolvency Resolution Process ("CIRP") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016. During the CIRP Process, the powers of the Board stood suspended and the Resolution Professional (RP) was entrusted with and responsible for the management of the affairs of the Company,

We may further state here that, the provisions as specified in Regulation 17, 18, 19, 20 and 21 of the SEBI (LODR) Regulations, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency code. (Sub-Regulation 2A and 2B in Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.)

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Reg. No. 015848N)

PLACE: LUDHIANA
DATED: 31.03.2022

(CA MANIK MALHOTRA)
PARTNER
M. No. 094604

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

29-A Bhai Randhir Singh Nagar
Ludhiana – 141001
Mobile No. 9855037608,9814022781
E-Mail:mmasso123@gmail.com

INDEPENDENT AUDITORS' REPORT

To
The Members of SEL Manufacturing Company Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **SEL Manufacturing Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of our observations described in the Basis for Qualified Opinion Pargraph below,* the aforesaid Standalone financial statements read with Paragraph Material Uncertainty relating to Going Concern and paragraph Emphasis of Matters described below give the information required by the Companies Act,2013 (" the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020 , the loss and total Comprehensive loss , changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent auditors of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

We refer to:

1) *Note No. 37 to the Standalone financial statements in respect of non provision of interest on borrowings from banks (classified as NPA) amounting Rs. 57,777 lacs & Rs. 53,478 lacs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2020 & 31st March 2019 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 standalone financial statements as required by Ind AS 109, Financial Instruments.*

2) *Note No. 39(c) of the standalone financial statements, the company has provided for impairment of Capital work in progress by Rs. 12,544 Lacs as per INDAS-36 for the year ended 31st March,*

MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS MALHOTRA LUDHIANA

2020. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However the said valuation Reports are not provided to us considering the confidentiality of the same. Hence, we are unable to justify its reasonableness.

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, 2020 & 31st March 2019 would have been increased by Rs. 57,777 lacs & Rs. 53,478 lacs and the borrowings for the year ended 31st March 2020 and 31st March 2019 would have been increased by Rs. 201,240 lacs & Rs. 143,463 lacs and Equity would have been reduced by the same amount for the years ended 31st March 2020 and 31st March 2019 respectively. The financial impact of matters stated in paragraphs 2 to the Basis for Qualified Opinion can't be measured reliably for the year ended 31st March 2020.

Material Uncertainty Related to Going Concern

Note no. 36 of the Standalone financial statements, 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. Subsequently the NCLT vide its order dated 25th April, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from 1st May, 2018 to 21st May, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on 15th June, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional").The company has filed an appeal against the admission of petition and appointment of IRP with NCLAT. This petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated 6th September, 2019 as prayed for, dismissed the transferred case as withdrawn ("Withdrawal Order"). A copy of withdrawal order was published on 11th September, 2019 ("Publication Date"). Accordingly, on and from the Publication date, the CIRP of the Corporate Debtor stands resumed. The company has incurred net loss of Rs. 254,101.36 lacs for the year ended 31st March, 2020 leading to erosion of entire net worth and current liabilities have exceeded the current assets of the company.

Further refer to Note no. 38 *of the Standalone financial statements*, the Resolution Plan submitted by the consortium of Arr Ess Industries Private Limited & Leading Edge Commercial FZE had been approved by the members of the Committee of Creditors ("CoC") on 6th October, 2020 under the provisions Insolvency and Bankruptcy Code and related regulations. Further, The Hon'ble National Company Law Tribunal has approved the Resolution Plan on 10th February, 2021.

Emphasis of Matter

We draw attention to the following matters:

(1) *Note No. 39 (a&b) of the standalone financial statements, the Company has provided a provision made on allowances for Trade Receivables, Loans and Advances and other current assets aggregating to Rs. 28,578 lacs net of amount collected and provision made in compliance of IND AS-109 for the year ended on 31st March, 2020.*

(2) *Note no. 39(d) of the standalone financial statements, the company has written down inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803 Lacs for the year ended on 31st March, 2020. The same has been charged to Statement of profit & loss as exceptional item.*

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(3) *Note No. 48 read with 39(b) of the standalone financial statements, the company has provided for allowance for interest subsidy receivable amounting to Rs. 26,621 lacs for the year ended on 31st March, 2020 which consists of interest subsidy (i) under TUFS from Ministry of Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh.*

(4) *Note no. 35(A)(iii) of the standalone financial statements, Contingency relating to export incentives obligation refundable in respect of allowance for foreign trade receivables amounting Rs. 3,855 lacs which is further subject to interest and penalties.*

(5) *Note No. 49 of the standalone financial statements, the company has made a provision for impairment of Rs.201,324 lacs (considering negative Net worth of the subsidiary company namely SEL Textiles Limited) for the year ended 31st March, 2020 relating to amount recorded as receivable from SEL Textiles Limited on account of invocation of financial guarantee (given by the Company to lenders of SEL Textiles Limited to secure the credit facilities for the said subsidiary company) by the lenders of SEL Textiles Limited.*

(6) *Note no. 59, to the Standalone financial statements regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of Standalone financial statements, letters have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2020 out of which few parties have confirmed their balances direct to the company.*

Our opinion is not modified in respect of the matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Litigations, provisions and contingencies	**Auditor's Response**
The Company is involved in several ongoing direct and indirect tax litigations. The assessment of the existence of the present legal or constructive obligation, analysis of the probability or possibility of the related payment require the management to make judgement and estimates in relation to the issues of each matter. The management with the help of opinion and advise of its experts have made such judgements and estimates relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. The Company recognises a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: We tested the effectiveness of key controls around the recording and assessment of tax provisions and contingent liabilities. We assessed the value of the provisions and contingent liabilities in light of the nature of the exposures, applicable regulations and related correspondences with the authorities. We have reviewed and held discussions with the management to understand their processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets. We have also discussed with the management

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

obligation. A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made. We have identified litigations, provisions and contingencies as a key audit matter because it requires the management to make judgements and estimates in relation to the exposure arising out of litigations. The key judgement lies in the estimation of provisions where they may differ from the future obligations. The Company operates under several tax laws and some of these have a significant impact on the standalone financial statements of the Company.	significant changes from prior periods and obtained a detailed understanding of these items and assumptions applied. We have held regular meetings with the management and key legal personnel responsible for handling legal matters. In addition, we have reviewed the details of the proceedings before the relevant authorities including communication from the advocates / experts; status of each of the material matters as on the date of the balance sheet. We have assessed the appropriateness of provisioning based on assumptions made by the management and presentation of the significant contingent liabilities in the financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation and presentation of its report herein after called the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Standalone Financial Statements and our Auditor's Report thereon. The Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements

The Company has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code'). The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers are being exercised by the Resolution Professional appointed by the NCLT under the provisions of the Code. As per the order dated September 6, 2019 of the Hon'ble Supreme Court, the Corporate Insolvency Resolution Process of the company has been restored and as per Section 20 of the Code, the management and operations of the company are being managed by Resolution Professional Mr. Navneet Kumar Gupta.

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management/Resolution Professional is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

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auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act based on our audit, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act ;

f. In our opinion, the matters described in the "Basis for Qualified Opinion" and "Emphasis of Matter" paragraphs above may have an adverse impact on the functioning of the Company.

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 35(A) to the standalone financial statements;
ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

Manik Malhotra

PLACE: LUDHIANA
DATED: 13.02.2021

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

Annexure - A to the Independent Auditors' Report

The Annexure-A referred to the Independent Auditors' Report to the members of the company on the Standalone financial statements for the year ended on 31st March, 2020. We report that:

(i) (a)The Company has maintained proper records showing particulars including quantitative details and situation of property, plant & equipments.

(b)The Company has a regular programme of physical verification of its property, plant & equipments by which property, plant & equipments are verified in a phased manner over a period of three years. As explained to us, in accordance with this programme, certain property, plant & equipments were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c)According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In our opinion and according to the information and explanation given to us, the physical verification of inventories has been conducted at reasonable interval by the management and no material discrepancy was noticed on physical verification of inventories carried out by the management as compared to the book records.

(iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans secured or unsecured, to Companies, Firms and other parties covered in the register maintained section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

(v) The Company has not accepted deposits from the public within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.

(vii) (a)According to the information and explanations given to us and the books and records examined by us, we state that the company is regular in depositing undisputed statutory dues including income tax, provident fund, employees state insurance, custom duty, Goods & services tax, cess and other statutory dues to the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, provident fund, employees state insurance, custom duty, Goods & services tax, cess and other material statutory dues, as at 31st March, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us there are no dues of income tax, provident fund, employees state insurance, custom duty, goods & services tax, The Punjab State Development

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Tax and other statutory dues, which have not been deposited on account of any dispute except disclosed as under:

Name of the statute	Nature of dues	Amount (In lacs)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income Tax Act, 1961	Penalty	698.66*	2013-14	CIT (Appeals), Ludhiana
Income Tax Act, 1961	Penalty	54.07*	2014-15	CIT (Appeals), Ludhiana
Income Tax Act, 1961	Tax	8.22*	2017-18	CIT (Appeals) ,Ludhiana
Income Tax Act, 1961	Tax	-	2019-20	CIT (Appeals) ,Ludhiana
Income Tax Act, 1961	Tax Deducted at Source	0.14	2009-10 to 2012-13	Centralized Processing Cell (TDS)

*disputed demand deposited by the company.

(viii) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of loans/borrowings and interest thereon to banks/financial Institution as given below:

Bank Name	Nature of Amount	Amount	Overdue Since
State Bank of India	Interest	15,366,948,342	31.07.2016
	Principle	4,207,847,596	30.06.2016
Karur Vysya Bank	Interest	49,423,773	30.04.2018
	Principle	54,894,566	30.06.2018
Punjab & Sind Bank	Interest	589,228,107	31.12.2015
	Principle	353,164,064	31.12.2015
Bank of Maharashtra	Interest	432,883,575	30.11.2015
	Principle	373,869,214	31.09.2015
Punjab National Bank	Interest	1,843,049,355	28.02.2016
	Principle	838,150,017	31.01.2016
Indian Bank	Interest	1,160,851,843	30.06.2015
	Principle	317,131,583	31.07.2015
Sber Bank	Interest	328,094,612	31.03.2016
United Bank	Interest	785,421,904	30.06.2015
	Principle	6145,23,201	31.07.2015
Union Bank of India	Interest	957,389,002	30.04.2015
	Principle	293,054,061	30.04.2015
UCO Bank	Interest	1,232,375,175	30.09.2015
	Principle	560,922,730	31.08.2015
Corporation Bank	Interest	3,035,798,385	31.01.2016

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	Principle	672,364,916	31.03.2016
Allahabad Bank	Interest	5,953,168,944	31.10.2015
	Principle	1,993,082,908	30.11.2015
Dena Bank	Interest	635,902,750	31.10.2015
	Principle	498,373,384	31.10.2015
Indian Overseas Bank	Interest	1,835,000,041	31.01.2016
	Principle	207,892,842	31.03.2016
Vijaya Bank	Interest	43,179,538	31.03.2016
	Principle	41,201,630	31.03.2016
Andhra Bank	Interest	1,227,345,993	28.02.2016
	Principle	166,831,155	31.03.2016
Exim Bank	Interest	18,337,981	31.05.2016
	Principle	14,617,927	31.01.2016

(ix) In our opinion and according to the information and explanations given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company, by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and the audit procedures conducted by us, managerial remuneration paid or provided was in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details of the transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with directors or persons connected with the directors and therefore, the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016, are not applicable to the Company.

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(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

Manik Malhotra

PLACE: LUDHIANA
DATED: 13.02.2021

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

Annexure - B to the Independent Auditors' Report

(Referred to in Paragraph (g) under the "Report on other legal and regulatory requirements" section of our report to the members of SEL Manufacturing Company Limited of even date)

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

We have audited the Internal Financial Control over financial reporting of **SEL Manufacturing Company Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

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

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
LUDHIANA

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Disclaimer of Opinion

The system of internal financial controls over Financial reporting with regard to the company were not made available to us to enable us to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial controls operating effectively as on 31st March, 2020.

Basis for Qualified Opinion

In our opinion and according to the information and explanations given to us and based on our audit of Standalone Financial Statements, in respect of the matters disclosed in paragraphs under "Basis for Qualified Opinion" and "Emphasis of Matter" of our main Independent Auditor's Report which came to our notice during the course of audit of standalone financial statements indicates material weaknesses in the internal financial controls over financial reporting as at 31st March, 2020.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.

Qualified Opinion

In our opinion, the matters disclosed in above paragraphs under "Basis for Qualified Opinion" indicate material weaknesses in the internal financial controls over financial reporting.

We have considered the disclaimer of opinion as well as material weaknesses identified and reported in Qualified Opinion paragraph in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31st March, 2020 and the disclaimer and material weaknesses do not affect our opinion on the standalone financial statements of the Company.

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

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

Manik Malhotra

(CA. MANIK MALHOTRA)
PARTNER
M.No.: 094604
UDIN: 21094604AAAAAL6138

PLACE: LUDHIANA
DATED: 13.02.2021

SEL MANUFACTURING COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2020

(Rs. in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2020	AS AT 31.03.2019
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	4	1,39,890.30	1,50,649.27
(b) Capital Work in Progress	4	4,246.00	16,940.42
(c) Investment Property		-	-
(d) Goodwill		-	-
(e) Other Intangible Assets	4	-	-
(f) Intangible Assets under Development		-	-
(g) Biological Assets Other Than Bearer Plants		-	-
(h) Financial Assets			
(i) Investments	5	133.02	2,02,221.43
(ii) Trade Receivable		-	-
(iii) Loans		-	-
(iv) Others	6	0.50	0.50
(i) Deferred Tax Assets (Net)		-	-
(j) Other Non-Current Assets	7	1,039.80	945.00
		1,45,309.62	**3,70,756.62**
(2) Current Assets			
(a) Inventories	8	2,742.03	5,898.79
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	9	7,110.93	4,262.64
(iii) Cash & Cash Equivalents	10	181.76	475.12
(iv) Bank Balances other than (iii) above	11	34.64	32.59
(v) Loans		-	-
(vi) Others	12	466.47	27,382.78
(c) Current Tax Assets (Net)	13	1,909.36	1,443.20
(d) Other Current Assets	14	1,782.21	2,428.97
		14,227.41	**41,924.08**
TOTAL ASSETS		**1,59,537.03**	**4,12,680.70**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	15	33,134.70	33,134.70
(b) Other Equity	16	(5,14,908.07)	(2,60,089.01)
		(4,81,773.37)	**(2,26,954.31)**
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	1,18,092.11	1,58,498.35
(ii) Trade Payables		-	-
(iii) Other Financial Liabilites		-	-
(b) Provisions	18	139.68	136.12
(c) Deferred Tax Liabilities (Net)		-	-
(d) Other Non-Current Liabilities		-	-
		1,18,231.79	**1,58,634.47**
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	3,42,718.54	3,42,261.40
(ii) Trade Payables	20		
(1) total outstanding dues of micro enterprises and small enterprises;		-	-
(2) total outstanding dues of creditors other than micro enterprises and small enterprises		6,766.73	6,843.50
(iii) Other Financial Liabilities	21	1,72,824.90	1,31,187.39
(b) Other Current Liabilities	22	144.53	116.84
(c) Provisions	23	623.91	591.41
(d) Current Tax Liabilities(Net)		-	-
		5,23,078.61	**4,81,000.54**
TOTAL EQUITY & LIABILITIES		**1,59,537.03**	**4,12,680.70**

See accompanying notes to the financial statements

As per our report of even date attached
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

Manik Malhotra
(CA. Manik Malhotra)
Partner
M.No.: 094604

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

Place: Ludhiana
Date: 13.02.2021

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

(V.K.Goyal)
Director &CEO
DIN: 02751391

(Navneet Gupta)
Director &CFO
DIN: 02122420

(Rahul Kapoor)
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. In Lakhs)

PARTICULARS	NOTE NO.	CURRENT YEAR	PREVIOUS YEAR
I. Revenue From Operations	24	29,104.29	45,910.97
II. Other Income	25	7,659.79	7,539.42
III. Total Income (I+II)		36,764.08	53,450.39
IV. Expenses			
Cost of Materials Consumed	26	6,324.90	15,027.60
Purchases of Stock-In-Trade		-	29.74
Changes In Inventories of Finished Goods, Work In Progress and Stock In Trade	27	1,934.16	(163.08)
Employee Benefits Expense	28	6,792.17	8,037.40
Finance Cost	29	121.05	337.54
Depreciation and Amortization Expense	30	10,782.78	10,883.24
Other Expense	31	20,884.03	25,958.93
Total Expenses (IV)		46,839.08	60,111.38
V. Profit/(Loss) Before Exceptional Items And Tax (I-IV)		(10,075.00)	(6,660.98)
VI. Exceptional Items	32	2,44,026.36	16,935.56
VII. Profit/(Loss) Before Tax (V-VI)		(2,54,101.36)	(23,596.54)
VIII. Tax Expense			
a) Current Tax		-	-
IX. Profit/(Loss) for the period from Continuing Operations (VII-VIII)		(2,54,101.36)	(23,596.54)
X. Profit/(Loss) from Discontinued Operations		-	-
XI. Tax Expense of Discontinued Operations		-	-
XII. Profit/(Loss) from Discontinuing Operations (After Tax) (X-XI)		-	-
XIII. Profit/(Loss) for the period (IX+XII)		(2,54,101.36)	(23,596.54)
XIV. Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		62.28	401.41
(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		(779.99)	(351.90)
(ii) Income Tax relating to Items that will be reclassified to Profit or Loss		-	-
Total Other Comprehensive Income(net of taxes)		(717.71)	49.51
XV. Total Comprehensive Income for the Period (XIII+XIV)		(2,54,819.07)	(23,547.03)
XVI. Earning per Equity Share (for Continuing Operations)	34		
1) Basic		(76.69)	(7.12)
2) Diluted		(76.69)	(7.12)
XVII. Earning per Equity Share (for Discontinuing Operations)			
1) Basic		-	-
2) Diluted		-	-
XVIII. Earning per Equity Share (for Discontinuing & Continuing Operations)	34		
1) Basic		(76.69)	(7.12)
2) Diluted		(76.69)	(7.12)
See accompanying notes to the financial statements			

As per our report of even date attached
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

(CA. Manik Malhotra)
Partner
M.No.: 094604

Place: Ludhiana
Date: 13.02.2021

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

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

(V.K.Goyal)
Director &CEO
DIN: 02751391

(Navneet Gupta)
Director &CFO
DIN: 02122420

(Rahul Kapoor)
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

Cash Flow Statement for the Year Ended 31st March, 2020

(Rs. In Lakhs)

