

SEL MANUFACTURING COMPANY LIMITED



Regd Office: 274, Dhandari Khurd, G.T. Road, Ludhiana - 141 014, Punjab, India
Tel: +91-161-6611111, Fax: +91-161-6611112, Website: www.selindia.in
CIN:L51909PB2000PLC023679

SEL/BSE/2016-17

Dtd.: 24.05.2016

The Manager
Bombay Stock Exchange Limited
Floor 25, PJ Towers,
Dalal Street,
MUMBAI
400 001

Dear Sir/Madam

Sub: ANNAUL AUDITED RESULTS:
Scrip Code: 532886 Scrip ID: SELMCL ISIN No: INE105I01012

Further to our letter dated 10.05.2016, we are pleased to enclose herewith a copy of Companies Audited Financial Results (i.e. standalone and consolidated) for the Financial year ended 31.03.2016. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 24.05.2016 and have also been sent to Newspaper(s) for publication.

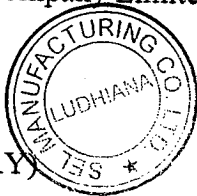
We hope you will find these in order.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited


RAHUL KAPOOR
(COMPANY SECRETARY)



Encl.: As above

Statement of Unaudited/Audited Financial Results for the Quarter/Year Ended March 31, 2016

(Rs. in Lacs)

PART-I

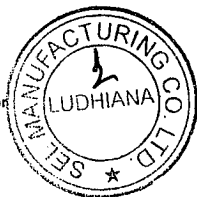
Sr. No	Particulars	Standalone				
		Audited Quarter Ended 31/03/2016	Unaudited Quarter Ended 31/12/2015	Audited Quarter Ended 31/03/2015	Audited Year Ended 31/03/2016	Audited Year Ended 31/03/2015
1	Income from operations	46910.62	44903.58	79207.27	194773.46	232578.46
	a) Net sales/income from operations (Net of excise duty)	0.00	0.00	0.00	0.00	0.00
	b) Other operating income	46910.62	44903.58	79207.27	194773.46	232578.46
	Total income from operations (net)					
2	Expenses	25289.89	25274.87	38279.70	111485.40	147229.99
	a) Cost of material consumed	2031.48	3196.89	15487.17	7017.11	18934.68
	b) Purchase of stock-in-trade					
	c) Changes in inventories of finished goods, work in progress and stock in trade	2024.16	2510.94	7642.16	4326.72	-12691.98
	d) Employee benefits expenses	2548.76	2669.16	2832.80	10864.26	11095.69
	e) Depreciation and amortisation expenses	7023.83	7219.49	5564.15	28450.25	29327.22
	f) Other expenses	7303.07	8451.02	9495.99	35172.09	38477.25
	Total expenses	46221.19	49322.37	79301.97	197315.83	233372.87
3	Profit from operations before other income, finance cost and exceptional items (1-2)	689.43	-4418.79	-94.70	-2542.37	-794.41
4	Other income	1860.26	6014.89	2340.28	11043.62	12262.43
5	Profit from ordinary activities before finance cost & exceptional items (3+4)	2549.69	1596.10	2245.58	8501.15	11468.02
6	Finance cost	9190.26	8444.53	8058.15	34240.03	24781.32
7	Profit from ordinary activities after finance cost but exceptional items(5-6)	-6640.57	-6848.43	-5812.57	-25738.88	-13313.30
8	Exceptional Items	30060.93	0.00	0.00	30060.93	0.00
9	Profit (+)/ Loss (-) from ordinary activities before tax (7±8)	-36701.50	-6848.43	-5812.57	-55799.81	-13313.30
10	Tax Expense	-15604.21	3933.78	-1725.20	-15604.35	-4247.82
11	Net Profit (+)/ Loss (-) from ordinary activities after tax (9-10)	-21097.29	-10782.21	-4087.37	-40195.46	-9065.48
12	Extraordinary items (net of tax expenses _____ Lakhs)	0.00	0.00	0.00	0.00	0.00
13	Net Profit (+)/ Loss (-) for the period (11±12)	-21097.29	-10782.21	-4087.37	-40195.46	-9065.48
14	Paid-up equity share capital of Rs. 10/- each	33134.70	33134.70	33134.70	35462.22	75657.31
15	Reserves excluding Revaluation Reserves					
16	i. Earning per share (EPS) (before extraordinary items) (in Rs.) (not annualised)	B- (6.37)	B- (3.25)	B- (1.23)	B- (12.13)	B- (2.74)
	a) Basic	D- (6.37)	D- (3.25)	D- (1.23)	D- (12.13)	D- (2.74)
	b) Diluted					
	ii. Earning per Share (EPS) (after extraordinary items) (in Rs.) (not annualised)	B- (6.37)	B- (3.25)	B- (1.23)	B- (12.13)	B- (2.74)
	a) Basic	D- (6.37)	D- (3.25)	D- (1.23)	D- (12.13)	D- (2.74)
	b) Diluted					