	Particulars	Details	Current Year	Details	Previous Year
A	Cash Flow from Operating Activities				
	Net Profit before Taxes & Extraordinary Items		(2,54,101.36)		(23,596.54)
	Adjustments for Non Cash Items:				
	-Depreciation & Amortization	10,782.78		10,883.24	
	-Provision for Dimunition in Value of Investments	2,02,100.73		(121.46)	
	-Provision for Doubtful Debts	546.39		14,710.45	
	-Impairment In Value of Capital Work In Progress	12,544.57		-	
	-Allowances for Loans & Advances	28,031.82		2,346.58	
	-Inventories Written Down to Net Realisable Value	802.84		-	
	-Interest Cost	17.81		171.92	
	-Interest Income	(295.22)		(96.87)	
	-Dividend Income	-		(0.37)	
	-Share of Loss/(Profit) from Firm	(47.49)		54.10	
	-(Profit)/Loss on Sale of Fixed Assets	-	2,54,484.22	(138.07)	27,809.50
	Adjustments for Changes In Working Capital:				
	-Increase/ (Decrease) In Trade Payables	(76.77)		265.74	
	-Increase/ (Decrease) in Other Current Liabilities	27.70		(407.16)	
	-Increase/ (Decrease) in Other Financial Liabilities	526.73		33,746.34	
	-Increase/ (Decrease) in Current Provisions	32.50		(76.07)	
	-(Increase)/ Decrease in Trade Receivables	(2,848.29)		(5,421.39)	
	-(Increase)/ Decrease in Other Current Assets	(646.76)		3,522.99	
	-(Increase)/ Decrease in Current Assets Tax (Net)	(466.17)		(442.88)	
	-(Increase)/ Decrease in Bank Balance other than Cash	(2.05)		31.05	
	-(Increase)/ Decrease in Other Financial Assets	294.90		302.39	
	-(Increase)/ Decrease in Inventories	2,353.92	(804.30)	914.68	32,435.69
	Cash Generation from Operations		(421.43)		36,648.64
	-Taxes Paid		-		-
	Net Cash from Operating Activities		(421.43)		36,648.64
B	Cash Flows from Investing Activities				
	-Purchase of Plant, Property & Equipments	(23.80)		(21.97)	
	-(Increase)/Decrease in Capital Work in Process	-		45.31	
	-Proceeds from Sale of Plant, Property & Equipments	-		142.13	
	-Interest Income	295.22		96.87	
	-Share of Profit/(Loss) from Firm	14.00		(54.10)	
	-Dividend Income	-		0.37	
	-(Increase)/Decrease of Non Current Investments	-		54.49	
	-(Increase)/ Decrease In Non Current Loans	-		21.01	
	-Increase/(Decrease)In Non Current Provisions	3.56		(140.26)	
	Net Cash Flows from Investing Activities		288.99		143.85
C	Cash Flows from Financing Activities				
	-Proceeds/(Repayment) of Non Current Borrowings	(48.30)		(33,567.75)	
	-(Increase)/ Decrease In Other Financial Assets Non Current	(94.80)		(1,861.19)	
	-Proceeds/(Repayment) of Current Financial Borrowings	-		(974.94)	
	-Interest Cost	(17.81)		(171.92)	
	Net Cash Flows from Financing Activities		(160.91)		(36,575.80)
	Net Increase/(Decrease) in Cash & Cash Equivalent		(293.35)		216.70
	Cash & Cash Equivalents - Opening Balance		475.12		258.42
	Cash & Cash Equivalents - Closing Balance		181.76		475.12

Subject to our Separate Report of Even Date
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

Manik M

(CA. Manik Malhotra)
Partner
M.No.: 094604

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

Place: Ludhiana
Date: 13.02.2021

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

(V.K.Goyal)
Director &CEO
DIN: 02751391

(Navneet Gupta)
Director &CFO
DIN: 02122420

(Rahul Kapoor)
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital

(In Lakhs)

As At 01.04.2018	Changes in equity share capital during the year	As At 31.03.2019	Changes in equity share capital during the year	As At 31.03.2020
33,134.70	-	33,134.70	-	33,134.70

B. Other Equity

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus: Capital Reserve	Reserves and Surplus: Securities Premium	Reserves and Surplus: General Reserve	Reserves and Surplus: Foreign Exchange Fluctuation Reserve	Reserves and Surplus: Surplus	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
As at 01.04.2018	-	-	2,900.48	51,937.97	-	-	(2,97,312.62)	-	-	-	-	-	5,932.19	(2,36,541.97)
General Reserve transferred to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(23,596.54)	-	-	-	-	-	49.51	(23,547.03)
As at 31.03.2019	-	-	2,900.48	51,937.97	-	-	(3,20,909.16)	-	-	-	-	-	5,981.70	(2,60,089.01)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 31.03.2019	-	-	2,900.48	51,937.97	-	-	(3,20,909.16)	-	-	-	-	-	5,981.70	(2,60,089.01)
Total Comprehensive Income for the year	-	-	-	-	-	-	(2,54,101.36)	-	-	-	-	-	(717.71)	(2,54,819.07)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2020	-	-	2,900.48	51,937.97	-	-	(5,75,010.52)	-	-	-	-	-	5,263.99	(5,14,908.07)

As per our report of even date attached

For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

Manik Malhotra

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

(CA. Manik Malhotra)
Partner
M.No.: 094604

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

(V.K.Goyal)
Director &CEO
DIN: 02751391

(Navneet Gupta)
Director &CFO
DIN: 02122420

(Rahul Kapoor)
Company Secretary

Place: Ludhiana
Date: 13.02.2021

I. Property, Plant and Equipment

NOTE NO.- 4

Particulars	Freehold Land	Leasehold Land	Building & Roads	Plant & Machinery	Fixtures & Fittings	Vehicles	Office Equipments	Total	Other Intangible Assets	Capital Work in Progress
Gross Value as at 1st April, 2018	8,584.74	732.89	85,032.12	1,95,306.40	3,878.23	979.59	467.83	2,94,981.79	455.76	16,985.73
Addition during the year	-	-	-	-	-	21.97	-	21.97	-	-
Deduction during the year	4.05	-	-	-	-	-	-	4.05	-	45.31
Gross Value as at 31st March, 2019	8,580.69	732.89	85,032.12	1,95,306.40	3,878.23	1,001.55	467.83	2,94,999.71	455.76	16,940.42
Addition during the year	-	-	-	6.35	12.85	-	4.60	23.80	-	-
Deduction during the year	-	-	-	-	-	-	-	-	-	12,694.42
Gross Value as at 31st March, 2020	8,580.69	732.89	85,032.12	1,95,312.74	3,891.08	1,001.55	472.43	2,95,023.51	455.76	4,246.00
Depreciation & Impairment										
Depreciation as at 1st April, 2018	-	74.07	16,719.70	1,13,313.08	2,211.35	734.71	414.29	1,33,467.20	455.76	-
Depreciation for the year	-	8.52	2,505.09	8,014.29	279.31	63.28	12.76	10,883.24	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Depreciation as at 31st March, 2019	-	82.59	19,224.79	1,21,327.37	2,490.65	797.99	427.05	1,44,350.43	455.76	-
Depreciation for the year	-	8.52	2,505.09	7,936.22	271.45	53.94	7.56	10,782.78	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Depreciation as at 31st March, 2020	-	91.11	21,729.88	1,29,263.58	2,762.10	851.93	434.61	1,55,133.21	455.76	-
Net Book Value										
As at 31st March, 2020	8,580.69	641.78	63,302.24	66,049.16	1,128.98	149.62	37.82	1,39,890.30	-	4,246.00
As at 31st March, 2019	8,580.69	650.30	65,807.33	73,979.03	1,387.58	203.56	40.78	1,50,649.27	-	16,940.42

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

INVESTMENTS (NON CURRENT) **NOTE NO. - 5**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(1) Investment in Equity Instruments		
(i) Subsidaries (Unquoted-At Cost)		
i) 127,057,200 Equity Shares of Rs. 10/- each fully paid up of SEL Textiles Ltd.	2,52,470.24	2,52,470.24
Less: Impairment in Value of Investment*	(2,52,470.24)	(51,146.24)
ii) 3,989,600 Equity Shares of Rs. 10/- each fully paid up of SEL Aviation Pvt. Ltd.	1,443.76	1,443.76
Less: Impairment in Value of Investment	(1,443.76)	(744.66)
iii) 48,050 Equity Shares of Rs. 10/- each fully paid up of Silverline Corporation Ltd.	4.81	4.81
(ii) Other (Quoted-At Fair Value)		
i) 6,248 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited	69.51	85.16
ii) 778 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Limited	0.68	0.68
Less: Impairment in Value of Investment	(0.68)	(0.68)
(2) Investment in Equity Instruments (Unquoted-At Fair Value)		
i) 299,300 Equity Shares of Rs. 1/- each fully paid up of The Delhi Stock Exchange Association Limited	209.51	209.51
Less: Impairment in Value of Investment	(209.51)	(131.88)
(3) Investment in Equity Instruments (Unquoted-At Cost)		
i) 14,000 Equity Shares of Rs. 10/- each fully paid up of Rythm Textile & Apparels Park Limited	1.40	1.40
ii) 1,108,000 Equity Shares of Rs. 10/- each fully paid up of OPGS Power Gujrat Pvt. Ltd.	5.56	5.56
(4) Investment in Mutual Funds (Unquoted-At Fair Value)		
i) 150,000 Units of Rs.10/- each of SBI Infrastructure Fund	16.66	22.58
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund	3.81	5.25
iii) 55,187.638 Units of Rs. 10/- each of Union Multi Cap Fund	8.55	10.76
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund	14.05	10.00
(5) Investments in Partnership Firm (At Cost)		
i) 99% Share in SE Exports		
Capital (After adjusting Drawings) (38.81)		
Add: Share of Profits 47.49	8.68	(24.81)
TOTAL	133.02	2,02,221.43

Name of Partners	Share of Profit	Amount of Captial as on 31st March, 2020	Amount of Captial as on 31st March, 2019
Mr. Dhiraj Saluja	0.50%	2.85	2.61
Mrs. Reema Saluja	0.50%	4.23	3.99
SEL Manufacturing Co. Ltd.	99.00%	8.68	(24.81)

*refer note no. 49

Market Value of Quoted Investments	85.16	85.16
Aggregate Amount of Quoted Investments	30.68	30.68
Aggregate Amount of UnQuoted Investments	47.85	2,02,136.27
Aggregate Impairment in Value of Investments	2,54,124.18	52,023.45

OTHERS FINANCIAL ASSETS (NON CURRENT) **NOTE NO. - 6**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Fixed Deposits with Banks	0.50	0.50
TOTAL	0.50	0.50

OTHER NON CURRENT ASSETS **NOTE NO. - 7**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
a) Security Deposits	1,039.80	945.00
b) Capital Advances	1,625.38	1,665.99
	2,665.18	2,610.99
Less: Allowance/Impairment for Doubtful Loans & Advances#	1,625.38	1,665.99
TOTAL	1,039.80	945.00

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	1,665.99	1,666.11
Less: Amount collected and hence reversal of provision	40.61	0.12
Add: Provision made during the year	-	0.00
Balance at the end of the year	1,625.38	1,665.99

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

INVENTORIES **NOTE NO. - 8**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Valued at Cost or Net Realisable Value, whichever is lower)		
(a) Raw Materials	546.02	829.58
(b) Work In Progress	753.53	1,819.16
(c) Finished Goods		
-In Godown	1,117.53	2,572.76
-In Transit	7.59	223.74
(d) Stores & Spares	317.36	453.55
TOTAL	2,742.03	5,898.79

Inventories pledged as security to Working Capital Lenders

TRADE RECEIVABLES (CURRENT) **NOTE NO. - 9**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
a) Trade Receivables considered good-Secured	-	-
b) Trade Receivables considered good-Unsecured	7,110.93	4,262.64
c) Trade Receivables which have significant increase in Credit Risk; and	-	-
d) Trade Receivables-credit impaired	1,03,350.17	1,02,803.78
	1,10,461.10	1,07,066.42
Less: Allowance for Doubtful Receivables (Expected Credit Loss Allowance)#	1,03,350.17	1,02,803.78
TOTAL	7,110.93	4,262.64

Trade Receivables pledged as security to Working Capital Lenders

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	1,02,803.78	88,093.33
Less: Amount collected and hence reversal of provision	7,306.83	949.44
Add: Provision made during the year	7,853.22	15,659.89
Balance at the end of the year	1,03,350.17	1,02,803.78

CASH & CASH EQUIVALENTS **NOTE NO. - 10**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Cash in Hand	26.72	27.48
(b) Balances With Scheduled Banks		
i) In Current Accounts	153.03	446.06
ii) In Fixed Deposits Accounts	2.01	1.57
TOTAL	181.76	475.12

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS **NOTE NO. - 11**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Other Bank Balances		
i) In Fixed Deposits Accounts	34.64	32.59
TOTAL	34.64	32.59

OTHERS FINANCIAL ASSETS (CURRENT) **NOTE NO. - 12**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Unsecured, considered good)		
i) Duty Drawback Receivable	448.71	760.22
ii) Interest Subsidy Receivable	26,621.40	26,621.40
iii) Interest Receivable	17.76	1.15
	27,087.88	27,382.78
Less: Allowance for Doubtful Receivables (Expected Credit Loss Allowance)#	26,621.40	-
TOTAL	466.47	27,382.78

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	-	-
Less: Amount collected and hence reversal of provision	-	-
Add: Provision made during the year	26,621.40	-
Balance at the end of the year	26,621.40	-

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

CURRENT TAX ASSETS (NET) **NOTE NO. - 13**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Prepaid Taxes	1,909.36	1,443.20
TOTAL	1,909.36	1,443.20

OTHER CURRENT ASSETS **NOTE NO. - 14**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Unsecured, considered good)		
i) Advances to Suppliers	4,789.03	4,508.17
ii) Statutory Dues & Taxes	1,207.43	1,009.97
iii) Others	1,501.24	1,175.29
	7,497.70	6,693.43
Less: Allowance for Doubtful Receivables (Expected Credit Loss Allowance)#	5,715.49	4,264.46
TOTAL	1,782.21	2,428.97

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	4,264.46	1,917.77
Less: Amount collected and hence reversal of provision	34.45	513.25
Add: Provision made during the year	1,485.49	2,859.94
Balance at the end of the year	5,715.49	4,264.46

EQUITY SHARE CAPITAL **NOTE NO. - 15**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Authorised		
1,000,000,000 Equity Shares	1,00,000.00	1,00,000.00
(b) Issued, Subscribed & Paid Up		
331,347,000 Equity Shares Fully Paid Up	33,134.70	33,134.70
	33,134.70	33,134.70
(c) Par Value per Share		
331,347,000 Equity Shares Rs. 10/-		

(d) Reconciliation of the number of shares outstanding

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Shares	Amount	Shares	Amount
Shares outstanding at the beginning of the year				
Equity Shares	3,313.47	33,134.70	3,313.47	33,134.70
Total	3,313.47	33,134.70	3,313.47	33,134.70
Add: Addition during the year				
Equity Shares	-	-	-	-
Total	-	-	-	-
Less: Deduction during the year				
Equity Shares	-	-	-	-
Total	-	-	-	-
Shares outstanding at the end of the year				
Equity Shares	3,313.47	33,134.70	3,313.47	33,134.70
Total	3,313.47	33,134.70	3,313.47	33,134.70

Particulars			AS AT 31.03.2020	AS AT 31.03.2019
(e) Shares in the company held by preference shareholder holding more than 5% shares				
Dhiraj Saluja	51,310,000 Shares	73.60%		
Neeraj Saluja	12,400,000 Shares	17.78%		
TOTAL			33,134.70	33,134.70

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

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

The Company issued 220,000,000 equity shares of the face value of Rs. 10 per share consequent to Global Depository Receipt (GDRs) issue of the company during the year 2012-13. Holders of Global Depository Receipt (GDRs) are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares. As on 31.03.2020, 75,709,249 shares (Previous Year 75,709,249 shares) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

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OTHER EQUITY **NOTE NO. - 16**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Captial Reserve		
Opening Balance	2,900.48	2,900.48
Add: Addition during the year	-	-
	2,900.48	2,900.48
Less: Deduction during the year	-	-
	2,900.48	2,900.48
(b) Securities Premium		
Opening Balance	51,937.97	51,937.97
Add: Addition during the year	-	-
	51,937.97	51,937.97
Less: Deduction during the year	-	-
	51,937.97	51,937.97
(c) Other Comprehensive Income		
Opening Balance	5,981.70	5,932.19
Add: Addition during the year	41.11	700.84
	6,022.81	6,633.03
Less: Deduction during the year	758.81	651.33
	5,263.99	5,981.70
(d) Surplus		
Opening Balance	(3,20,909.16)	(2,97,312.62)
Add: Addition during the year	(2,54,101.36)	(23,596.54)
	(5,75,010.52)	(3,20,909.16)
Less: Deduction during the year	-	-
	(5,75,010.52)	(3,20,909.16)
TOTAL	**(5,14,908.07)**	**(2,60,089.01)**

BORROWINGS (NON CURRENT) **NOTE NO. - 17**

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Secured Loans		
i) Term Loans		
- From Banks	1,07,997.86	1,49,154.65
(b) Unsecured Loans (At Amortised Cost)		
i) Loan from Others		
i) Loan from Others	25.00	25.00
(Loans repayable in 2021-22 carrying interest @ 0-15% pa)		
ii) Loan from Related Parties	5,500.58	5,107.75
(Interest free loans repayable in 2023-24)		
Liability Component of Compound Financial Instrument		
(c) Preference Share Capital (At Amortized Cost)		
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares Fully Paid Up	4,568.68	4,210.95
TOTAL	1,18,092.11	1,58,498.35

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

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II (WCTL FITL-II)	Rupee Term Loan III (PL-III)
Sanctioned Amount	1,72,714.00	32,604.00	31,332.00	63,928.00	12,281.00	5,657.00
Balance as on 31.03.2020	1,70,542.49	14,331.00	10,837.28	66,041.85	12,002.94	377.68
Rate of Interest	10.65%	10.65%	10.65%	10.65%	10.65%	11.15%
Repayment Type	Monthly	Monthly	Monthly	Quarterly	Quarterly	Monthly
Repayment during the year ending						
31/03/2021	25,786.65	2,252.92	-	11,195.98	1,842.15	-
31/03/2022	25,836.60	2,534.53	-	11,195.98	1,978.24	-
31/03/2023	25,836.60	2,982.26	-	11,195.98	1,975.77	-
31/03/2024	9,436.94	1,690.67	-	3,005.52	-	-
Overdue Principle Amount	68,308.67	3,462.23	11,931.18	22,973.47	5,130.78	272.89
Overdue Interest Amount	7,500.95	565.77	706.49	3,046.25	438.88	51.01
Overdue Since	August 2015	July 2015	April 2015	July 2015	June 2015	November 2015

Details of security for term loans

*Long term borrowings from banks are secured by the equitable mortgage of entire Land & Building of the Company and further secured by all the fixed assets of the Company, immovable & movable, both present and future ranking pari-passu basis and personal guarantee of the promoter directors. The said borrowings are further secured, on pari-passu basis with short term lenders, by equitable mortgage of the following properties.

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

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PROVISIONS (NON CURRENT) NOTE NO. - 18

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Provision for Employee Benefits	139.68	136.12
TOTAL	139.68	136.12

SHORT TERM BORROWINGS NOTE NO. - 19

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Secured Loans		
i) Loans Repayable on Demand*		
From Banks	3,42,718.54	3,42,261.40
TOTAL	3,42,718.54	3,42,261.40

*refer note no. 49

Details of security for working capital borrowings

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

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

Terms of repayment of loans repayable on demand
From banks are repayable on demand and carries interest @ 10.65% p.a.

TRADE PAYABLES NOTE NO. - 20

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Trade Payables	6,766.73	6,843.50
TOTAL	6,766.73	6,843.50

*Based on and to the extent of information received from the Suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 as identified by Management, the relevant particulars as at 31st March, 2020 are Nil.

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(i) Principal amount and the Interest due remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

OTHER FINANCIAL LIABILITIES (CURRENT) NOTE NO. - 21

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Current Maturities of Long Term Debts	1,53,156.91	1,12,079.22
ii) Current Maturities of Long Term Debts (Others)	100.00	91.74
iii) Interest Accrued and due on borrowings	12,309.35	12,309.35
iv) Employees Benefits	1,064.47	1,047.68
v) Payable to Vendors-Non Trade	2,405.40	2,049.36
vi) Others Payable	3,788.77	3,610.05
TOTAL	1,72,824.90	1,31,187.39

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OTHER CURRENT LIABILITIES | NOTE NO. - 22

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Statutory Dues & Taxes	78.43	111.36
ii) Advances from Customers	66.11	5.48
TOTAL	144.53	116.84

PROVISIONS (CURRENT) | NOTE NO. - 23

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Provision for Employee Benefits	623.91	591.41
TOTAL	623.91	591.41

REVENUE FROM OPERATIONS | NOTE NO. - 24

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Sale of Products		
Finished Goods	7,000.84	23,724.07
Traded Goods	-	28.15
Raw Material	6.73	7.96
Other Operating Income		
Sale of Services	20,426.36	21,451.64
Others	1,670.36	699.15
TOTAL	29,104.29	45,910.97

OTHER INCOME | NOTE NO. - 25

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Export Incentives	333.83	2,147.70
Interest	295.22	96.87
Share of profit from Partnership Firms	47.49	-
Other Income	80.85	13.64
Foreign Exchange Fluctuation	6,883.17	5,117.97
Profit on Sale of Property, Plant & Equipments	-	138.07
Dividend Income	-	0.37
Rental Income	19.23	24.79
TOTAL	7,659.79	7,539.42

COST OF MATERIAL CONSUMED | NOTE NO. - 26

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
Raw Material Consumed			
Opening Stock		631.18	1,893.70
Add: Purchases (net)		4,230.43	11,343.57
		4,861.61	13,237.27
Less: Closing Stock		353.00	631.18
Cost of raw material consumed during the year	(A)	**4,508.61**	**12,606.09**
Packing Material Consumed			
Opening Stock		198.40	152.56
Add: Purchases (net)		1,810.91	2,467.35
		2,009.31	2,619.91
Less: Closing Stock		193.02	198.40
Cost of packing material consumed during the year	(B)	**1,816.29**	**2,421.51**
TOTAL	(A+B)	**6,324.90**	**15,027.60**

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE | NOTE NO. - 27

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
Opening Stocks			
Work in Process		1,819.16	1,365.55
Finished Goods		2,796.50	3,087.04
	(A)	4,615.66	4,452.58
Closing Stocks			
Work In Process		753.53	1,819.16
Finished Goods		1,927.97	2,796.50
	(B)	2,681.50	4,615.66
Decrease/(Increase) In Inventories	(A-B)	**1,934.16**	**(163.08)**

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EMPLOYEE BENEFITS EXPENSE NOTE NO. - 28

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Wages,Salaries & Other Allowances	6,289.21	7,471.60
Contribution to PF, ESI & Other Funds	432.45	475.52
Staff & Labour Welfare	70.50	90.28
TOTAL	6,792.17	8,037.40

FINANCIAL COSTS NOTE NO. - 29

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a) Bank Charges	103.24	165.62
b) Interest on		
i) Others	17.81	171.92
TOTAL	121.05	337.54

DEPRECIATION & AMORTISATION EXPENSES NOTE NO. - 30

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Depreciation of Tangible Assets	10,774.26	10,874.72
Amortisation of Leasehold Land	8.52	8.52
TOTAL	10,782.78	10,883.24

OTHER EXPENSES NOTE NO. - 31

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Powel & Fuel	14,551.95	17,034.04
Consumables & Repair Maintenance	3,426.96	4,890.69
Job Work Expenses	282.91	997.73
Printing & Stationery	13.76	9.37
Insurance	189.91	184.43
Fees & Taxes	116.80	100.12
Donation	0.32	0.74
Legal & Professional Charges	104.02	353.40
Postage & Courier Charges	46.26	58.25
Telephone & Fax Expenses	20.07	32.00
Statutory Auditors' Remuneration		
-Audit Fee	2.85	5.70
-Tax Audit Fee	0.90	1.80
-Reimbursement of Expenses	0.12	0.19
Cost Auditors' Remuneration		
-Audit Fee	0.77	0.77
General Repair & Maintenance	75.37	100.16
Office Expenses	22.24	40.64
Festival Expenses	0.89	20.85
Rent	40.11	86.14
Travelling & Conveyance	94.10	166.52
Water Charges	57.82	57.16
Service Tax Paid	-	1.58
Advertisement	1.54	6.84
CIRP Expenses	723.06	-
Security Expenses	-	4.55
Building Repair & Maintanenace	2.39	6.43
Share of Loss from Subsidaires	-	54.10
Vehicles Expenses	62.69	84.11
VAT Input Credit Reversal For Earlier Years	-	98.14
Business Promotion	40.30	43.87
Commission	60.99	421.39
Rebate & Discount	581.30	-
Clearing Forwarding & Freight Outward	363.65	1,097.18
TOTAL	20,884.03	25,958.93

EXCEPTIONAL ITEMS NOTE NO. - 32

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Impairment in Value of Investments in Subsidaries	2,02,023.10	(121.46)
Impairment in Value of Capital Work in Progress	12,544.57	-
Allowance for Doubtful Receivables	546.39	14,710.45
Allowance/Impairment for Doubtful Loans & Advances	28,031.82	2,346.58
Inventories Written Down to Net Realisable Value	802.84	-
Impairment in Value of Investments	77.63	-
TOTAL	2,44,026.36	16,935.56

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NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

SEL Manufacturing Company Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act, applicable in India. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is engaged in the manufacturing, processing & trading of yarns, fabrics, ready-made garments and towels. The registered office of the company is located at 274, G.T.Road, Dhandari Khurd, Ludhiana, Punjab.

2. Significant Accounting Policies

2.1 Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs, except otherwise indicated.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue from subsidiaries is recognized based on transaction price which is at arm's length.

Revenue also includes price variations based on the contractual agreements and excludes goods & services tax. Revenue from export sales are recognized on shipment basis. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of Goods: Revenue from the sale of goods is recognized as and when the Company satisfies performance obligations by transferring control of the promised goods to its customers.

Sale of Services: Revenue from the sale of services is recognized on the basis of the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Dividend income: Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

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Lease income: Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight line basis as per the terms of the agreements in the statement of profit and loss.

Interest income: Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Export Incentives: Revenue in respect of the eligible benefits is recognized on post export basis.

2.4 Inventories

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

i) In respect of Raw Materials on FIFO basis.

ii) In respect of Work in process and Finished Goods, at weighted average cost of raw material plus conversion cost & packing cost incurred to bring the goods to their present condition & location.

iii) In respect of trading goods, on specific identification method.

iv) In respect of Consumable Stores on weighted average basis.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realizable value. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.5 Foreign Currency Transactions

The functional currency of SEL Manufacturing Company Ltd. is an Indian rupee.

Other foreign currency transactions:

(i) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction except sales that are recorded at rate notified by the customs for invoice purposes. Such rate is notified in the last week of every month and is adopted for recording export sales of next month.

(ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at balance sheet date are recognized as income or expenses in period in which they arise, except the exchange difference in case of fixed assets which have been adjusted to the cost of fixed assets.

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

2.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

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Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013 except for the plant and equipment of spinning and terry towel units where useful life has been technically assessed as 30 years.

Property, plant and equipment which are added/ disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition/deletion. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit or net loss in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Leased Assets: Leasehold lands are amortized over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

2.7 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over useful lives on a straight-line basis, from the date that they are available for use.

2.8 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred. The capitalization of borrowing costs to be suspended during extended periods in which active developments will be interrupted.

2.9 Employee Benefits

(i) **Short term employee benefits:** All employee benefits payable wholly within twelve months for rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

(ii) **Post Employment Benefits:**
(a) Defined Contribution Plans:
Provident Fund: Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution. The Company contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

(b) Defined Benefit Plans:
Gratuity: The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profit in the Statement of Profit and Loss.

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(iii) Long Term Employee Benefits: The liability for leave with wages is recognized on the basis of actuarial valuation at the balance sheet date using projected unit credit method.

2.10 Taxes

Tax Expense comprises of current income tax, deferred tax and minimum alternate tax credit entitlement.

Current Tax: Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions.

Deferred Tax: Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax Credit: Minimum Alternate Tax credit is recognized as tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specific period.

2.11 Impairment of Non-Financial Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized in the statement of profit and loss.

2.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash in hand and at bank and short-term deposits with original maturity period of three months or less.

2.13 Provisions and Contingent Liabilities & Contingent Assets

Provisions: Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:

(i) The company has a present obligation as a result of a past event;
(ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
(iii) The amount of the obligation can be reliably estimated.

Contingent Liabilities: Contingent liability is disclosed in the case of:

(i) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
(ii) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

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Contingent Assets: A contingent asset is disclosed when possible asset that arises from past events and whose existence would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

2.14 Earnings per share

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

2.15 Lease

The Company as a lessee: The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Company as a lessor: Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

2.16 Financial Instruments:

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two broad categories:
- Financial assets at fair value
- Financial assets at amortized cost

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Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial assets are measured at fair value through profit or loss.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12- months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All other receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognize impairment loss allowance based on 12-months ECL.

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For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

Investment in subsidiaries and associates

The Company has accounted for its investment in subsidiaries and associates at cost less impairment.

Other Investments

- Quoted Investments: All other quoted investments are measured at fair value through Other Comprehensive Income in the balance sheet.

- Unquoted Investments: All other unquoted investments are measured at fair value through Other Comprehensive Income in the balance sheet, except those investments which the company has chosen to measure at cost as per Ind AS 109 Financial Instruments Paragraph B5.2.3.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either;

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement. It evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Financial liabilities:

Classification as debt or equity: Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument

Initial recognition and measurement: All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and redeemable preference shares.

Subsequent measurement: The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss: Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied.

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Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts: Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

2.17 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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2.18 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle: Operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

2.19 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

2.20 Government Grants & Subsidies

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

2.21 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating officer (COO), in deciding how to allocate resources and assessing performance. The Company's chief operating officer is the Managing Director & CEO.

2.22 Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The principal accounting policies adopted by the Company in the financial statements are as set out above. The application of a number of these policies requires the Company to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

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The Company has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the financial statements presented which, under different conditions, could lead to material differences in these statements. The actual results may differ from the judgments, estimates and assumptions made by the management and will seldom equal the estimated results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments: The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Deferred Tax Assets: The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the company's forecast, which is adjusted for significant non-taxable income and expenses, and specific limits to the use of any unused tax loss or credit. The tax rules in India in which the company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position.

Key sources of estimation uncertainty: The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Liability for sales return: In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Allowance/Impairment for uncollected accounts receivable and other advances: Trade receivables and other advances do not carry any interest and are stated at their normal value as reduced by appropriate allowance/impairment which is made on ECL, and the present value of the cash shortfall over the expected life of the financial assets.

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33. The related party disclosure in accordance with Indian Accounting Standard (Ind AS)-24 "Related Party" issued by the Institute of Chartered Accountants of India is given below:

Sr. No.	Name of Related Party	Relationship
1	SE Exports	Subsidiary Partnership Firm
2	SEL Textiles Ltd.	Subsidiary Company
3	SEL Aviation Pvt. Ltd.	Subsidiary Company
4	*Silverline Corporation Ltd.	Fellow Subsidiary Company
5	*Mr. R. S. Saluja Mr. NeerajSaluja Mr. DhirajSaluja Mr. Navneet Gupta Mr. V.K. Goyal	Key Management Personnel
6	*Mrs. SnehLataSaluja *Mrs. RituSaluja *Mrs. ReemaSaluja	Relatives of Key Management Personnel
7	*Shiv Narayan Investments Pvt. Ltd. *Saluja International Rythm Textiles & Apparels Park Ltd. *SEL Renewable Power Limited	Enterprises over which key management personnel and relatives of such personnel is able to exercise significant influence

*No transactions have taken place during the year.

Related Parties Transactions:

Particulars	Subsidiaries		Key Management and Relatives of KMP & Enterprises over which key management personnel and relatives of such personnel is able to exercise significant influence		Total	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Purchase & Processing of Goods & Consumables Stores*	-	1.20	-	-	-	1.20
Sale & Processing of Goods & Consumables Stores*	-	0.04	-	-	-	0.04
Services Receivable	13.59	90.49	-	-	13.59	90.49
Services Paid	181.61	6.98	3.36	10.31	184.97	17.29
Share of Loss/(Profit)	(47.49)	54.10	-	-	(47.49)	54.10
Rent Paid	-	-	10.70	42.80	10.70	42.80
Rent Receivable	7.00	7.00	-	-	7.00	7.00
Managerial Remuneration	-	-	117.00	306.00	117.00	306.00
Corporate Guarantee Given**	201,324.00	201,324.00	-	-	201,324.00	201,324.00
Closing Balance of Related Parties Debits/(Credits)	6318.70	6,512.40	(4,758.34)	(4,666.89)	1560.36	1,845.51

*excluding all taxes

**refer note no.49

In reference to Services Receivable, the component of pertains to the regular allocation of electricity expenses to the subsidiary which was already approved prior to the recommencement of the CIRP process by the Board of Directors in a board meeting dated 21.10.2017 and also no cash inflow occurred during the year.

In reference to Rent Receivable, the lease agreement was executed on dated 27.11.2017 which is prior to the recommencement of the CIRP process and also no cash inflow occurred during the year.

34. Earnings Per Share: The calculation of Earnings per Share as disclosed in the statement of Profit & Loss has been in accordance with Indian Accounting Standard (Ind AS)-33 on "Earning per Share" issued by the Institute of Chartered Accountants of India.

A statement on calculation of Basic & Diluted EPS is as under:

Particulars		31st March, 2020	31st March, 2019
Face value of equity shares	Rs.	10	10
Weighted average number of equity shares outstanding	Nos.	331,347,000	331,347,000
Profit/(Loss) for the year (continuing operations)	Lakhs	(254,101.36)	(23,596.54)
Weighted average earnings per shares (basic and diluted)	Rs.	(76.69)	(7.12)
Profit/(Loss) for the year (Discontinued operations)	Lakhs	-	-
Weighted average earnings per shares (basic and diluted)	Rs.	-	-
Profit/(Loss) for the year (total operations)	Lakhs	(254,101.36)	(23,596.54)
Weighted average earnings per shares (basic and diluted)	Rs.	(76.69)	(7.12)

35. Contingent Liabilities and Capital Commitments

A. Contingent Liabilities: There are contingent liabilities in respect of the following items: No outflow is expected in view of the past history relating to these items:

(Rs. in lakhs)

Particulars	31st March, 2020	31st March, 2019
(i) Export Bills Discounted	1,054.60	1,054.60
(ii) Income Tax (net of deposit under protest)	-	2,911.98
(iii) Export Incentives obligations refundable in respect of allowance for foreign trade receivables*	3,854.74	3,854.74
(iv) Security Deposits**	1,286.27	-

*Subject to further interest and penalty
**refer note no. 41

B. Capital Commitments

(Rs. in lakhs)

Particulars	31st March, 2020	31st March, 2019
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	2,485.83	2,485.83

Further, the company has made impairment provision against capital advances amounting Rs. 1,625.38 lakhs outstanding since long and the orders placed with capital goods suppliers are more than two year and escalation costs, if any, in these purchase orders shall be in addition to figures reported above.

36. Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT") by State Bank of India against SEL Manufacturing Company Limited ("Corporate Debtor" or the "Company"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("Code"), the NCLT vide its order ("Admission Order") dated April 11, 2018 ("Insolvency Commencement Date") had admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of the Corporate Debtor. Subsequently, the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeynace from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional" or "RP").

Subsequently, a petition was filed by Mr. Dhiraj Saluja, one of the promoters and directors of the Corporate Debtor, before the High Court ("Petition") wherein the High Court, vide its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as

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withdrawn ("Withdrawal Order"). A copy of the Withdrawal Order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stands resumed. As part of duties casted upon the Resolution Professional (RP) under the Code, the RP, has taken on record these financial statements and has authorized the directors of the Company to sign these financial statements.

37. 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. 57,776.67lakhs for the year ended 31st March, 2020 and the same has not been considered for preparation of the financial results for the year ended 31st March, 2020. Due to non-provision of the interest expense, net loss for the year ended 31st March, 2020 is reduced by Rs. 57,776.67 lakhs. Further, the Financial Liability is reduced by Rs. 201,240.00 lakhs and correspondingly the equity is increased by the same amount.

38. Resolution plan received for SEL Manufacturing Company Limited, from consortium of ArrEss Industries Private Limited & Leading Edge Commercial FZ, has been approved by Committee of Creditors on October 6, 2020 under provisions of Insolvency & Bankruptcy Code and related Regulations. The Hon'ble National Company Law Tribunal has approved the Resolution Plan on 10th February, 2021.

39. **Exceptional Items for the year includes:**

a. During the year, the Company has made an allowance for trade receivables under Expected credit losses (ECL) Method aggregating to Rs. 546.39 lakhs, net of amount collected and provision made, in compliance of Ind AS 109 which is charged to Statement of Profit & Loss as an exceptional item. Though the company strongly believes that these trade receivables are fully recoverable.

b. The Company has given capital & trade advances to the suppliers and other current assets that are outstanding for a long time. In view of reduction in activities, the materials and services could not be called from such suppliers. In compliance of Ind AS 36impairment for capital & trade advances and other current assets amounting to Rs. 28,031.82 lakhs, net of amount adjusted and provision made, which is charged to Statement of Profit & Loss as an exceptional item. Though the company strongly believes that these advances are fully recoverable/adjustable.

c. 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 impairment testing has been conducted and considering the technical assessment and management estimates, INR 12,544.57 lakhs value of Capital work in progress has been impaired as per Ind AS 36. A provision for impairment has been recorded, which is charged to Statement of Profit & Loss as an exceptional item.

d. The Company has initiated the process of identifying non-moving, slow moving, obsolete and damaged inventory in finished goods during the year. The company has recognized an aggregate amount of Rs. 803 lakhs as reduction in value of inventories due to write down thereof to net realizable value, which is charged to Profit & Loss Statement as an exceptional item.

e. The Company has impaired the investment in subsidiaries and others amounting to INR 202,100.73 Lakhs., which is charged to Profit & Loss as exceptional item.

40. There are no long-term contracts, as on the date of balance sheet, including derivative contracts for which there are any material foreseeable losses.

41. Notice received from Madhya Pradesh Electricity Board: The MP State Electricity Board had issued a "notice of discontinuance of supply" on 11th March 20 (against demand raised on 12th Dec 2019) upon the Company demanding as due and payable INR 1286.27 lakhs on account of a revision of the security deposit in terms of Madhya Pradesh Electricity Regulatory Commission (Security Deposit) (Revision–I) Regulations, 2009 ("MERC Regulations") and other energy charges.

42. With reference to the Bank Balances of Current Accounts under the head Cash & Cash Equivalents, an amount of Rs. 1.08 crores could not be substantiated due to non-availability of Bank Statements which pertains to the period which is prior to the commencement of the CIRP. To the best of our knowledge these amounts pertain to the cut-back account and may have been appropriated towards loan outstanding by respective banks. However, the bank statements have not been provided by the respective banks, therefore, the balance amounts have been presented under Suspense Account.