Notes:

- The above results are reviewed by the Audit Committee and taken on record at the meeting of the Board of Directors on 24.05.2016.
- The Company has only one Reportable Segment i.e. "Textiles", hence Segment Reporting required under AS-17 is not applicable.
- Previous period's figures have been re-grouped and re-classified wherever necessary
- Figures for Quarter ended 31.03.2016 and 31.03.2015 are the balancing figures between the audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the relevant financial year.
- The Company had opted for CDR of its Debt in November, 2013. The CDR package was approved by the competent authority in June, 2014 and implemented by lenders in September, 2014. 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 one of its spinning projects where substantial amount was already incurred. All this has led to adverse financial performance and erosion in net worth of the Company. The Company has discussed the matter with the lenders and taken up request for release of funds with Management of respective banks. Due to these efforts the Company is hopeful that the funds would be released in near future thereby improving the operational efficiency.

For and on behalf of Board of Directors

Sd/-
Neeraj Saluja
Managing Director

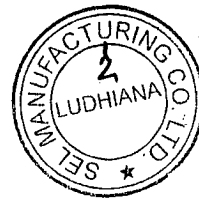


Date: 24.05.2016
Place: Ludhiana

Statement of Assets and Liabilities

(Rs. In Lacs)

PARTICULARS	AS AT	AS AT
	31/03/2016	31/03/2015
	Audited	Audited
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	40,105.70	40,105.70
(b) Reserves & Surplus	35,462.22	75,657.31
(c) Money Received Against Share Warrants	-	-
Sub total - Shareholders' funds	75,567.92	115,763.01
2. Share Application Money Pending Allotment	-	-
3. Non Current Liabilities		
(a) Long Term Borrowings	248,397.67	259,760.96
(b) Deferred Tax Liabilities (Net)	-	-
(c) Other Long Term Liabilities	-	-
(d) Long Term Provisions	86.79	-
Sub total - Non Current Liabilities	248,484.46	259,760.96
4. Current Liabilities		
(a) Short Term Borrowings	138,452.33	107,012.30
(b) Trade Payables	17,027.36	23,135.05
(c) Other Current Liabilities	49,427.74	42,621.77
(d) Short Term Provisions	634.49	646.96
Sub total - Current Liabilities	205,541.92	173,416.08
TOTAL-EQUITY AND LIABILITIES	529,594.30	548,940.05
B. ASSETS		
1. Non Current Assets		
(a) Fixed Assets	202,316.95	230,183.71
(b) Non Current Investments	23,531.76	56,045.55
(c) Deferred Tax Assets (Net)	20,243.05	4,638.84
(d) Long Term Loans & Advances	3,529.03	3,916.31
(e) Other Non-Current Assets	5,550.17	5,579.73
Sub total - Non Current Assets	255,170.96	300,364.14
2. Current Assets		
(a) Current Investments	139,052.09	121,393.26
(b) Inventories	89,948.18	74,198.11
(c) Trade Receivables	3,654.97	4,684.60
(d) Cash & Cash Equivalents	5,534.09	10,393.90
(e) Short Term Loans & Advances	36,234.01	37,906.04
(f) Other Current Assets	-	-
Sub total - Current Assets	274,423.34	248,575.91
TOTAL - ASSETS	529,594.30	548,940.05



Statement of Consolidated Unaudited/Audited Financial Results for the Quarter/Year Ended March 31, 2016