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43. During the year, Central Bureau of Investigation carried out search & seizure action at the registered office of the Company and the residence of the erstwhile Directors of the Company on 5th November 2019 from 09.30 AM to 09.00 PM. under section 165 of the Criminal Procedure Code on the Company and its directors. The consequential proceedings are in progress.

44. During the year, the Company has received notice dated February 13, 2020 on February 26, 2020 from the Ministry of Corporate Affairs further ordering the investigation of books of accounts and papers under section 210(1)(c) of the Companies Act, 2013 and the erstwhile Directors of the Company under section 217(5) of the Companies Act, 2013 have been issued summons to appear before the authorities. The consequential proceedings are in progress

45. During the year, the Company has received summon dated March 4, 2020 on March 12, 2020 from the Directorate General of GST Intelligence under section 14 of the Central Excise Act, 1944 to give evidence truthfully on such matters concerning the enquiry as may be asked and produce the documents and records for examination. The consequential proceedings are in progress.

46. During the year, the Company has received summon dated November 6, 2019 from the Directorate of Enforcement ("ED") u/s 37 of the FEMA, 1999 read with Section 131 of the Income Tax Act, 1961 and Section 30 of Code of Civil Procedure, 1908. Summon was issued in matter of GDRs issued by the SEL for which an exhaustive list of documents was being asked to be furnished to them as per Annex A of the said order ranging from details of GDR issued, foreign subscribers, foreign and Indian mediator involved with overseas banks, movement of subscribed funds and its end utilization, adherence of applicable laws for pricing of GDR.

47. During the year, with reference to the Global Depository Receipts ("GDR") of the company, the BNY Mellon has resigned as Depository Bank for the company's Depository Receipts ("DR") program through letter dated 06th December 2019.

48. With reference to interest subsidy receivable, the subsidies are to be released by the Ministry of Textiles and MP Government and the Company is not hopeful of receiving the same. During the year, a provision for impairment has been recorded for INR 26,621.40 lakhs (included above in note no. 39(b)) and the same does have an impact on the losses of the company.

49. The company had given financial guarantee to the extent of INR 201,324 lakhs to the bankers of its subsidiary namely, SEL Textiles Limited, to secure the credit facilities availed by it. The said guarantee has been invoked by the bankers before initiation of Corporate Insolvency Resolution Process of SEL Manufacturing Company Limited and hence said financial guarantee amounting INR 201,324 lakhs (consisting of principal outstanding and interest thereon upto 31st March 2020 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. There was a corresponding amount of investment in Subsidiary recorded up to that extent, however, considering negative net worth of SEL Textile Limited, a provision for impairment has been recorded for INR 201,324 lakhs.

50. Subsequent to the year-end 31st March, 2020, the Principal Commissioner of Income Tax (Central), Ludhiana filed an appeal before the Hon'ble High Court of Punjab & Haryana which was heard on November 4, 2020 in the matter pertaining to the assessment u/s 153 w.r.s 143(3) of the Income Tax Act, 1961 for the assessment years 2010-11, 2011-12 & 2013-14,which was completed on January 31, 2017 where an amount of INR 280.00 crores was demanded from the Company. Appeals that were filed before the CIT (A) on July 27, 2017 were decided by the CIT (A) on December 29, 2017 against the company. On February 02, 2018, Company filed an appeal before the ITAT, Chandigarh bench against the order of CIT (A) and the same had been decided by the ITAT in the favor of the Company on February 28, 2019.

51. Segment Information: Products and services from which reportable segments derive their revenues: In accordance with Ind AS 108 "Operating Segments", the chief executive officer (CEO) of the Company reported that the company is engaged in the business of manufacturing & processing of textile products i.e. a single business and all business activities revolve around this segment.

Geographical information: The Company operates in two principal geographical areas - India and outside India.
The Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

Particulars	Revenue from external customers		Non-current assets*	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
India	24,541.62	24,446.78	145,176.60	168,535.19
Outside India	4,562.67	21,464.19	-	-
Total	29,104.29	45,910.97	145,176.60	168,535.19

*Non-current assets exclude those relating to financial assets and deferred tax assets.

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Information about major customers: Two customer contributed 10% or more to the Company's revenue during the financial year 2019-20.

52. Lease Rent

i. During the last financial year, Factory Building had taken on lease for 5 years & Office Premises is taken on lease for 11 months with the option of renewal. During the year, the company has discontinued the lease agreements which had taken on lease for 5 years. The particulars of these leases are as follows:

(Rs. in Lakhs)

Particulars	31st March, 2020	31st March, 2019
Future Minimum lease payments obligation on non-cancellable operating leases:	-	200.81
Not later than one year	-	72.42
Later than one year and not later than five years	-	128.39
Later than five years	-	-
Lease payment recognized in Statement of Profit and Loss	40.13	86.14

ii. Rent Income also includes Lease Rentals received towards Land, Factory Building & Office Premises. Such operating leases are generally for a period of 5 to 15 years. The particulars of these leases are as follows:

(Rs. in Lakhs)

Particulars	31st March, 2020	31st March, 2019
Future Minimum lease rental under non-cancellable operating leases:	77.18	115.78
Not later than one year	18.20	22.02
Later than one year and not later than five years	47.90	66.03
Later than five years	11.08	27.73
Lease Income recognized in Statement of Profit and Loss	19.23	24.79

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

(Rs. In Lakhs)

Particulars	31st March, 2020	31st March, 2019
Opening Balance	671.00	671.00
Add: Expenses incurred during the year	-	-
Less: Impaired during the year	671.00	-
Closing Balance	-	671.00

54. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Indian Accounting Standard (Ind AS 19) are as under:

a. **Defined Benefit Plan**

Gratuity: The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31st March, 2020 and 31st March, 2019:

(Rs. in Lakhs)

Particulars	31st March, 2020	31st March, 2019
I. Change in benefit obligations		
Present value of obligations as at the beginning	597.43	684.22
Current Service cost	128.83	131.42
Interest expense	41.82	53.02
Remeasurements-Actuarial (gains)/ losses	(45.39)	(232.33)
Benefits paid	(70.25)	(38.90)
Present value of obligations as at the end	**652.44**	**597.43**

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II. Change in fair value of plan assets		
Fair value of plan assets at the beginning	6.03	16.74
Return on plan assets	0.42	1.30
Remeasurements-Actuarial (gains)/ losses	1.45	(0.55)
Contributions	90.88	27.44
Benefits paid	(70.25)	(38.90)
Fair value of plan assets at the end	**28.53**	**6.03**
Funded status	(623.91)	(591.40)

III. Expenses recognized in Statement of Profit and Loss

Amount for the year ended 31st March, 2020 and 31st March, 2019 recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	31st March, 2020	31st March, 2019
Service cost	128.83	131.42
Interest cost	41.82	53.02
Return on plan assets	(0.42)	(1.30)
Net gratuity cost	**170.23**	**183.14**

IV. Expenses recognized in the Other Comprehensive Income

Amount for the year ended 31st March, 2020 and 31st March, 2019 recognized in statement of other comprehensive income:

Particulars	31st March, 2020	31st March, 2019
Actuarial (gains) / losses	(45.85)	(231.77)

V. Actuarial Assumptions

The weighted-average assumptions used to determine benefit obligations as at 31st March, 2020 and 31st March, 2019 are set out below:

Particulars	31st March, 2020	31st March, 2019
Discount rate (per annum)	7.00%	7.75%
Salary Growth Rate (per annum)	5.00%	5.00%
Mortality	IALM (2012-14)	IALM (2006-08)
Expected rate of return on Plan Assets	5.00%	5.00%

The major categories of plan assets as a percentage of total

Particulars	31st March, 2020	31st March, 2019
Insurer managed funds	100%	100%

VI.Sensitivity Analysis (in lakhs)

Particulars	31-03-2020	
	Decrease	Increase
Discount Rate (-/+1%) (% change compared to base due to sensitivity)	714.02 9%	599.66 8%
Salary growth Rate (-/+1%) (% change compared to base due to sensitivity)	598.25 8%	714.6510%
Mortality Rate (-/+10%) (% change compared to base due to sensitivity)	645.31 1%	658.22 1%

b. **Provident Fund:** During the year, the company has recognized an expense of Rs. 383.78 lakhs (Previous Year Rs. 442.70 lakhs) towards provident fund scheme.

c. **Leave Encashment:** During the year, the company has recognized an expense of Rs. 45.83 lakhs (Previous Year Rs. 60.34 lakhs).

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55. Deferred Tax Recognized (IND AS 12):

1. **Income Tax:**
The Company has not recognized any income tax expense in the Statement of Profit and Loss and other comprehensive income during the year on account of accumulated losses.

2. **Recognized deferred tax assets and liabilities:**

Particular	Year ended 31 March, 2020	Year ended 31 March, 2019
Deferred tax liabilities		
Property, plant and equipment	46,542.44	46,050.77
Right of use assets	-	-
Deferred tax assets*		
Provision for gratuity	(623.90)	(591.40)
Provision for leave encashment	(139.68)	(136.12)
Provision for bad debts	(1,37,312.44)	(1,08,734.22)
Provision for bonus	(516.80)	(444.04)
Lease liabilities	-	-
Unabsorbed depreciation and carry forward losses	(2,16,431.00)	(2,04,902.80)
Deferred tax (assets)/ liabilities	**(3,08,481.38)**	**(2,68,757.82)**

*In accordance with Ind AS 12, recognition of deferred tax asset has been restricted to the deferred tax liability as there is no reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets will be realized.

3. **Unrecognized deferred tax assets:**
Deferred tax assets have not been recognized with respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Deductible temporary difference	-	-
Unabsorbed depreciation and carry forward losses	(2,16,431.00)	(2,04,902.80)
	(2,16,431.00)	**(2,04,902.80)**

4. **Reconciliation of effective tax rate: :** The major components of income-tax expense and the reconciliation of tax expense based on the effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows :-

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit before tax & After Exceptional items	(2,54,101.34)	(13,012.96)
Add: Exceptional Items	2,44,026.36	10,305.38
Profit before tax	(10,074.98)	(2,707.58)
Less: Capital gains (taxable under long term capital gain)	-	-
Profit before tax (business loss)	**(10,074.98)**	**(2,707.58)**
Income tax expense calculated at domestic tax rates applicable to profits (34.944%)	-	-
Less : Unrecorded deferred tax assets on carry forward losses and other temporary differences	-	-
Income Tax expense	-	-

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5. **Tax losses carried forward:** Tax losses for which no deferred tax asset was recognized expire as follows:

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
FY 2013-14	11,577.26	11,577.26
FY 2015-16	49,577.79	49,577.79
FY 2016-17	62,861.30	62,861.30
Unabsorbed depreciation	92,414.65	80,886.45
	2,16,431.00	**2,04,902.80**

56. Financial Instruments by Category

The carrying value and fair value of financial instruments at the end of each reporting period is as follows: (Rs. in lakhs)

Particulars	Cost		FVTPL		FVTOCI		Amortized Cost	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
FINANCIAL ASSETS								
Non-Current Assets								
Investments in								
- Equity Instruments*	253925.77	253925.77	-	-	69.51	162.80	-	-
- Others	8.68	(24.81)	-	-	43.07	48.59	-	-
Other Financial Assets	-	-	-	-	-	-	0.50	0.50
Current Assets								
Trade Receivables#	-	-	-	-	-	-	110,462.79	107066.42
Other Financial Assets	-	-	-	-	-	-	466.47	27382.78
Cash & Cash Equivalents	-	-	-	-	-	-	181.76	475.12
Bank Balances other than above	-	-	-	-	-	-	34.64	32.59
TOTAL FINANCIAL ASSETS	253,934.45	253900.96	-	-	112.58	211.39	111,145.66	134,957.41
FINANCIAL LIABILITIES								
Non-Current Liabilities								
Borrowings	-	-	-	-	-	-	118,092.11	158,498.35
Current Liabilities								
Borrowings	-	-	-	-	-	-	342,718.54	342,261.40
Trade Payables	-	-	-	-	-	-	6,766.73	6843.50
Other Financial Liabilities	-	-	-	-	-	-	172,824.90	131,187.39
TOTAL FINANCIAL LIABILITIES	-	-	-	-	-	-	640,402.28	638,790.64

*including impairment in value of investments amounting Rs. 253,914lakhs (Previous Year Rs. 52023.45 lakhs)
including allowance for doubtful debts amounting Rs. 103,350.17lakhs (Previous Year Rs. 102803.78 lakhs)

57. Revenue from operations for the year ended 31st March, 2020 and 31st March, 2019 is as follows:(In Lakhs)

Particulars	31st March, 2020	31st March, 2019
Revenue from sale of products	8,677.93	24,459.33
Revenue from job work	20,426.36	21,451.64
Total Revenue from Operations	**29,104.29**	**45,910.97**

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Disaggregate Revenue Information: The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2020 and 31st March, 2019 by type of goods and services.

(Rs. In lakhs)

Particulars	31st March, 2020	March31, 2019
Terry Towels	5,598.62	21,691.48
Yarn	1,373.21	1,205.71
Garments	16.79	573.11
Knitted Cloth	12.22	281.91
Others	1,677.09	707.12
Job Work	20,426.36	21,451.64
Total	**29,104.29**	**45,910.97**

Trade receivables: Trade receivables are presented net of impairment in the Balance Sheet.

Performance obligations and remaining performance obligations: The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

58. **Fair Value Measurement** :The following table presents fair value hierarchy of assets and liabilities measured at fair value:

(In Lakhs)

Particulars	Fair Value Measurement using					
	Level 1		Level 2		Level 3	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Non-Current Investments						
- Fair Value through OCI	69.51	85.16	43.07	126.22	-	-
Financial Liabilities						
Borrowings	-	-	621,708.24	620,937.37	-	-

59. The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments, if any. During the year, letters have been sent to various parties with a request to confirm their balances as on 31st March, 2020 out of which few parties have confirmed their balances to the company.

60. **Financial Risk Management**

The Company's principal financial liabilities comprises of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The management of the company has set out the company's overall business strategies and its risk management policy. The Company's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the company. The company policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest risk, liquidity risk and credit risk). Periodic reviews are undertaken to ensure that the company's policy guidelines are complied with.

There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risk. The company is exposed to the following risks related to financial instruments. The company has not framed formal risk management policies; however, the risks are monitored by management on a continuous basis. The company does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

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(a) Market Risk: Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31st March, 2020 and 31st March, 2019.

The following assumption has been made in calculating the sensitivity analyses:

i) The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended 31st March, 2019, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

(b)Foreign Currency Risk Management: The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(c) Liquidity Risk Management: The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has outstanding bank borrowings. The Company is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Company are running at sub-optimal level. The Company is at an advanced stage of negotiations with the banks for restructuring of its debt which would correct the cash flow mismatch. The Company believes that post restructuring, the Company would be able to generate enough cash inflows to meet its working capital requirements in the medium and long run.

The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) Credit Risk Management: Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company has exposure to credit risk from trade receivable balances on sale of Readymade Garments, Towel and Yarns. The Company has entered into short-term agreements with companies incorporated in overseas to sell the Readymade Garments, Towel and Yarns. Therefore, the Company is committed, in the short term, to sell Readymade Garments, Towel and Yarns to these customers and the potential risk of default is considered low. For other customers, the Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Company grants credit in the normal course of the business is monitored regularly.

(e) Capital Risk Management: The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

No Changes were made in the objectives, policies or processes during the years ended 31st March, 2020 and 31st March, 2019.

61. On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

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62. Previous year amounts have been reclassified wherever necessary to make them comparable and conform to Ind AS presentation.

63. Note No. 1 to 62 forms integral part of balance sheet and statement of profit /loss.

For Manik Malhotra & Associates Chartered Accountants FRN: 015848N	For and on the behalf of Board of SEL Manufacturing Company Limited		
(CA Manik Malhotra) Partner M. No.: 094604	(V.K.Goyal) Director & CEO DIN: 02751391	(Navneet Gupta) Director & CFO DIN: 02122420	(Rahul Kapoor) Company Secretary

Place: Ludhiana
Date: 13.02.2021

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, 2020

(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	36,764.08	36,764.08
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	46,839.08	1,04,616.08
	3.	Net Profit/-(Loss)	-2,54,101.36	-3,11,878.36
	4.	Earnings Per Share	-76.69	-94.11
	5.	Total Assets	1,59,537.03	1,59,537.03
	6.	Total Liabilities	6,41,310.40	8,42,550.40
	7.	Net Worth	-4,81,773.37	-6,83,013.37
	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. 57,777 lakhs & Rs. 53,478 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2020 & 31st March 2019 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	Fourth Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	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. 57,777 lakhs for the year ended 31st March, 2020 and the same has not been considered for preparation of the financial results for the year ended 31st March, 2020. Due to non-provision of the interest expense, net loss for the year ended 31stMarch, 2020 is reduced by Rs. 57,777 lakhs. Further, the Financial Liability is reduced by Rs. 201,240.00 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.--

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS 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, 2020
(Standalone Financial Results)

II.	Audit Qualification (each audit qualification separately)	
a.	Details of Audit Qualification	*The company has provided for impairment of Capital work in progress by Rs. 12,544 lacs as per INDAS-36 for the year ended March 31, 2020. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However, the said valuation Reports are not provided to us considering the confidentiality of the same. Hence, we are unable to justify its reasonableness.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--N.A--
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	--N.A--
	(ii) If management is unable to estimate the impact, reasons for the same:	The Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016". In view of this, *the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However, the said valuation Reports are not shared to any person/authority considering the confidentiality of the same.*
	(iii) Auditors' Comments on (i) or (ii) above:	*The said valuation reports are not provided to us considering the confidentiality of the same. Hence, we are unable to justify its reasonableness.*

Place: Ludhiana

Dated:13.02.2021 **(ED & CEO)** **(Director & CFO)** Manik Malhotra **(Statutory Auditors)**

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

UDIN: 21094604AAAA AP1155

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To
The Members of SEL Manufacturing Company Limited
Report on the Audit of the Consolidated Financial Statements

Qualified Opinion
We have audited the accompanying consolidated Financial Statements of **SEL Manufacturing Company Limited** ("the Company") and its subsidiaries (the company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2020, Consolidated Statement of Profit and Loss(including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph , *except for the possible effects of our observations described in the Paragraph Basis for Qualified Opinion below* , the aforesaid Consolidated financial statements read with Paragraph Material Uncertainty related to Going Concern and paragraph Emphasis of Matters described below give the information required by the Companies Act,2013(" the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, the consolidated loss, consolidated total comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion
We conducted our audit of the consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Financial Statements.

We refer to:

1) *Note No. 40 to the Consolidated financial statements in respect of non provision of interest on borrowings from banks (classified as NPA) amounting Rs. 81,797 lacs &Rs. 76,136 lacs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2020 & 31st March 2019 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.*

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

2) *Note No. 43(iii) of the consolidated financial statements, the company has provided for impairment of Capital work in progress by Rs. 12,544 Lacs as per INDAS-36 for the year ended 31st March, 2020. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However the said valuation Reports are not provided to us considering the confidentiality of the same. Hence, we are unable to justify its reasonableness.*

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 Rs 38,990 lacs (relating to subsidiary company) outstanding as at 31st March, 2020. 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 Assets.*

4) *Note no. 18, 21 and 23 of the Consolidated financial statements in respect of Borrowings and other financial liabilities 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.*

5) *The Group has not provided for reversal of input tax amounting to Rs. 169 lacs (relating to subsidiary company) on trade payables outstanding for more than 180 days under rule 37 of CGST Rules and Sec. 16(2) of the CGST Act.*

We further report that, had the impact of our observations made in paragraph 1 & 5 of Basis for qualified opinion paragraph been considered, the net loss for the year ended 31st March, 2020 would have been increased by Rs. 81,966 lacs and the borrowings for the year ended 31st March 2020 and 31st March 2019 would have been increased by Rs. 285,631 lacs &Rs. 203,665 lacs and Equity would have been reduced by the same amount for the years ended 31st March 2020 and 31st March 2019 respectively. Further, Loans & Advances would have been reduced by the Rs. 169 lacs for the year ended 31st March, 2020.The financial impact of matters stated in paragraphs 2 to 5 to the Basis for Qualified Opinion can't be measured reliably.

Material Uncertainty Related to Going Concern

Note no. 38 of the consolidated financial statements, stating thereto that the terms and conditions of the sanctioned CDR package w.r.t. interest and principal repayment were not complied with in respect of Parent company. 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 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. Subsequently the NCLT vide its order dated 25th April, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from 1st May, 2018 to 21st May, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on 15th June, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional").The company has filed an appeal against the admission of petition and appointment of IRP with NCLAT. This petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated 6th September, 2019 as prayed for, dismissed the transferred case as withdrawn ("Withdrawal Order"). A copy of withdrawal order was published on 11th September, 2019 ("Publication Date"). Accordingly, on and from the Publication date, the CIRP of the Corporate Debtor stands resumed. The Group has incurred net loss of Rs. 58,736 lacs for the year ended 31st March, 2020 leading to erosion of entire net worth and current liabilities have exceeded the current assets of the company.

Moreover the terms and conditions of the sanctioned CDR package w.r.t. interest and principal repayment (relating to subsidiary company) were not complied with. Consequently, the bank accounts of the subsidiary company also became non performing. The subsidiary company has incurred losses leading to erosion of entire net worth and current liabilities have exceeded the current assets of the subsidiary company, Further concerning the subsidiary company's ability to realize the value of

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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. Due to financial constraints, the subsidiary company has started job work operations in major spinning plants instead of pursuing its own manufacturing activities and major source of operating income 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 subsidiary company's ability to continue as going concern and therefore the subsidiary company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Further refer to Note no. 41 of the consolidated financial statements, the Resolution Plan (relating to parent company)submitted by the consortium of Arr Ess Industries Private Limited & Leading Edge Commercial FZE had been approved by the members of the Committee of Creditors ("CoC") on October 6, 2020 under the provisions Insolvency and Bankruptcy Code and related regulations. Further, The Hon'ble National Company Law Tribunal has approved the Resolution Plan on 10th February, 2021.

Emphasis of Matter

We draw attention to the following matters:

(1) Note No. 39 of the consolidated financial statements in respect of Contingency related to 'compensation payable in lieu of bank sacrifice,' the outcome of which is materially uncertain and cannot be determined currently.

(2) Note No. 37A (iii) of the consolidated financial statements in respect of contingency related to export incentives obligation refundable amounting Rs. 4,921 lacs in respect of allowance for foreign trade receivables, which is further subject to interest and penalties. The amount of such obligation cannot be determined currently.

(3) Note no. 42, to the consolidated financial statements regarding the balance confirmations of Trade Receivables, Capital/Trade Advances & Trade Payables. During the course of preparation of consolidated financial statements, letters have been sent to various parties by the parent company and its subsidiaries with a request to confirm their balances as on 31st March, 2020 out of which few parties have confirmed their balances direct to the company and to the auditors of its subsidiaries.

(4) As reported vide note 43(i) and (ii) to the consolidated financial statements, the group has provided for allowance/impairment of Rs. 32,100 lacs 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.

(5) Note no. 43(iv) of the consolidated financial statements, the Group has written down inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803 Lacs for the year ended on 31st March, 2020. The same has been charged to Statement of profit & loss as exceptional item.

(6) Note No.53 read with 43(ii) of the consolidated financial statements, the company has provided for allowance for interest subsidy receivable amounting to Rs. 26,621 Lacs for the year ended on 31st March, 2020 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.

Our opinion is not modified in respect of this Matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
Litigations, provisions and contingencies The Group is involved in several ongoing direct and indirect tax litigations. The assessment of the existence of the present legal or constructive obligation, analysis of the probability or possibility of the related payment require the management to make judgement and estimates in relation to the issues of each matter. The management with the help of opinion and advise of its experts have made such judgements and estimates relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. The Group recognises a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made. We have identified litigations, provisions and contingencies as a key audit matter because it requires the management to make judgements and estimates in relation to the exposure arising out of litigations. The key judgement lies in the estimation of provisions where they may differ from the future obligations. The Group operates under several tax laws and some of these have a significant impact on the consolidated financial statements of the Company.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: We tested the effectiveness of key controls around the recording and assessment of tax provisions and contingent liabilities. We assessed the value of the provisions and contingent liabilities in light of the nature of the exposures, applicable regulations and related correspondences with the authorities. We have reviewed and held discussions with the management to understand their processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets. We have also discussed with the management significant changes from prior periods and obtained a detailed understanding of these items and assumptions applied. We have held regular meetings with the management and key legal personnel responsible for handling legal matters. In addition, we have reviewed the details of the proceedings before the relevant authorities including communication from the advocates / experts; status of each of the material matters as on the date of the balance sheet. We have assessed the appropriateness of provisioning based on assumptions made by the management and presentation of the significant contingent liabilities in the financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Group's Board of Directors is responsible for the preparation and presentation of its report herein after called the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the consolidated Financial Statements and our Auditor's Report thereon. The Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information is expected to be made available to us after the date of this auditor's report.

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Our opinion on the consolidated financial statements does not cover the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Management's Responsibility for the Consolidated Financial Statements

The Parent has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code'). The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers are being exercised by the Resolution Professional appointed by the NCLT under the provisions of the Code. .As per the order dated September 6, 2019 of the Hon'ble Supreme Court, the Corporate Insolvency Resolution Process of the company has been restored and as per Section 20 of the Code, the management and operations of the parent company are being managed by the Resolution Professional Mr. Navneet Kumar Gupta.

The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective management and Board of Directors of the subsidiary companies in the Group are responsible for assessing the ability of each subsidiary to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management/Resolution Professional is also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

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other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We draw attention to the following matter:

1. We did not audit the financial statements/financial information of two subsidiaries, whose financial statements/ financial information reflect total assets (net) of Rs. 4792 lacs as at 31st March, 2020 and total revenue of Rs. 2 lacs, for the year ended on 31st March, 2020, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

2. We have relied on the unaudited financial statements of subsidiary wherein total assets (net) of Rs. 16 lacs as at 31st March, 2020.The group's share of profit aggregate to Rs. 48 lacs for the year ended. These unaudited financial statements as approved by the respective management of the subsidiary have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relate to the aforesaid subsidiaries are based solely on such approved unaudited financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements.

b. In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of Changes in Equity and the consolidated statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of consolidated financial statements.

d. *In our opinion, the matters described in the "Basis for Qualified Opinion" and "Emphasis of Matter" paragraphs above may have an adverse impact on the functioning of the group.*

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

e. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

f. On the basis of written representations received from the directors of the company as on 31st March, 2020, taken on record by the Board of Directors of the company and its subsidiaries and the report of the statutory auditors of the Subsidiary Companies, none of the directors of the Group Companies is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.

g. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls , refer to our separate report in "Annexure A" which is based on the auditor's reports of the company and its subsidiary Companies .

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended , in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note no. 37 to the consolidated financial statements;
ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

Manik Malhotra

PLACE: LUDHIANA
DATED: 13.02.2021

(CA. MANIK MALHOTRA)
PARTNER
M.NO.: 094604
UDIN: 21094604~~AAAA~~AM1879

Annexure - A to the Independent Auditors' Report

(Referred to in Paragraph (g) under the "Report on other legal and regulatory requirements" of our report to the members of SEL Manufacturing Company Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020 we have audited the Internal financial controls over financial reporting of SEL Manufacturing Company Limited (Hereinafter referred to as "parent" and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its subsidiary companies which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act,2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary Companies which are companies incorporated in India.

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Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Disclaimer of Opinion

The system of internal financial controls over Financial reporting with regard to the Group were not made available to us to enable us to determine if the Group has established adequate internal financial control over financial reporting and whether such internal financial controls operating effectively as on 31st March, 2020.

Basis for Qualified Opinion

In our opinion and according to information and explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the company , its subsidiary companies which are companies incorporated in India, in respect of the matters disclosed in paragraphs under "Basis for Qualified Opinion" and "Emphasis of Matter" of our main Independent Auditor's Report which came to our notice during the course of audit of consolidated financial statements indicates material weaknesses in the internal financial controls over financial reporting as at 31st March, 2020.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.

Qualified Opinion

In our opinion, the matters disclosed in above paragraphs under "Basis for Qualified Opinion" indicate material weaknesses in the internal financial controls over financial reporting.

Other Matters

Our aforesaid report under section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which are company incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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

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We have considered the disclaimer of opinion as well as material weaknesses identified and reported in Qualified Opinion paragraph in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31st March, 2020 and the disclaimer and material weaknesses do not affect our opinion on the Consolidated financial statements of the Group.

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

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
LUDHIANA

Manik Malhotra

PLACE: LUDHIANA
DATED: 13.02.2021

(CA. MANIK MALHOTRA)
PARTNER
M.NO.: 094604
UDIN: 21094604AAAAAM1879

SEL MANUFACTURING COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(Rs. In Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2020	AS AT 31.03.2019
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	5	2,01,004.62	2,15,520.33
(b) Capital Work in Progress	5	43,235.73	55,940.78
(c) Investment Property		-	-
(d) Goodwill		-	-
(e) Other Intangible Assets	5	-	-
(f) Intangible Assets under Development		-	-
(g) Biological Assets Other Than Bearer Plants		-	-
(h) Financial Assets			
(i) Investments	6	4,181.76	4,280.56
(ii) Trade Receivable		-	-
(iii) Loans		-	-
(iv) Others	7	8.75	18.84
(i) Deferred Tax Assets (Net)		-	-
(j) Other Non-Current Assets	8	4,150.82	4,053.97
		2,52,581.67	2,79,814.50
(2) Current Assets			
(a) Inventories	9	4,191.57	7,272.38
(b) Financial Assets			
(i) Current Investments		-	-
(ii) Trade Receivables	10	7,414.28	5,901.30
(iii) Cash & Cash Equivalents	11	264.83	539.31
(iv) Bank Balances other than (iii) above	12	34.79	32.74
(v) Loans		-	-
(vi) Others	13	6,805.38	33,721.95
(c) Current Tax Assets (Net)	14	2,532.91	1,878.98
(d) Other Current Assets	15	3,011.26	3,887.21
		24,255.02	53,233.87
TOTAL ASSETS		2,76,836.69	3,33,048.36
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	16	33,134.70	33,134.70
(b) Other Equity	17	(3,69,154.74)	(3,09,367.55)
Equity attributable to owners of the Company		(3,36,020.04)	(2,76,232.85)
Non-Controlling Interest		17.47	18.31
Total Equity		(3,36,002.57)	(2,76,214.54)
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	1,61,470.46	2,19,495.12
(ii) Trade Payables		-	-
(iii) Other Financial Liabilites	19	6.85	-
(b) Provisions	20	178.38	173.47
(c) Deferred Tax Liabilities (Net)		-	-
(d) Other Non-Current Liabilities		-	-
		1,61,655.70	2,19,668.59
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	1,75,535.73	1,77,132.41
(ii) Trade Payables	22		
(1) total outstanding dues of micro enterprises and small enterprises;		-	-
(2) total outstanding dues of creditors other than micro enterprises and small enterprises		11,958.99	12,011.34
(iii) Other Financial Liabilities	23	2,60,492.18	1,99,557.32
(b) Other Current Liabilities	24	2,464.79	184.64
(c) Provisions	25	731.87	708.59
(d) Current Tax Liabilities(Net)		-	-
		4,51,183.56	3,89,594.31
TOTAL EQUITY & LIABILITIES		2,76,836.69	3,33,048.36

See accompanying notes to the financial statements

As per our report of even date attached
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

(CA. Manik Malhotra)
Partner
M.No.: 094604

Place: Ludhiana
Date: 13.02.2021

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

(V.K.Goyal)	(Navneet Gupta)	(Rahul Kapoor)
Director &CEO	Director &CFO	Company Secretary
DIN: 02751391	DIN: 02122420	

SEL MANUFACTURING COMPANY LIMITED

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. In Lakhs)

PARTICULARS	NOTE NO.	CURRENT YEAR	PREVIOUS YEAR
I. Revenue From Operations	26	35,261.58	60,672.87
II. Other Income	27	9,902.99	9,168.72
III. Total Income (I+II)		45,164.57	69,841.59
IV. Expenses			
Cost of Materials Consumed	28	6,809.23	19,395.57
Purchases of Stock-in-Trade		732.80	281.92
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	29	2,608.94	1,248.15
Employee Benefits Expense	30	9,027.33	11,460.88
Finance Cost	31	263.06	684.27
Depreciation and Amortization Expense	32	14,505.62	14,630.76
Other Expense	33	24,428.96	34,502.78
Total Expenses (IV)		58,375.96	82,204.33
V. Profit/(Loss) Before Exceptional Items And Tax (I-IV)		(13,211.39)	(12,362.74)
VI. Exceptional Items	34	45,524.79	24,884.24
VII. Profit/(Loss) Before Tax (V-VI)		(58,736.18)	(37,246.98)
VIII. Tax Expense			
a) Earlier Years		-	(0.03)
IX. Profit/(Loss) for the period from Continuing Operations (VII-VIII)		(58,736.18)	(37,246.94)
X. Profit/(Loss) from Discontinued Operations		-	-
XI. Tax Expense of Discontinued Operations		-	-
XII. Profit/(Loss) from Discontinuing Operations (After Tax) (X-XI)		-	-
XIII. Profit/(Loss) for the period (IX+XII)		(58,736.18)	(37,246.94)
Profit/(Loss) attributable to			
(1) Owners of the Company		(58,735.34)	(37,249.45)
(2) Non-Controlling Interests		(0.84)	2.50
Profit/(Loss) for the period		(58,736.18)	(37,246.94)
XIV. Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		96.79	496.51
B (i) Items that will be reclassified to Profit or Loss		(1,148.65)	(801.13)
Total Other Comprehensive Income(net of taxes)		(1,051.86)	(304.62)
XV. Total Comprehensive Income for the Period (XIII+XIV)		(59,788.04)	(37,551.56)
Total Comprehensive Income attributable to			
(1) Owners of the Company		(59,787.20)	(37,554.07)
(2) Non-Controlling Interests		(0.84)	2.50
Total Comprehensive Income		(59,788.04)	(37,551.56)
XVI. Earning per Equity Share (for Continuing Operations)	36		
1) Basic		(17.73)	(10.99)
2) Diluted		(17.73)	(10.99)
XVII. Earning per Equity Share (for Discontinuing Operations)			
1) Basic		-	-
2) Diluted		-	-
XVIII. Earning per Equity Share (for Discontinuing & Continuing Operations)			
1) Basic		(17.73)	(10.99)
2) Diluted		(17.73)	(10.99)
See accompanying notes to the financial statements			

As per our report of even date attached
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

(CA. Manik Malhotra)
Partner
M.No.: 094604

Place: Ludhiana
Date: 13.02.2021

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

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

(V.K.Goyal)	(Navneet Gupta)	(Rahul Kapoor)
Director &CEO	Director &CFO	Company Secretary
DIN: 02751391	DIN: 02122420	

SEL MANUFACTURING COMPANY LIMITED

Consolidated Cash Flow Statement for the Year Ended 31st March, 2020

(Rs. In Lakhs)

	Particulars	Details	Current Year	Details	Previous Year
A	Cash Flow from Operating Activities				
	Net Profit before Taxes & Extraordinary Items		(58,735.34)		(37,249.48)
	Adjustments for Non Cash Items:				
	-Depreciation & Amortization	14,505.62		14,630.76	
	-Provision for Doubtful Debts	4,034.58		22,550.29	
	-Impairment In Value of Capital Work in Progress	12,544.57		-	
	-Inventories Written Down to Net Realisable Value	802.84		-	
	-Allowances for Loans & Advances	28,065.16		2,333.96	
	-Interest Cost	123.34		501.01	
	-Interest Income	(436.18)		(127.28)	
	-Dividend Income	-		(0.37)	
	-(Profit)/Loss on Sale of Fixed Assets	(15.54)		(340.14)	
			59,702.03		39,548.23
	Adjustments for Changes in Working Capital:				
	-Increase/ (Decrease) in Trade Payables	(52.35)		703.60	
	-Increase/ (Decrease) in Other Current Liabilities	2,280.15		(431.70)	
	-Increase/ (Decrease) in Other Financial Liabilities	19,975.13		48,656.70	
	-Increase/ (Decrease) in Current Provisions	23.28		(19.12)	
	-(Increase)/ Decrease in Trade Receivables	(5,547.56)		(7,308.18)	
	-(Increase)/ Decrease in Other Current Assets	(27,191.27)		5,733.18	
	-(Increase)/ Decrease in Current Assets Tax (Net)	(653.93)		(662.84)	
	-(Increase)/ Decrease in Current Loans	26,916.57		300.63	
	-(Increase)/ Decrease in Inventories	2,277.97	18,027.99	4,126.51	51,098.77
	Cash Generation from Operations		18,994.68		53,396.52
	-Taxes Paid		-		(0.03)
	Net Cash from Operating Activities		18,994.68		53,396.55
B	Cash Flows from Investing Activities				
	-Purchase of Plant, Property & Equipments	(40.37)		(31.54)	
	-(Increase)/Decrease in Capital Work in Process	160.49		(17.46)	
	-Proceeds from Sale of Fixed Assets	66.00		1,127.26	
	-Interest Income	436.18		127.28	
	-Dividend Income	-		0.37	
	-(Increase)/ Decrease in Others Financial Assets Non Current	10.09		21.01	
	-(Increase)/ Decrease in Other Non Current Assets	(96.84)		(1,954.40)	
	-Increase/(Decrease)in Non Current Provisions	4.91		(209.62)	
	Net Cash Flows from Investing Activities		540.46		(937.11)
C	Cash Flows from Financing Activities				
	-Increase/(Decrease) in Non Controlling Interest	(0.84)		3.35	
	-Proceeds/(Repayment) of Non Current Borrowings	(18,095.62)		(50,351.80)	
	-Increase/(Decrease)in Other Financial Liabilities Non Current	6.85		-	
	-Proceeds/(Repayment) of Short term Borrowings	(1,596.68)		(1,488.21)	
	-Interest Cost	(123.34)		(501.01)	
	Net Cash Flows from Financing Activities		(19,809.62)		(52,336.66)
	Net Increase/(Decrease) in Cash & Cash Equivalent		(274.48)		122.78
	Cash & Cash Equivalents - Opening Balance		539.31		416.53
	Cash & Cash Equivalents - Closing Balance		264.83		539.31