PART - I		(Rs. In lacs)				
Sr. No.	Particulars	Consolidated				
		Audited Quarter Ended 31/03/2016	Unaudited Quarter Ended 31/12/2015	Audited Quarter Ended 31/03/2015	Audited Year Ended 31/03/2016	Audited Year Ended 31/03/2015
1	Income from operations					
	a) Net sales/income from operations (Net of excise duty)	58880.95	57271.21	91597.37	246515.82	286342.37
	b) Other operating income	0.00	0.00	0.00	0.00	0.00
	Total income from operations (net)	58880.95	57271.21	91597.37	246515.82	286342.37
2	Expenses					
	a) Cost of material consumed	36445.45	35411.64	52247.01	157217.12	186027.38
	b) Purchase of stock-in-trade	2297.71	3317.47	11520.56	7403.92	17583.09
	c) Changes in inventories of finished goods, work in progress and stock in trade	490.23	1593.28	4227.85	-2570.93	-11311.72
	d) Employee benefits expenses	3143.96	3327.32	3285.39	13506.47	13272.57
	e) Depreciation and amortisation expenses	9298.11	9440.07	8998.71	37411.30	36666.16
	f) Other expenses	10125.64	10348.93	11652.26	44864.84	47989.76
	Total expenses	61801.10	63446.71	89871.78	257832.72	290227.24
3	Profit from operations before other income, finance cost and exceptional items (1-2)	-2920.15	-6175.50	1725.59	-11316.90	-3884.87
4	Other income	2275.85	6638.82	2649.95	14642.85	15403.25
5	Profit from ordinary activities before finance cost & exceptional items (3+4)	-644.30	463.32	4375.54	3325.95	11518.38
6	Finance cost	16728.65	11278.33	12398.07	49591.72	34248.29
7	Profit from ordinary activities after finance cost but exceptional items(5-6)	-17372.95	-10815.01	-8022.53	-46265.77	-22729.91
8	Exceptional Items	806.91	0.00	0.00	806.91	0.00
9	Profit (+)/ Loss (-) from ordinary activities before tax (7+8)	-18179.86	-10815.01	-8022.53	-47072.68	-22729.91
10	Tax Expense	-10769.16	5466.05	-2749.79	-10073.22	-7782.51
11	Net Profit (+)/Loss(-)from ordinary activities after tax (9-10)	-7410.70	-16281.06	-5272.74	-36999.46	-14947.40
12	Extraordinary items (net of tax expenses _____ Lakhs)	0.00	0.00	0.00	0.00	0.00
13	Net Profit (+)/ Loss (-) for the period (11+12)	-7410.70	-16281.06	-5272.74	-36999.46	-14947.40
14	Share of profit/(loss) of associates	0.00	0.00	0.00	0.00	0.00
15	Minority Interest	17.24	-18.23	8.93	-1.89	7.21
16	Net Profit (+)/ Loss (-) after taxes, minority interest and share of profit/(loss) of associates (+13+14+15)	-7427.94	-16262.83	-5281.67	-36997.57	-14954.61
17	Paid-up equity share capital of Rs. 10/- each	33134.70	33134.70	33134.70	33134.70	33134.70
18	Reserves excluding Revaluation Reserves				34600.14	69078.32
19	i. Earning per share (EPS) (before extraordinary items) (in Rs.) (not annualised)					
	a) Basic	B- (2.25)	B- (4.91)	B- (1.59)	B- (11.17)	B- (4.51)
	b) Diluted	D- (2.25)	D- (4.91)	D- (1.59)	D- (11.17)	D- (4.51)
	ii. Earning per Share (EPS) (after extraordinary items) (in Rs.) (not annualised)					
	a) Basic	B- (2.25)	B- (4.91)	B- (1.59)	B- (11.17)	B- (4.51)
	b) Diluted	D- (2.25)	D- (4.91)	D- (1.59)	D- (11.17)	D- (4.51)

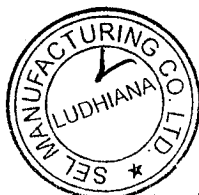
Notes:

- 1 The above results are reviewed by the Audit Committee and taken on record at the meeting of the Board of Directors on 24.05.2016.
- 2 Consolidation has been made by applying Accounting Standard-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- 3 The Company has only one Reportable Segment i.e. "Textiles", hence Segment Reporting required under AS-17 is not applicable.
- 4 Figures for Quarter ended 31.03.2016 and 31.03.2015 are the balancing figures between the audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the relevant financial year.
- 5 The two Companies had opted for CDR of its Debt in the year 2013-14. The CDR package was approved by the competent authority and implemented by lenders. However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the Companies, which resulted in sub-optimum utilization of manufacturing facilities. Due to Non-disbursement of funds the Companies could not complete its spinning projects where substantial amount was already incurred. All this has led to adverse financial performance and erosion in net worth of the Companies. The Companies have discussed the matter with the lenders and taken up request for release of funds with Management of respective banks. Due to these efforts it is hopeful that the funds would be released in near future thereby improving the operational efficiency.
- 6 Previous period's figures have been re-grouped and re-classified wherever necessary