Subject to our Separate Report of Even Date
For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

(CA. Manik Malhotra)
Partner
M.No.: 094604

Place: Ludhiana
Date: 13.02.2021

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

(V.K.Goyal) Director &CEO DIN: 02751391

(Navneet Gupta) Director &CFO DIN: 02122420

(Rahul Kapoor) Company Secretary

SEL MANUFACTURING COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital

(In Lakhs)

As At 01.04.2018	Changes in equity share capital during the year	As At 31.03.2019	Changes in equity share capital during the year	As At 31.03.2020
33,134.70	-	33,134.70	-	33,134.70

B. Other Equity

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus: Capital Reserve	Reserves and Surplus: Securities Premium	Reserves and Surplus: General Reserve	Reserves and Surplus: Foreign Exchange Fluctuation Reserve	Reserves and Surplus: Surplus	Reserves and Surplus: Non Controlling Interests	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial	Other Items of Other Comprehensive Income	Total
As at 01.04.2018	-	-	2,615.78	51,866.83	-	-	(3,29,956.70)	14.96	-	-	-	-	3,660.61	(2,71,798.52)
General Reserve transferred to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	(37,249.45)	2.50	-	-	-	-	(304.62)	(37,551.56)
Any other change	-	-	-	-	-	-	-	(0.85)	-	-	-	-	-	(0.85)
As at 31.03.2019	-	-	2,615.78	51,866.83	-	-	(3,67,206.14)	18.31	-	-	-	-	3,355.99	(3,09,349.24)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 31.03.2019	-	-	2,615.78	51,866.83	-	-	(3,67,206.14)	18.31	-	-	-	-	3,355.99	(3,09,349.24)
Total Comprehensive Income for the year	-	-	-	-	-	-	(58,735.34)	(0.84)	-	-	-	-	(1,051.86)	(59,788.04)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2020	-	-	2,615.78	51,866.83	-	-	(4,25,941.48)	17.47	-	-	-	-	2,304.13	(3,69,137.27)

As per our report of even date attached

For Malhotra Manik & Associates
Chartered Accountants
Firm Reg. No. 015848N

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

(CA. Manik Malhotra)
Partner
M.No.: 094604

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

(V.K.Goyal)
Director &CEO
DIN: 02751391

(Navneet Gupta)
Director &CFO
DIN: 02122420

(Rahul Kapoor)
Company Secretary

Place: Ludhiana
Date: 13.02.2021

I. Property, Plant and Equipment

NOTE NO.- 5

Particulars	Freehold Land	Leasehold Land	Building & Roads	Plant & Machinery	Fixtures & Fittings	Vehicles	Office Equipments	Right of Use Asset	Total	Other Intangible Assets	Capital Work in Progress
Gross Value as at 1st April, 2018	15,880.88	732.89	1,13,379.87	2,62,127.31	3,984.62	1,191.24	505.61	-	3,97,802.42	526.83	55,923.32
Addition during the year	-	-	-	2.10	-	29.44	-	-	31.54	-	17.46
Deduction during the year	4.05	-	-	1,200.59	-	-	-	-	1,204.65	-	-
Gross Value as at 31st March, 2019	15,876.83	732.89	1,13,379.87	2,60,928.81	3,984.62	1,220.68	505.61	-	3,96,629.31	526.83	55,940.78
Addition during the year	-	-	-	6.35	12.85	-	4.60	16.57	40.37	-	-
Deduction during the year	16.55	-	61.75	-	3.95	-	-	-	82.25	-	12,705.06
Gross Value as at 31st March, 2020	15,860.28	732.89	1,13,318.12	2,60,935.16	3,993.52	1,220.68	510.21	16.57	3,96,587.43	526.83	43,235.73
Depreciation & Impairment											
Depreciation as at 1st April, 2018	-	74.07	21,304.38	1,41,928.71	2,266.76	879.10	442.72	-	1,66,895.73	526.83	-
Depreciation for the year	-	8.52	3,307.96	10,918.19	289.64	90.23	16.22	-	14,630.76	-	-
Disposal during the year	-	-	-	417.52	-	-	-	-	417.52	-	-
Depreciation as at 31st March, 2019	-	82.59	24,612.34	1,52,429.37	2,556.41	969.34	458.93	-	1,81,108.97	526.83	-
Depreciation for the year	-	8.52	3,305.85	10,827.83	281.79	68.20	10.12	3.31	14,505.62	-	-
Disposal during the year	-	-	27.84	-	3.95	-	-	-	31.79	-	-
Depreciation as at 31st March, 2020	-	91.11	27,890.34	1,63,257.21	2,834.24	1,037.54	469.06	3.31	1,95,582.81	526.83	-
Net Book Value											
As at 31st March, 2020	15,860.28	641.78	85,427.78	97,677.95	1,159.28	183.14	41.16	13.25	2,01,004.62	-	43,235.73
As at 31st March, 2019	15,876.83	650.30	88,767.54	1,08,499.44	1,428.21	251.34	46.68	-	2,15,520.33	-	55,940.78

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

INVESTMENTS (NON CURRENT) NOTE NO. - 6

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(1) Investment in Equity Instruments (Quoted-At Fair Value)		
i) 6,248 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited	69.51	85.16
ii) 778 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Limited	-	-
(2) Investment in Equity Instruments (Unquoted-At Fair Value)		
Others		
i) 299,300 Equity Shares of Rs. 1/- each fully paid up of The Delhi Stock Exchange Association Limited	-	77.63
i) 14,000 Equity Shares of Rs. 10/- each fully paid up of Rythm Textile & Apparels Park Limited	1.40	1.40
ii) 1,108,000 Equity Shares of Rs. 10/- each fully paid up of OPGS Power Gujrat Pvt. Ltd.	5.56	5.56
(4) Investments in Preference Shares (At Cost)		
i) 3,692,930 9% Redeemable Preference Shares of Rs. 10 each fully paid up of Rhythm Textile & Apparels Park Limited	4,062.22	4,062.22
(5) Investment in Mutual Funds (Unquoted-At Fair Value)		
i) 150,000 Units of Rs.10/- each of SBI Infrastructure Fund	16.66	22.58
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund	3.81	5.25
iii) 55,187.638 Units of Rs. 10/- each of Union Multi Cap Fund	8.55	10.76
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund	14.05	10.00
TOTAL	4,181.76	4,280.56

Market Value of Quoted Investments	85.16	85.16
Aggregate Amount of Quoted Investments	30.68	30.68
Aggregate Amount of UnQuoted Investments	4,096.59	4,195.40
Aggregate Impairment in Value of Investments	210.19	132.55

OTHERS FINANCIAL ASSETS (NON CURRENT) NOTE NO. - 7

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Fixed Deposits with Banks	8.75	18.84
TOTAL	8.75	18.84

OTHER NON CURRENT ASSETS NOTE NO. - 8

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
a) Security Deposits	1,779.71	1,682.86
b) Capital Advances	12,109.08	12,150.83
	13,888.79	13,833.69
Allowance/Impairment for Doubtful Loans & Advances#	9,737.97	9,779.72
TOTAL	4,150.82	4,053.97

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	9,779.72	9,796.53
Less: Amount collected and hence reversal of provision	41.75	16.81
Add: Provision made during the year	-	-
Balance at the end of the year	9,737.97	9,779.72

INVENTORIES NOTE NO. - 9

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Valued at Cost or Net Realisable Value, whichever is lower)		
(a) Raw Materials	697.06	1,043.57
(b) Work in Progress	753.53	1,819.16
(c) Finished Goods		
-In Godown	2,093.07	3,590.49
-In Transit	7.59	223.74
(d) Stock in Trade	221.52	51.25
(d) Stores & Spares	418.81	544.17
TOTAL	4,191.57	7,272.38

TRADE RECEIVABLES (CURRENT) NOTE NO. - 10

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
a) Trade Receivables considered good-Secured	-	-
b) Trade Receivables considered good-Unsecured	7,414.28	5,901.30
c) Trade Receivables which have significant increase in Credit Risk; and	-	-
d) Trade Receivables-credit impaired	1,28,688.61	1,23,680.23
	1,36,102.90	1,29,581.54
Less: Allowance for Doubtful Receivables (Expected Credit Loss Allowance)#	1,28,688.61	1,23,680.23
TOTAL	7,414.28	5,901.30

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	1,23,680.23	1,01,129.95
Less: Amount collected and hence reversal of provision	7,306.83	949.44
Add: Provision made during the year	12,098.86	23,499.72
Balance at the end of the year	1,28,688.61	1,23,680.23

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS LUDHIANA

CASH & CASH EQUIVALENTS — NOTE NO. - 11

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Cash In Hand	39.52	53.07
(b) Balances With Scheduled Banks		
i) In Current Accounts	223.30	484.67
ii) In Fixed Deposits Accounts	2.01	1.57
TOTAL	264.83	539.31

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS — NOTE NO. - 12

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Other Bank Balances		
i) In Fixed Deposits Accounts	34.79	32.74
TOTAL	34.79	32.74

OTHERS FINANCIAL ASSETS (CURRENT) — NOTE NO. - 13

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Unsecured, considered good)		
i) Duty Drawback Receivable	448.71	760.22
ii) Interest Subsidy Receivable	32,952.68	32,952.68
iii) Interest Receivable	25.39	9.04
	33,426.78	33,721.95
Allowance/Impairment for Doubtful Loans & Advances#	26,621.40	-
TOTAL	6,805.38	33,721.95

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	-	-
Less: Amount collected and hence reversal of provision	-	-
Add: Provision made during the year	26,621.40	-
Balance at the end of the year	26,621.40	-

CURRENT TAX ASSETS (NET) — NOTE NO. - 14

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Prepaid Taxes	2,532.91	1,878.98
TOTAL	2,532.91	1,878.98

OTHER CURRENT ASSETS — NOTE NO. - 15

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(Unsecured, considered good)		
i) Advances to Suppliers	5,441.86	5,177.07
ii) Statutory Dues & Taxes	2,055.06	2,083.21
iii) Others	1,880.44	1,507.51
	9,377.35	8,767.79
Less: Allowance for Doubtful Receivables (Expected Credit Loss Allowance)#	6,366.09	4,880.58
TOTAL	3,011.26	3,887.21

#Movement in the Expected Credit Loss Allowance

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Balance at the beginning of the year	4,880.58	2,529.82
Less: Amount collected and hence reversal of provision	34.45	513.25
Add: Provision made during the year	1,519.97	2,864.01
Balance at the end of the year	6,366.09	4,880.58

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
LUDHIANA

EQUITY SHARE CAPITAL

NOTE NO. - 16

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Authorised		
1,000,000,000 Equity Shares	1,00,000.00	1,00,000.00
(b) Issued, Subscribed & Paid Up		
331,347,000 Equity Shares Fully Paid Up	33,134.70	33,134.70
	33,134.70	33,134.70
(c) Par Value per Share		
331,347,000 Equity Shares Rs. 10/-		
(d) Reconciliation of the number of shares outstanding		

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Shares	Amount	Shares	Amount
Shares outstanding at the beginning of the year				
Equity Shares	3,313.47	33,134.70	3,313.47	33,134.70
Total	3,313.47	33,134.70	3,313.47	33,134.70
Add: Addition during the year				
Equity Shares	-	-	-	-
Total	-	-	-	-
Less: Deduction during the year				
Equity Shares	-	-	-	-
Total	-	-	-	-
Shares outstanding at the end of the year				
Equity Shares	3,313.47	33,134.70	3,313.47	33,134.70
Total	3,313.47	33,134.70	3,313.47	33,134.70

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

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

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

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

The Company issued 220,000,000 equity shares of the face value of Rs. 10 per share consequent to Global Depository Receipt (GDRs) issue of the company during the year 2012-13. Holders of Global Depository Receipt (GDRs) are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of Equity Shares. As on 31.03.2020, 75,709,249 shares (Previous Year 75,709,249 shares) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

OTHER EQUITY

NOTE NO. - 17

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Captial Reserve		
Opening Balance	2,615.78	2,615.78
Add: Addition during the year	-	-
	2,615.78	2,615.78
Less: Deduction during the year	-	-
	2,615.78	2,615.78
(b) Securities Premium		
Opening Balance	51,866.83	51,866.83
Add: Addition during the year	-	-
	51,866.83	51,866.83
Less: Deduction during the year	-	-
	51,866.83	51,866.83
(c) Other Comprehensive Income		
Opening Balance	3,355.99	3,660.61
Add: Addition during the year	96.79	496.51
	3,452.78	4,157.12
Less: Deduction during the year	1,148.65	801.13
	2,304.13	3,355.99
(d) Surplus		
Opening Balance	(3,67,206.14)	(3,29,956.70)
Add: Addition during the year	(58,735.34)	(37,249.45)
	(4,25,941.48)	(3,67,206.14)
Less: Deduction during the year	-	-
	(4,25,941.48)	(3,67,206.14)
(e) Non Controlling Interests		
Opening Balance	18.31	14.96
Add: Addition during the year	(0.84)	2.50
	17.47	17.46
Less: Deduction during the year	(0.00)	(0.85)
	17.47	18.31
TOTAL	(3,69,154.74)	(3,09,367.55)

BORROWINGS (NON CURRENT)

NOTE NO. - 18

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Secured Loans		
i) Term Loans		
- From Banks	1,49,437.26	2,08,377.25
(b) Unsecured Loans (At Amortised Cost)		
i) Loan from Others	35.00	35.00
i) Loan from Directors	7,429.53	6,871.93
(Interest free loans repayable in 2023-24)		
Liability Component of Compound Financial Instrument		
(c) Preference Share Capital (At Amortized Cost)	4,568.68	4,210.95
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares Fully Paid Up		
TOTAL	1,61,470.46	2,19,495.12

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

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II (WCTL FITL-II)	Rupee Term Loan III (PL-III)
Sanctioned Amount	2,15,960.00	92,604.00	48,206.00	74,553.00	14,443.62	13,157.00
Balance as on 31.03.2020	2,06,643.74	72,098.87	18,493.76	73,578.79	13,383.20	1,005.36
Rate of Interest	10.65%	10.65%	10.65%	10.65%	10.65%	11.15%
Repayment Type	Monthly	Monthly	Monthly	Quarterly	Quarterly	Monthly
Repayment during the year ending						
31/03/2021	31,408.63	11,252.92	-	13,055.36	1,842.15	102.79
31/03/2022	31,458.58	13,034.53	-	13,056.61	1,978.24	119.92
31/03/2023	31,891.04	13,482.26	-	13,852.23	1,975.77	119.92
31/03/2024	10,767.57	2,514.18	-	3,372.47	-	100.16
Overdue Principle Amount	88,836.15	27,347.58	19,745.42	26,495.99	6,900.43	515.06
Overdue Interest Amount	10,044.68	4,056.47	1,475.67	3,746.14	693.27	67.80
Overdue Since	August 2015	July 2015	April 2015	July 2015	June 2015	November 2015

Details of security for term loans

*Long term borrowings from banks are secured by the equitable mortgage of entire Land & Building of the Company and further secured by all the fixed assets of the Company, immovable & movable, both present and future ranking pari-passu basis and personal guarantee of the promoter directors. The said borrowings are further secured, on pari-passu basis with short term lenders, by equitable mortgage of the following properties.

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

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OTHER FINANCIAL LIABILITES (NON CURRENT) NOTE NO. - 19

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Lease Payable	6.85	-
TOTAL	6.85	-

PROVISIONS (NON CURRENT) NOTE NO. - 20

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Provision for Employee Benefits	178.38	173.47
TOTAL	178.38	173.47

SHORT TERM BORROWINGS NOTE NO. - 21

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Secured Loans		
i) Loans Repayable on Demand		
From Banks	1,75,535.73	1,77,132.41
TOTAL	1,75,535.73	1,77,132.41

Details of security for working capital borrowings

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

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

Terms of repayment of loans repayable on demand

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

TRADE PAYABLES NOTE NO. - 22

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
Trade Payables	11,958.99	12,011.34
TOTAL	11,958.99	12,011.34

OTHER FINANCIAL LIABILITIES (CURRENT) NOTE NO. - 23

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Current Maturities of Long Term Debts	2,27,502.47	1,69,840.62
ii) Current Maturities of Long Term Debts (Others)	100.00	91.74
iii) Interest Accrued and due on borrowings	20,084.06	20,084.06
iv) Employees Benefits	1,304.71	1,291.41
v) Payable to Vendors-Non Trade	3,432.66	3,037.46
vi) Others Payable	8,068.29	5,212.03
TOTAL	2,60,492.18	1,99,557.32

OTHER CURRENT LIABILITIES NOTE NO. - 24

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
i) Statutory Dues & Taxes	111.45	165.38
ii) Advances from Customers	2,353.34	19.26
TOTAL	2,464.79	184.64

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PROVISIONS (CURRENT) NOTE NO. - 25

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
(a) Provision for Employee Benefits	731.87	708.59
TOTAL	731.87	708.59

REVENUE FROM OPERATIONS NOTE NO. - 26

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Sale of Products		
Finished Goods	13,283.64	35,932.85
Traded Goods	-	1,034.40
Raw Material	62.83	1,645.31
Other Operating Income		
Sale of Services	20,244.74	21,361.15
Others	1,670.36	699.15
TOTAL	35,261.58	60,672.87

OTHER INCOME NOTE NO. - 27

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Export Incentives	333.83	2,147.70
Interest	436.18	127.28
Other Income	156.32	21.52
Dividend Income	-	0.37
Foreign Exchange Fluctuation	8,937.31	6,505.49
Profit on Sale of Property, Plant & Equipments	15.54	340.14
Rental Income	23.82	26.23
TOTAL	9,902.99	9,168.72

COST OF MATERIAL CONSUMED NOTE NO. - 28

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
Raw Material Consumed			
Opening Stock		781.91	3,858.16
Add: Purchases (net)		4,230.43	12,829.53
		5,012.34	16,687.69
Less: Closing Stock		436.81	781.91
Cost of raw material consumed during the year	(A)	4,575.53	15,905.78
Packing Material Consumed			
Opening Stock		261.66	200.16
Add: Purchases (net)		2,232.29	3,551.29
		2,493.95	3,751.45
Less: Closing Stock		260.25	261.66
Cost of packing material consumed during the year	(B)	2,233.71	3,489.79
TOTAL	(A+B)	6,809.23	19,395.57

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE NOTE NO. - 29

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
Opening Stocks			
Work in Process		1,819.16	1,461.25
Finished Goods		3,814.24	4,652.48
Stock in Trade		51.25	819.06
	(A)	5,684.64	6,932.79
Closing Stocks			
Work in Process		753.53	1,819.16
Finished Goods		2,100.66	3,814.24
Stock in Trade		221.52	51.25
	(B)	3,075.71	5,684.64
Decrease/(Increase) in Inventories	(A-B)	2,608.94	1,248.15

EMPLOYEE BENEFITS EXPENSE NOTE NO. - 30

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Wages,Salaries & Other Allowances	8,348.65	10,639.49
Contribution to PF, ESI & Other Funds	590.81	701.16
Staff & Labour Welfare	87.86	120.22
TOTAL	9,027.33	11,460.88

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FINANCIAL COSTS

NOTE NO. - 31

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a) Bank Charges	139.73	183.26
b) Interest on		
i) Others	123.34	501.01
TOTAL	263.06	684.27

DEPRECIATION & AMORTISATION EXPENSES

NOTE NO. - 32

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Depreciation of Tangible Assets	14,493.79	14,622.24
Amortisation of Leasehold Land	8.52	8.52
Depreciation of Right to Use Assets	3.31	-
TOTAL	14,505.62	14,630.76

OTHER EXPENSES

NOTE NO. - 33

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Powel & Fuel	17,734.35	23,357.14
Consumables & Repair Maintenance	3,684.73	6,259.72
Job Work Expenses	101.30	907.24
Printing & Stationery	14.45	11.22
Insurance	248.63	224.16
Fees & Taxes	164.52	152.33
Donation	0.34	0.74
Legal & Professional Charges	119.63	422.37
Postage & Courier Charges	47.48	60.22
Telephone & Fax Expenses	24.90	36.00
Statutory Auditors' Remuneration		
-Audit Fee	3.73	7.35
-Tax Audit Fee	1.15	2.30
-Reimbursement of Expenses	0.17	0.28
Cost Auditors' Remuneration		
-Audit Fee	1.12	1.12
General Repair & Maintenance	77.14	106.44
Office Expenses	44.59	58.97
Festival Expenses	1.25	30.14
Rent	40.11	90.51
Travelling & Conveyance	156.37	367.87
Water Charges	57.82	57.16
Service Tax Paid	-	1.58
Advertisement	1.54	6.84
CIRP Expenses	723.06	-
Security Expenses	-	4.55
Building Repair & Maintanenace	3.27	11.20
Vehicles Expenses	68.52	97.48
VAT Input Credit Reversal For Earlier Years	-	375.54
Business Promotion	40.30	43.87
Commission	60.99	421.76
Rebate & Discount	581.30	-
Clearing Forwarding & Freight Outward	426.20	1,386.67
TOTAL	24,428.96	34,502.78

EXCEPTIONAL ITEMS

NOTE NO. - 34

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Impairment in Value of Capital Work in Progress	12,544.57	-
Allowance for Doubtful Receivables	4,034.58	22,550.29
Allowance/Impairment for Doubtful Loans & Advances	28,065.16	2,333.96
Inventories Written Down to Net Realisable Value	802.84	-
Impairment in Value of Investments	77.63	-
TOTAL	45,524.79	24,884.24

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SEL Manufacturing Company Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act, applicable in India. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company and its subsidiaries (hereinafter referred to as the "Group") are engaged in the manufacturing, processing & trading of yarns, fabrics, readymade garments, towels and aviation sector. The registered office of the company is located at 274, G.T.Road, Dhandari Khurd, Ludhiana, Punjab.

2. Basis of Preparation

These consolidated financial statements of the group are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs, except otherwise indicated.

3. Significant Accounting Policies

3.1Principles of Consolidation

The consolidated financial statements relate to SEL Manufacturing Company Limited ('the company') and its subsidiary companies/firms.

In preparing consolidated financial statements, the financial statements of the parent company and its subsidiaries are combined on line-by-line basis by adding together the items of assets, liabilities, income and expenses. The inter group balances and transactions and unrealized profits and losses are fully eliminated.

The acquisition method of accounting is used to account for business combinations by the Group.

The financial statements of the Parent and its subsidiaries except a subsidiary firm have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent i.e. year ended March 31, 2020.

Non Controlling Interest's in net profit of consolidated financial statements, for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the group.

Non Controlling Interest's in the net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the Group's shareholders.

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

3.2 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in

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the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

3.3 Revenue from contracts with customers

Effective April 1, 2018, the Group adopted Ind AS 115 'Revenue from Contracts with Customers'. First time adoption has been conducted retrospectively with cumulative effect of initially applying this standard as on the transition date. The effect on the transition to Ind AS 115 is insignificant.

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue from subsidiaries is recognized based on transaction price which is at arm's length.

Revenue also includes price variations based on the contractual agreements and excludes goods & services tax. Revenue from export sales are recognized on shipment basis. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of Goods: Revenue from the sale of goods is recognized as and when the Group satisfies performance obligations by transferring control of the promised goods to its customers.

Sale of Services: Revenue from the sale of services is recognized on the basis of the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Dividend income: Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Lease income: Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight-line basis as per the terms of the agreements in the statement of profit and loss.

Interest income: Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Export Incentives: Revenue in respect of the eligible benefits is recognized on post export basis.

3.4 Inventories

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

i) In respect of Raw Materials on FIFO basis.
ii) In respect of Work in process and Finished Goods, at weighted average cost of raw material plus conversion cost & packing cost incurred to bring the goods to their present condition & location.
iii) In respect of trading goods, on specific identification method.
iv) In respect of Consumable Stores on weighted average basis.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realizable value. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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3.5 Foreign Currency Transactions

The functional currency of the group is an Indian rupee.

Other foreign currency transactions:

(i) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction except sales that are recorded at rate notified by the customs for invoice purposes. Such rate is notified in the last week of every month and is adopted for recording export sales of next month.

(ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at balance sheet date are recognized as income or expenses in period in which they arise, except the exchange difference in case of fixed assets which have been adjusted to the cost of fixed assets.

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

3.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in Schedule II to the Companies Act, 2013 except for the plant and equipment of spinning and terry towel units where useful life has been technically assessed as 30 years. Property, plant and equipment which are added/ disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition/deletion. The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit or net loss in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Leased assets: Leasehold lands are amortized over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

3.7 Goodwill and Intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over useful lives on a straight-line basis, from the date that they are available for use.

3.8 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets, up to the date when such assets are ready for intended use. Other borrowing costs are charged as expenditure in the year in which they are incurred. The capitalization of borrowing costs to be suspended during extended periods in which active developments will be interrupted.

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3.9 Employee Benefits

(i) **Short term employee benefits:** All employee benefits payable wholly within twelve months for rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

(ii) **Post Employment Benefits:**

(a) Defined Contribution Plans:

Provident Fund: Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution

The Group contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952 and is charged to the profit and loss account.

(b) Defined Benefit Plans:

Gratuity: The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profit in the Statement of Profit and Loss.

(iii) **Long Term Employee Benefits:** The liability for leave with wages is recognized on the basis of actuarial valuation at the balance sheet date using projected unit credit method.

3.10 Taxes

Tax Expense comprises of current income tax , deferred tax and Minimum Alternate Tax Credit Entitlement.

Current Tax: Current Tax is determined as the amount of tax payable in respect of taxable income for the period after considering tax allowances & exemptions.

Deferred Tax: Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax Credit: Minimum Alternate Tax credit is recognized as tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specific period.

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3.11 Impairment of Non Financial Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized in the statement of profit and loss.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash in hand and at bank and short-term deposits with original maturity period of three months or less.

3.13 Provisions and Contingent Liabilities & Contingent Assets

Provisions: Provisions are recognized for liabilities that can be determined by using a substantial degree of estimation, if:

(i) The Group has a present obligation as a result of a past event;

(ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and

(iii) The amount of the obligation can be reliably estimated

Contingent Liabilities: Contingent liability is disclosed in the case of:

(i) a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or

(ii) a possible obligation, unless the probability of outflow of resources embodying economic benefits is remote.

Contingent Assets: A Contingent asset is disclosed when possible asset that arises from past events and whose existence would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

3.14 Earnings per share

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Group by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

3.15 Leases

The Group as a lessee: The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases).and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Group as a lessor: Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

3.16 Financial instruments:

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

-Financial assets at fair value

-Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

-**Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

-**Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

-**Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

-**Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

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- The 12- months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All other receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognize impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

Other Investments

- Quoted Investments: All other quoted investments are measured at fair value through Other Comprehensive Income in the balance sheet.

- Unquoted Investments: All other unquoted investments are measured at fair value through Other Comprehensive Income in the balance sheet, except those investments which the Group has chosen to measure at cost as per Ind AS 109 Financial Instruments Paragraph B5.2.3.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's statement of financial position) when:

-The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either;

(a)the Group has transferred substantially all the risks and rewards of the asset, or

(b the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement. It evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Financial liabilities:

Classification as debt or equity: Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument

Initial recognition and measurement: All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and redeemable preference shares.

Subsequent measurement: The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss: Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

3.17 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.18 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; .
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
-It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle: Operating cycle of the Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3.19 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3.20 Government Grants & Subsidies

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

3.21 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating officer (COO), in deciding how to allocate resources and assessing performance. The Group's chief operating officer (COO) is the Managing Director & CEO.

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3.22 Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 "Statement of Cash flows" using the indirect method for operating activities.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The principal accounting policies adopted by the Company in the financial statements are as set out above. The application of a number of these policies requires the Company to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Company has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the financial statements presented which, under different conditions, could lead to material differences in these statements. The actual results may differ from the judgments, estimates and assumptions made by the management and will seldom equal the estimated results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements: The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred Tax Assets: The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Group's forecast, which is adjusted for significant non-taxable income and expenses, and specific limits to the use of any unused tax loss or credit. The tax rules in India in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position.

Key sources of estimation uncertainty: The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Liability for sales return: In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Allowance/Impairment for uncollected accounts receivable and other advances: Trade receivables and other advances do not carry any interest and are stated at their normal value as reduced by appropriate allowance/impairment which is made on ECL, and the present value of the cash shortfall over the expected life of the financial assets.

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35. The related party disclosure in accordance with Indian Accounting Standard (Ind AS)-24 "Related Party" issued by the Institute of Chartered Accountants of India is given below:

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

*No transactions have taken place during the year.

Related Parties Transactions: **(Rs. In Lakhs)**

Particulars	Key Management & Relatives of KMP		Enterprises over which Personal (KMP) significant influence	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Rent Paid	-	-	15.07	47.17
Services Received	-	-	9.89	23.64
Managerial Remuneration	145.80	334.80	-	-
Closing Balance of Related Parties Debit/(Credit)	(7,385.45)	(6871.82)	257.30	-

36. Earnings Per Share: The calculation of Earnings per Share as disclosed in the statement of Profit & Loss has been in accordance with Indian Accounting Standard (Ind AS)-33 on "Earning per Share" issued by the Institute of Chartered Accountants of India.

A statement on calculation of Basic & Diluted EPS is as under:

Particulars		March 31, 2020	March 31, 2019
Face value of equity shares	Rs.	10	10
Weighted average number of equity shares outstanding	Nos.	331,347,000	331,347,000
Profit/(Loss) for the year (continuing operations)	Lakhs	(58,736.18)	(37,246.94)
Weighted average earnings per shares (basic and diluted)	Rs.	(17.73)	(11.24)
Profit/(Loss) for the year (Discontinued operations)	Lakhs	-	-
Weighted average earnings per shares (basic and diluted)	Rs.	-	-
Profit/(Loss) for the year (total operations)	Lakhs	(58,736.18)	(37,246.94)
Weighted average earnings per shares (basic and diluted)	Rs.	(17.13)	(11.24)

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37. **Contingent Liabilities and Capital Commitments**

A. Contingent Liabilities: There are contingent liabilities in respect of the following items: (No outflow is expected in view of the past history relating to these items)

Particulars	March 31, 2020	March 31, 2019
(i) Export Bills Discounted	1,054.60	1,054.60
(ii) Income Tax (net of deposit under protest)	-	3,614.40
(iii) Export Incentives obligations refundable in respect of allowance for foreign trade receivables*	4,920.93	4920.93
(iv) Security Deposits**	1,286.27	-

*Subject to further Interest and penalty
**refer note no. 44

B. Capital Commitments

(Rs. in lakhs)

Particulars	March 31, 2020	March 31, 2019
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for(net of advances)	9,359.55	9,359.55

Further the Group has made impairment for capital advances amounting Rs. 9,737.97 lakhs outstanding since long and the orders placed with capital goods suppliers are more than two year and escalation costs, if any, in these purchase orders shall be in addition to figures reported above.

38. Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT") by State Bank of India against the Parent Company SEL Manufacturing Company Limited ("Corporate Debtor" or the "Company"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed there under, as amended from time to time ("Code"), the NCLT vide its order ("Admission Order") dated April 11, 2018 ("Insolvency Commencement Date") had admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of the Corporate Debtor. Subsequently, the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional" or "RP").

Subsequently, a petition was filed by Mr. Dhiraj Saluja, one of the promoters and directors of the Corporate Debtor, before the High Court ("Petition") wherein the High Court, vide its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("Withdrawal Order"). A copy of the Withdrawal Order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stands resumed. As part of duties casted upon the Resolution Professional (RP) under the Code, the RP, has taken on record these financial statements and has authorized the directors of the Company to sign these financial statements.

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

a) Restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFS) and Non-TUFS Term Loans, reduction in interest rates, additional facilities in the form of Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL).

b) Lenders with the approval of CDR EG shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per the CDR guidelines. The recompense payable is contingent on

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various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain.

However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the company, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the company could not complete their spinning project where substantial amount were already incurred. All this has led to adverse financial performance and erosion in net worth of the company. Also the said company are facing cash flow mismatch and are not able to serve debt obligations as per the terms of CDR package sanctioned earlier.

Since, the subsidiary company was finding it difficult to serve its debt obligations, they have requested their lenders for a second/deep restructuring of its debts. Considering the state of art manufacturing facilities of the company, most modernized technology, skilled labour force, professional management and inherent viability of the said Company, the lenders have in-principle agreed for second/deep restructuring of the debts.

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.

40. In the case of Parent Company, 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. And in the case one of its subsidiary company, the secured lenders have stopped charging interest on debts, since the dues from the company has been categorized as Non Performing Asset and the company is in active discussion/negotiation with their lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In view of the above, the Parent 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. 81,797.14 lakhs for the year ended 31st March,, 2020 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31st March, 2020. Due to non provision of the interest expense, net loss for the year ended March 31, 2020 is reduced by Rs. 81,797.14 lakhs. Further the Financial Liability is reduced by Rs. 285,425.94 lakhs and correspondingly the equity is increased by the same amount.

41. Resolution plan received for SEL Manufacturing Company Limited, from consortium of ArrEss Industries Private Limited & Leading Edge Commercial FZ, has been approved by Committee of Creditors on October 6, 2020 under provisions of Insolvency & Bankruptcy Code and related Regulations. The Hon'ble National Company Law Tribunal has approved the Resolution Plan on 10th February, 2021.

42. The balances of Trade Receivables, Loan and Advances, Deposits and Trade Payables are subject to confirmation/reconciliation and subsequent adjustments if any. During the course of preparation of consolidated financial statements, the Parent Company and its subsidiary had sent letter to various parties with a request to confirm their balances as on 31st March, 2020 out of which few parties have confirmed their balances direct to the Parent Company and to the auditors of its subsidiaries.

43. **Exceptional Items for the year includes:**

i. During the year the group has made an allowance for doubtful trade receivables under Expected credit losses (ECL) method aggregating to Rs. 4,034.58 lakhs, net of amount collected and provision made, in compliance of Ind AS 109 which is charged to Statement of Profit & Loss as an exceptional item. Though the group strongly believes that these trade receivables are fully recoverable.

ii. The group has given capital, trade advances to the suppliers and other current assets that are outstanding for a long time. In view of reduction in activities, the materials and services could not be called from such suppliers. In compliance of Ind AS 36 impairment for capital & trade advances and other current assets amounting to Rs. 28,065.16 lakhs, net of amount adjusted and provision made, which is charged to Statement of Profit & Loss as an exceptional item. Though the company strongly believes that these advances are fully recoverable/adjustable.

iii. 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 impairment testing has been conducted and considering the technical assessment and management estimates, Rs. 12,544.57 lakhs value of Capital work in progress has been impaired as per Ind AS 36. A provision for impairment has been recorded, which is charged to Statement of Profit & Loss as an exceptional item.

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iv. The Company has initiated the process of identifying non-moving, slow moving, obsolete and damaged inventory in finished goods during the year. The company has recognized an aggregate amount of Rs. 803 lakhs as reduction in value of inventories due to write down thereof to net realizable value, which is charged to Profit & Loss Statement as an exceptional item.

v. The Company has impaired the investment in others amounting to Rs. 77.63 lakhs, which is charged to Profit & Loss as exceptional item

44. There are no long term contracts, as on the date of balance sheet, including derivative contracts for which there are any material foreseeable losses.

45. Notice received from Madhya Pradesh Electricity Board: The MP State Electricity Board had issued a "notice of discontinuance of supply" on 11th March 20 (against demand raised on 12th Dec 2019) upon the Company demanding as due and payable INR 1286.27lakhs on account of a revision of the security deposit in terms of Madhya Pradesh Electricity Regulatory Commission (Security Deposit) (Revision–I) Regulations, 2009 ("MERC Regulations") and other energy charges.

46. With reference to the Bank Balances of Current Accounts under the head Cash & Cash Equivalents, an amount of Rs. 1.08 crores could not be substantiated due to non-availability of Bank Statements which pertains to the period which is prior to the commencement of the CIRP. To the best of our knowledge these amounts pertain to the cut-back account and may have been appropriated towards loan outstanding by respective banks. However, the bank statements have not been provided by the respective banks, therefore, the balance amounts have been presented under Suspense Account.

47. During the year, Central Bureau of Investigation carried out search & seizure action at the registered office of the Company and the residence of the erstwhile Directors of the Company on 5th November 2019 from 09.30 AM to 09.00 PM. under section 165 of the Criminal Procedure Code on the Company and its directors. The consequential proceedings are in progress.

48. Subsequent to the year end March 31, 2020, Central Bureau of Investigation carried out search & seizure action at the registered office of one of the subsidiary company SEL Textiles Limited and the residence of the Directors of the Company on 14th August, 2020 under section 165 of the Criminal Procedure Code on the Company and its directors. The consequential proceedings are in progress.

49. During the year, the Company has received notice dated February 13, 2020 on February 26, 2020 from the Ministry of Corporate Affairs further ordering the investigation of books of accounts and papers under section 210(1)(c) of the Companies Act, 2013 and the erstwhile Directors of the Company under section 217(5) of the Companies Act, 2013 have been issued summons to appear before the authorities. The consequential proceedings are in progress.

50. During the year, the Company has received summon dated March 4, 2020 on March 12, 2020 from the Directorate General of GST Intelligence under section 14 of the Central Excise Act, 1944 to give evidence truthfully on such matters concerning the enquiry as may be asked and produce the documents and records for examination. The consequential proceedings are in progress.

51. During the year, the Company has received summon dated November 6, 2019 from the Directorate of Enforcement ("ED") u/s 37 of the FEMA, 1999 read with Section 131 of the Income Tax Act, 1961 and Section 30 of Code of Civil Procedure, 1908. Summon was issued in matter of (GDRs issued by the SEL for which an exhaustive list of documents was being asked to be furnished to them as per Annex A of the said order ranging from details of GDR issued, foreign subscribers, foreign and Indian mediator involved with overseas banks, movement of subscribed funds and its end utilization, adherence of applicable laws for pricing of GDR.

52. During the year, with reference to the Global Depository Receipts ("GDR") of the company, the BNY Mellon has resigned as Depository Bank for the company's Depository Receipts ("DR") program through letter dated 06th December 2019.

53. With reference to interest subsidy receivable, the subsidies are to be released by the Ministry of Textiles and MP Government and the Company is not hopeful of receiving the same. During the year, a provision for impairment has been recorded for INR 26,621.40 lakhs (included above in note no. 42(iii)) and the same does have an impact on the losses of the company.