For and on behalf of Board of Directors

sd/-
 Neeraj Saluja
 Managing Director

Date: 24.05.2016
 Place: Ludhiana



Consolidated Statement of Assets and Liabilities

(Rs. In Lacs)

PARTICULARS	AS AT	AS AT
	31/03/2016	31/03/2015
	Audited	Audited
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	40,105.70	40,105.70
(b) Reserves & Surplus	34,600.14	69,078.32
(c) Money Received Against Share Warrants	-	-
Sub total - Shareholders' funds.	74,705.84	109,184.02
2. Share Application Money Pending Allotment	0.00	0.00
3. Minority Interest	30.31	45.07
4. Non Current Liabilities		
(a) Long Term Borrowings	350885.89	373367.29
(b) Deferred Tax Liabilities (Net)	0.00	0.00
(c) Other Long Term Liabilities	0.00	0.00
(d) Long Term Provisions	108.35	0.00
Sub total - Non Current Liabilities	350,994.24	373,367.29
5. Current Liabilities		
(a) Short Term Borrowings	177,000.03	131,956.68
(b) Trade Payables	22,555.26	26,637.45
(c) Other Current Liabilities	81,954.96	63,665.50
(d) Short Term Provisions	786.90	796.46
Sub total - Current Liabilities	282,297.15	223,056.09
TOTAL-EQUITY AND LIABILITIES	708,027.54	705,652.47
B. ASSETS		
1. Non Current Assets		
(a) Fixed Assets	316,776.04	349,843.94
(b) Goodwill on Consolidation	-	-
(c) Non Current Investments	4,211.81	4,338.81
(d) Deferred Tax Assets (Net)	19,326.32	9,252.61
(e) Long Term Loans & Advances	18,181.38	18,737.38
(f) Other Non-Current Assets	6,471.16	6,500.72
Sub total - Non Current Assets	362,946.69	386,673.46
2. Current Assets		
(a) Current Investments	-	-
(b) Inventories	171,090.58	144,671.88
(c) Trade Receivables	114,566.53	105,060.57
(d) Cash & Cash Equivalents	5,329.67	9,751.45
(e) Short Term Loans & Advances	10,686.91	15,304.28
(f) Other Current Assets	43,407.16	44,190.83
Sub total - Current Assets	345,080.85	318,979.01
TOTAL - ASSETS	708,027.54	705,652.47



Auditor's Report On Quarterly Standalone Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of
SEL Manufacturing Co. Ltd.

We have audited the quarterly standalone financial results of SEL Manufacturing Co. Ltd. ("the Company") for the quarter ended March 31, 2016 and the standalone financial results for the year ended March 31, 2016, attached herewith, in which are incorporated the returns for the year ended on that date from the company's overseas branch at Sharjah, United Arab Emirates audited by other auditors, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly standalone financial results are the derived figures between the audited figures in respect of the year ended March 31, 2016 and the published year-to-date figures upto December 31, 2015, being the date at the end of third quarter of the current financial year, which were subject to limited review. The standalone financial results for the quarter and year to ended March 31, 2016 have been prepared on the basis of the standalone financial results for the nine month period ended December 31, 2015, the audited annual standalone financial statements as at and for the year as well as the year ended March, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone financial results based on our review of the standalone financial results for the nine months period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS 25) "Interim Financial Reporting", Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual standalone financial statements as at and for the year ended March 31, 2016 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



We report that:

(a) 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 financial statements, e-mails have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2016 out of which few parties have confirmed their balances direct to us or to the company. The management however does not expect any material changes on account of such reconciliation/non receipt of confirmation from parties.

(b) No provision has been made for Trade Receivables amounting to Rs 464.21 crores outstanding for more than 180 days from the due date. The management however claims that the said receivables are recoverable and no provision is required to be made therefor.