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54. Subsequent to the year end March 31, 2020, the Principal Commissioner of Income Tax (Central), Ludhiana filed an appeal before the Hon'ble High Court of Punjab & Haryana which was heard on November 4, 2020 in the matter pertaining to the assessment u/s 153 w.r.s 143(3) of the Income Tax Act, 1961 for the assessment years 2010-11, 2011-12 & 2013-14,which was completed on January 31, 2017 where an amount of INR 280.00 crores was demanded from the Holding Company. Appeals that were filed before the CIT (A) on July 27, 2017 were decided by the CIT (A) on December 29, 2017 against the company. On February 02, 2018, Company filed an appeal before the ITAT, Chandigarh bench against the order of CIT (A) and the same had been decided by the ITAT in the favor of the Company on February 28, 2019.

55. **Lease Rent**

i. During the last financial year, Factory Building had taken on lease for 5 years & Office Premises is taken on lease for 11 months with the option of renewal. The particulars of these leases are as follows:

Particulars	March 31, 2020	March 31, 2019
Future Minimum lease payments obligation on non-cancellable operating leases	-	218.29
Not later than one year	-	76.79
Later than one year and not later than five years	-	141.50
Later than five years	-	-
Lease payment recognized in Profit and Loss Account	40.11	90.51

ii. Rent Income also includes Lease Rentals received towards Factory Building & Office Premises. Such operating leases are generally for a period of 5 to 15 years. The particulars of these leases are as follows:

Particulars	March 31, 2020	March 31, 2019
Future Minimum lease payments under non-cancellable operating leases	77.18	88.97
Not later than one year	18.20	16.50
Later than one year and not later than five years	47.90	46.28
Later than five years	11.08	26.19
Lease Income recognized in Profit and Loss Account	23.82	26.23

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

Particulars	March 31, 2020	March 31, 2019
Opening Balance	9, 078.28	9,078.28
Add: Expenses incurred during the year	-	-
Less: Expenses impaired during the year	671.00	-
Closing Balance	8,407.28	9, 078.28

57. Segment Information: Products and services from which reportable segments derive their revenues: In accordance with Ind AS 108 "Operating Segments", the chief executive officer (CEO) of the Group reported that the Group is engaged in the business of manufacturing & processing of textile products i.e. a single business and all business activities revolve around this segment.

Geographical Information: The Company operates in two principal geographical areas - India and outside India

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

Particulars	Revenue from external customers		Non-current assets*	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
India	30,880.52	39,208.69	248,399.91	275,533.94
Outside India	4,562.67	21,464.19	-	-
Total	35,443.19	606,72.87	248,399.91	275,533.94

*Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers: Two customer contributed 10% or more to the Company's revenue during the financial year 2019-20.

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58. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Indian Accounting Standard (Ind AS 19) are as under:

a. Defined Benefit Plan

Gratuity: The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as at March 31, 2020 and March 31, 2019:

Particulars	March 31, 2020	March 31, 2019
Change in benefit obligations		
Benefit obligations at the beginning	775.36	799.65
Service cost	167.93	175.74
Interest expense	54.28	61.97
Remeasurements-Actuarial (gains)/ losses	(99.67)	(223.11)
Benefits paid	(71.20)	(38.90)
Present Value of obligations as at the end	**826.69**	**775.36**
Change in Fair Value of plan assets		
Fair value of plan assets at the beginning	66.77	71.94
Expected return on plan assets	4.67	5.58
Remeasurements-Actuarial (gains)/ losses	1.71	(0.79)
Contributions	92.86	28.94
Benefits paid	(71.20)	(38.90)
Fair value of plan assets at the end	**94.81**	**66.77**
Funded status	(731.87)	(708.59)

Expenses recognized in Statement of Profit and Loss

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	March 31, 2020	March 31, 2019
Service cost	167.93	175.74
Net interest/cost on the net defined benefit liability/asset	49.61	56.39
Net gratuity cost	**167.93**	**232.14**

Expenses recognized in the Other Comprehensive Income

Amount for the year ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income:

Particulars	March 31, 2020	March 31, 2019
Actuarial (gains) / losses	(101.38)	(222.32)

Actuarial Assumptions

The weighted-average assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are set out below:

Particulars	March 31, 2020	March 31, 2019
Discount rate	7.00%	7.75%
Weighted average rate of increase in compensation Levels	5.00%	5.00%

Sensitivity Analysis(in lakhs)

Particulars	31-03-2020	
	Decrease	Increase
Discount Rate (-/+1%)	904.85	759.68
(% change compared to base due to sensitivity)	9%	8%
Salary growth Rate (-/+1%)	757.90	905.65 9%
(% change compared to base due to sensitivity)	8%	
Mortality Rate (-/+10%)	821.00	833.90
(% change compared to base due to sensitivity)	1%	1%

b. Provident Fund

During the year the group has recognized an expense of Rs. 511.45 lakhs (Previous Year Rs. 629.06 lakhs) towards provident fund scheme.

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c. Leave Encashment

During the year the group has recognized an expense of Rs. 59.43 lakhs (Previous Year Rs. 80.24 lakhs).

59. Financial Instruments by Category

The carrying value and fair value of financial instruments at the end of each reporting period is as follows: (Rs. in lakhs)

Particulars	Cost		FVTPL		FVTOCI		Amortized Cost	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
FINANCIAL ASSETS								
Non Current Assets								
Investments in								
- Equity Instruments	6.96	6.96	-	-	69.51	162.80	-	-
- Others	-	-	-	-	43.07	48.59	-	-
Other Financial Assets	-	-	-	-	-	-	8.75	18.84
Current Assets								
Trade Receivables#	-	-	-	-	-	-	136,102.89	129,581.54
Other Financial Assets	-	-	-	-	-	-	6,805.38	33,721.95
Cash & Cash Equivalents	-	-	-	-	-	-	264.83	539.31
Bank Balances other than above	-	-	-	-	-	-	34.79	32.74
TOTAL FINANCIAL ASSETS	6.96	6.96	-	-	112.58	211.39	143,207.89	163,894.38
FINANCIAL LIABILITIES								
Non Current Liabilities								
Borrowings	-	-	-	-	-	-	161,470.46	219,495.12
Current Liabilities								
Borrowings	-	-	-	-	-	-	175,535.73	177,132.41
Trade Payables	-	-	-	-	-	-	11,958.99	12,011.34
Other Financial Liabilities	-	-	-	-	-	-	260,492.18	199,557.32
TOTAL FINANCIAL LIABILITIES	-	-	-	-	-	-	609,457.36	608196.19

Including allowance for doubtful receivables amounting Rs. 128688.61 lakhs (Previous Year Rs. 123680,23 lakhs).

60. Revenue from operations for the year ended March 31, 2020 and March 31, 2019 is as follows:

(In Lakhs)

Particulars	March 31, 2020	March 31, 2019
Revenue from sale of products	15,016.84	28,121.69
Revenue from job work	20,244.74	32,551.18
Total Revenue from Operations	**35,261.58**	**60,672.87**

Disaggregate Revenue Information: The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 and March 31, 2019 by type of goods and services.

(In lakhs)

Particulars	March 31, 2020	March31, 2019
Terry Towels	5,598.62	21,714.28
Yarn	2,114.16	2,176.58
Garments	16.79	573.11
Knitted Cloth	12.22	1,288.18
Others	2,406.66	2,369.56
Job Work	25,113.13	2,551.16
Total	**35,261.58**	**60,672.87**

Trade receivables

Trade receivables are presented net of impairment in the Balance Sheet.

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Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

61. Fair Value Measurement

The following table presents fair value hierarchy of assets and liabilities measured at fair value:

(In Lakhs)

Particulars	Fair Value Measurement using					
	Level 1		Level 2		Level 3	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Non Current Investments						
- Fair Value through OCI	69.51	85.16	43.07	126.22	-	-
Financial Liabilities						
Borrowings	-	-	580,024.04	582,341.26	-	-

62. Financial Risk Management

The Group's principal financial liabilities comprises of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Group operations. The Group has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The management of the Group has set out the Group's overall business strategies and its risk management policy. The Group's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the company. The company policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest risk, liquidity risk and credit risk). Periodic reviews are undertaken to ensure that the Policy's policy guidelines are complied with. There has been no change to the Group's exposure to the financial risks or the manner in which it manages and measures the risk. The Group is exposed to the following risks related to financial instruments. The Group has not framed formal risk management policies; however, the risks are monitored by management on a continuous basis. The Group does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

(a) **Market Risk:** Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans & borrowings and deposits. The sensitivity analyses in the following sections relate to the position as at 31st March 2020 and 31st March 2019. The following assumptions have been made in calculating the sensitivity analyses:

i) The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended 31st March, 2019, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

(b) **Foreign Currency Risk Management:** The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

(c) **Liquidity Risk Management:** The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has outstanding bank borrowings. The Group is passing through a phase of liquidity stress and there is a mismatch in cash flows. Due to this, the capacities of the Group are running at sub-optimal level. The Group is at an advanced stage of negotiations with the banks for restructuring of its debt which would correct the cash flow mismatch. The Group believes that post restructuring, the Group would be able

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to generate enough cash inflows to meet its working capital requirements in the medium and long run. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) **Credit Risk Management:** Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.The Group has exposure to credit risk from trade receivable balances on sale of Readymade Garments, Towel and Yarns. The Group has entered into short-term agreements with companies incorporated in overseas to sell the Readymade Garments, Towel and Yarns. Therefore the Group is committed, in the short term, to sell Readymade Garments, Towel and Yarns to these customers and the potential risk of default is considered low. For other customers, the Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the Group grants credit in the normal course of the business is monitored regularly.

(e) **Capital Risk Management:** The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

No Changes were made in the objectives, policies or processes during the years ended 31st March 2020 and 31st March 2019.

63. Deferred Tax Recognized (IND AS 12):

1. Income tax

a) The Company has not recognised any income tax expense in the Statement of Profit and Loss and other comprehensive income during the year on account of accumulated losses.

b) Recognised deferred tax assets and liabilities	Year ended 31st March, 2020	Year ended 31st March, 2019
Deferred tax liabilities		
Property, plant and equipment	70,598.87	69,498.87
Right of use assets	32.64	-
Deferred tax assets*		
Provision for gratuity	(731.86)	(708.58)
Provision for leave encashment	(178.38)	(173.47)
Provision for bad debts/advances	(1,78,175.79)	(1,45,318.90)
Provision for bonus	(708.69)	(592.22)
Lease liabilities	(33.13)	-
Unabsorbed depreciation and carry forward losses	(2,98,467.79)	(2,83,195.56)
Deferred tax (assets)/ liabilities	**(4,07,664.13)**	**(3,60,489.87)**

*In accordance with Ind AS 12, recognition of deferred tax asset have been restricted to the deferred tax liability as there is no reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets will be realised.

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c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Deductible temporary difference	-	-
Unabsorbed depreciation and carry forward losses	(2,98,467.79)	(2,83,195.56)
	(2,98,467.79)	**(2,83,195.56)**

d) Reconciliation of effective tax rate	**Year ended 31st March, 2020**	**Year ended 31st March, 2019**

The major components of income-tax expense and the reconciliation of tax expense based on the effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows:

Profit before tax & After Exceptional Items	(2,61,559.77)	(25,697.39)
Add: Exceptional Items	2,48,305.34	17,289.00
Profit before tax	(13,254.37)	(8,532.94)
Less: Capital gains (taxable under long term capital gain)	-	-
Profit before tax (business loss)	**(13,254.37)**	**(8,532.94)**
Income tax expense calculated at domestic tax rates applicable to profits (34.944%)	-	-
Less : Unrecorded deferred tax assets on carry forward losses and other temporary differences	-	-
Income Tax expense	-	-

e) Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

Financial Year	**31st March, 2020**	**31st March, 2019**
2011-12	25.46	25.46
2012-13	55.42	55.42
2013-14	11,672.13	11,672.13
2014-15	84.67	84.67
2015-16	49,638.63	49,638.63
2016-17	70,930.27	70,930.27
2017-18	18,487.08	18,487.08
2018-19	8,965.52	8,965.52
2019-20	2,339.88	2,339.73
Unabsorbed depreciation	1,36,268.72	1,20,996.64
Total	**2,98,467.79**	**2,83,195.56**

64. On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of

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COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise

65. List of Subsidiaries which are included in the Consolidation and the Company' effective holdings therein are as under:

Name of Subsidiary	Country of Incorporation	Effective Ownership in Subsidiaries as at	
		31.03.2020	31.03.2019
SEL Textiles Limited	India	100.00%	100.00%
SE Exports	India	99.00%	99.00%
SEL Aviation Private Limited	India	97.54%	97.54%
Silverline Corporation Limited.*	India	97.63%	97.63%

*Subsidiary of SEL Textiles Limited

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

Name of the subsidiary	Net Assets i.e, Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Asset	Amount	As % of Consolidated Profit or Loss	Amount	As % of Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
Parent Company								
SEL Manufacturing Co. Ltd.	143.38	(481,773.37)	432.61	(2,54,101.36)	68.23	(717.71)	426.20	(254,819.07)
Subsidiaries								
SEL Textiles Limited	18.92	(63,583.78)	12.70	(7,458.37)	10.37	(109.09)	12.66	(7,567.46)
SEL Aviation Pvt. Limited	(0.21)	716.63	(0.00)	(0.06)	-	-	0.00	(0.06)
Silverline Corporation Ltd.	(1.21)	4,060.89	(0.00)	(0.13)	-	-	(0.00)	(0.13)
S E Exports	0.01	15.76	(0.08)	47.97	-	-	0.08	47.97
Minority interest in all subsidiaries	(0.01)	17.47	(0.00)	(0.84)	-	-	(0.00)	(0.84)
Eliminations	(60.87)	204,526.37	(345.23)	202,776.61	21.40	(225.06)	(338.78)	202,551.55
Total	100.00	(336,020.04)	100.00	(58,736.18)	100.00	(1,051.86)	100.00	(59,788.04)

67. Note No. 1 to 66 forms integral part of balance sheet and statement of profit /loss.

For Manik Malhotra & Associates
Chartered Accountants
FRN: 015848N

(CA Manik Malhotra)
Partner
M. No.: 094604

MANIK MALHOTRA & ASSOCIATES CHARTERED ACCOUNTANTS LUDHIANA

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

(V.K.Goyal) Executive Director DIN:02751391

(Navneet Gupta) Executive Director DIN: 02122420

(Rahul Kapoor) Company Secretary

Place: Ludhiana
Date: 13.02.2021

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, 2020 (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	45,164.57	45,164.57
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	58,375.96	1,40,341.96
	3.	Net Profit/-(Loss)	-58,736.18	-1,40,702.18
	4.	Earnings Per Share	-17.72	-42.46
	5.	Total Assets	2,76,836.69	2,76,667.69
	6.	Total Liabilities	6,12,839.26	8,98,470.26
	7.	Net Worth	-3,36,002.57	-6,21,802.57
	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. 81797 lakhs & Rs 76136 lakhs (amount calculated after considering the rates and terms and conditions stipulated originally as per CDR package) for the year ended 31st March, 2020 & 31st March 2019 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	Fourth Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	In the case of Parent Company, 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. And in the case one of its subsidiary company, the secured lenders have stopped charging interest on debts, since the dues from the company has been categorized as Non Performing Asset and the company is in active discussion/negotiation with their lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In view of the above, the Parent 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. 81,797 lakhs for

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		the year ended 31st March,, 2020 and accordingly the same has not been considered for preparation of the financial statements for the year ended 31st March, 2020. Due to non provision of the interest expense, net loss for the year ended March 31, 2020 is reduced by Rs. 81,797 lakhs. Further the Financial Liability is reduced by Rs. 285,631 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, 2020 (Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The company has provided for impairment of Capital work in progress by Rs.12,544 Lacs as per Ind AS-36 for the year ended March 31, 2020. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However the said valuation Reports are not provided to us considering the confidentiality of the same. Hence, we are unable to justify its reasonableness.*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	--
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 Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016". In view of this, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However, the said valuation Reports are not shared to any person/authority considering the confidentiality of the same.*
	(iii) Auditors' Comments on (i) or (ii) above:	--N.A.--

MALHOTRA MANIK & ASSOCIATES CA CHARTERED ACCOUNTANTS 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, 2020 (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 38,990 lakhs (relating to subsidiary company) outstanding as at March 31, 2020. 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 Assets..*
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:	--
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's Subsidiary was implementing its Spinning project which got stuck due to non-disbursement of credit facilities by the Banks. However, 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.*

MALHOTRA MANIK & ASSOCIATES CHARTERED ACCOUNTANTS 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, 2020
(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	Third 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.*

MALHOTRA MANIK & ASSOCIATES
CA
CHARTERED ACCOUNTANTS
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, 2020
(Consolidated Financial Results)

II.	**Audit Qualification (each audit qualification separately)**	
a.	Details of Audit Qualification	*The Group has not provided for reversal of input tax amounting to Rs. 169 lakhs (relating to subsidiary company) on trade payables outstanding for more than 180 days under rule 37 of CGST Rules and Sec. 16(2) of the CGST Act..*
b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time/repetitive/since how long continuing	First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	The said is not provided since the amount has been disputable. Due to non provision of the same, net loss for the year ended March 31, 2020 is reduced by Rs. 169 lakhs. Further Loans and Advances would have been reduced by Rs.169 lakhs for the year ended March 31, 2020.
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	--N.A.--

Place: Ludhiana
Dated:13.02.2021

(ED & CEO)

(Director & CFO)

MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS
LUDHIANA

Manik Malhotra
(Statutory Auditors)
UDIN: 21094604 ~~AAAA~~ AAAAAQ 2043

SEL MANUFACTURING COMPANY LIMITED

FORM AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART A: SUBSIDIARIES (Financial year ending 31st March, 2020) (Rs. In Crores)

Sr. No.	Particulars	SEL Textiles Ltd.	SE Exports	SEL Aviation Pvt. Ltd.	Silverline Corporation Ltd.
1	Date of acquisition	27.07.2009	01.04.2005	26.03.2012	11.10.2011
2	Share Capital	127.05	0.16	4.09	4.14
3	Reserves & surplus (Other Equity)	(763.00)	-	3.08	36.47
4	Total assets	1,164.72	0.16	7.31	40.61
5	Total liabilities	1,164.72	0.16	7.31	40.61
6	Investments	81.03	-		
7	Turnover	85.42	-	-	-
8	Profit/(Loss) before taxation	(74.58)	0.48	0.00	0.02
9	Provision for taxation	--	-	0.00	0.00
10	Profit/(Loss) after taxation	(74.58)	0.48	--	--
11	Proposed dividend	-	-	0.00	0.00
				-	-
12	% of shareholding	100%	99%	97.54%	98.79%
13	Reporting currency and Exchange rate as on the last date of F.Y. for foreign subsidiaries.				

Names of subsidiaries which are yet to commence operations	Names of subsidiaries which which have been liquidated or sold during the year
--	--

PART B: ASSOCIATES AND JOINT VENTURES:

The Company does not have Associates and Joint Ventures.

Names of associates or joint ventures which are yet to commence operations:	Names of Associates or joint ventures which have been liquidated or sold during the year.
NIL	Nil

Navneet Gupta
Director & CFO
DIN: 02122420

V.K. Goyal
Director & CEO
DIN: 02751391

Rahul Kapoor
Company Secretary

SEL MANUFACTURING COMPANY LIMITED
274, Dhandari Khurd, G.T. Road,
Ludhiana 141014
Punjab, (India)