(c) The Corporate Debt Restructuring Package had been approved vide Letter of Approval (LOA) dated 30th June, 2014. The company executed Master Restructuring Agreement (MRA) on 24th September, 2014. The credit facilities envisaged & sanctioned under CDR package were not fully released by the lenders which resulted in sub-optimum utilization of manufacturing facilities and the company could not complete one of its spinning project where substantial amount was already incurred. Reasons for not release of those credit facilities were not explained to us. The company has accumulated losses of Rs. 425.77 crores as at March 31, 2016 resulting net worth reduced to Rs. 755.67 crores. Also the company is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. These situations give rise to material uncertainty in respect of company's ability to continue as going concern which is part dependent on successful outcome of the discussions with the CDR lenders and company's ability to generate sufficient funds to support its operations and fulfill repayment obligations.

(d) The company has recognized deferred tax asset amounting to Rs. 202.43 crores and MAT Credit Entitlement of Rs. 55.34 crores upto 31st March, 2016 considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. However no conclusive documents/evidences are provided to support their claim. The company ability to continue as going concern is dependent on factors as discussed in para (c) above. In case the going concern status of the company is suspect, deferred tax asset/MAT Credit Entitlement recognized till date will require to be reversed.

(e) The management of the company represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment losses, but the company has not provided any working regarding this to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment losses on such assets and the amount of such provision.

(f) The level of inventories maintained by the company is high. This may include unidentified slow / non-moving and obsolete items of Inventories lying with the company for which no provision has been made.



(g) Search & Seizure action u/s 132(1) of the Income Tax Act, 1961 was carried on the Company, its promoters and some other companies/entities during the financial year 2013-14. Assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. There is no additional tax liability arises on account of completion of assessments for the said years. Pending proceedings for the remaining assessment years, no provision has been considered necessary by the Company in this regard.

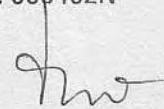
(h) We draw attention in respect of contingency related to 'compensation payable in lieu of bank sacrifice', the outcome of which is materially uncertain and cannot be determined currently.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly standalone financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2016 and for the year ended March 31, 2016.

PLACE: LUDHIANA
DATED: 24.05.2016


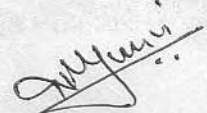

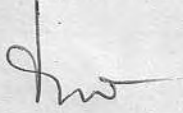

FOR DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
FRN: 000402N



(CA. R.D. KHANNA)
PARTNER
M.No.: 12391



FORM A

1.	Name of the Company	SEL Manufacturing Company Ltd.
2.	Annual financial statements for the year ended	31 st March, 2016
3.	Type of audit observation	Emphasis of Matter
4.	Frequency of observation	First/Second Time
5.	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  (NEERAJ SALUJA) MANAGING DIRECTOR </div> <div style="text-align: center;">  (NAVNEET GUPTA) EXECUTIVE DIRECTOR & CFO </div> <div style="text-align: center;">  (ASHWANI KUMAR) CHAIRMAN AUDIT COMMTT. </div> </div> <div style="margin-left: 20px;"> For Dass Khanna & Co., Chartered Accountats, Firm Reg.No. 000402N </div> <div style="margin-left: 20px; margin-top: 10px;">  (CA. R.D. KHANNA) PARTNER M. NO. 12391 </div> <div style="margin-left: 100px; margin-top: 10px;">  </div>	

Auditor's Report On Quarterly Consolidated Financial Results and Consolidated Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors of
SEL Manufacturing Co. Ltd.

We have audited the quarterly consolidated financial results of SEL Manufacturing Co. Ltd. ("the Company") for the quarter ended March 31, 2016 and the consolidated financial results for the year ended March 31, 2016, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly consolidated financial results are the derived figures between the audited figures in respect of the year ended March 31, 2016 and the published year-to-date figures upto December 31, 2015, being the date at the end of third quarter of the current financial year, which were subject to limited review. The consolidated financial results for the quarter and year to ended March 31, 2016 have been prepared on the basis of the consolidated financial results for the nine month period ended December 31, 2015, the audited annual consolidated financial statements as at and for the year as well as the year ended March, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these consolidated financial results based on our review of the consolidated financial results for the nine months period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS 25) "Interim Financial Reporting", Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual consolidated financial statements as at and for the year ended March 31, 2016 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



We report that:

(a) *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 financial statements, e-mails have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2016 out of few parties have confirmed their balances direct to us or to the company. The management however does not expect any material changes on account of such reconciliation/non receipt of confirmation from parties.*

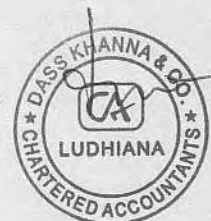
(b) *No provision has been made for Trade Receivables amounting to Rs 643.21 crores outstanding for more than 180 days from the due date. The management however claims that the said receivables are recoverable and no provision is required to be made therefor.*

(c) *The Corporate Debt Restructuring Package had been approved vide Letter of Approval (LOA) dated 30th June, 2014. The company executed Master Restructuring Agreement (MRA) on 24th September, 2014. The credit facilities envisaged & sanctioned under CDR package were not fully released by the lenders which resulted in sub-optimum utilization of manufacturing facilities and the company could not complete its spinning projects where substantial amounts were already incurred. Reasons for not release of those credit facilities were not explained to us. The company has accumulated losses of Rs. 431.40 crores as at March 31, 2016 resulting net worth reduced to Rs. 747.06 crores. Also the company is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. These situations give rise to material uncertainty in respect of company's ability to continue as going concern which is part dependent on successful outcome of the discussions with the CDR lenders and company's ability to generate sufficient funds to support its operations and fulfill repayment obligations.*

(d) *The company has recognized deferred tax asset amounting to Rs. 193.26 crores and MAT Credit Entitlement of Rs. 64.55 crores upto 31st March, 2016 considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. However no conclusive documents/evidences are provided to support their claim. The company ability to continue as going concern is dependent on factors as discussed in para (c) above. In case the going concern status of the company is suspect, deferred tax asset/MAT Credit Entitlement recognized till date will require to be reversed.*

(e) *The management of the company represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment losses, but the company has not provided any working regarding this to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment losses on such assets and the amount of such provision.*

(f) *The level of inventories maintained by the company is high. This may include unidentified slow / non-moving and obsolete items of Inventories lying with the company for which no provision has been made.*



(g) Search & Seizure action u/s 132(1) of the Income Tax Act, 1961 on the Company, its promoters and some other companies/entities during the financial year 2013-14. Assessments of subsidiaries have been completed for the complete block period whereas in the case of the Company assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. There is no additional tax liability arises on account of completion of assessments for the said years. Pending proceedings for the remaining assessment years, no provision has been considered necessary by the Company in this regard.

(h) We draw attention 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.

We did not audit the financial statements of three subsidiaries included in the consolidated quarterly financial results and consolidated year to date results, whose consolidated interim financial statements reflect total assets of Rs. 14.50 crores as at March 31, 2016 and total revenues of Rs. 0.79 crores for the year then ended on that date. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the quarterly consolidated financial results and the year to date results, to the extent they have been derived from such interim financial statements is based solely on the reports of such other auditors.

In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date results:

(i) include the quarterly financial results and year to date of the following entities:

SEL Manufacturing Co. Ltd.	(Holding Company)
SEL Textiles Ltd.	(Subsidiary Company)
SEL Textile Corporation	(Subsidiary Company)
SEL Aviation Pvt. Ltd.	(Subsidiary Company)
Silverline Corporation Ltd.	(Fellow Subsidiary Company)
SE Exports	(Subsidiary Firm)

(ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

(iii) give a true and fair view of the consolidated net loss and other financial information for the quarter ended March 31, 2016 and for the year ended March 31, 2016.



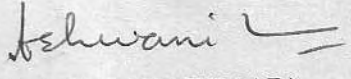
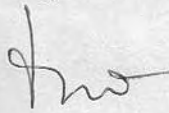

PLACE: LUDHIANA
DATED: 24.05.2016

FOR DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
FRN: 000402N



(CA. R.D. KHANNA)
PARTNER
M.No.: 12391

FORM A

1.	Name of the Company	SEL Manufacturing Company Ltd.
2.	Annual (consolidated) financial statements for the year ended	31 st March, 2016
3.	Type of audit observation	Emphasis of Matter
4.	Frequency of observation	First/Second Time
5.	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  (NEERAJ SALUJA) MANAGING DIRECTOR </div> <div style="text-align: center;">  (NAVNEET GUPTA) EXECUTIVE DIRECTOR & CFO </div> <div style="text-align: center;">  (ASHWANI KUMAR) CHAIRMAN AUDIT COMMITTEE </div> </div> <p style="margin-top: 20px;">For Dass Khanna & Co., Chartered Accountants, Firm Reg.No. 000402N</p> <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="text-align: center; margin-right: 20px;">  (CA. R.D. KHANNA) PARTNER M. NO. 12391 </div> <div style="text-align: center;">  </div> </div>	