

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.: 12.09.2016

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

Dear Sir/Madam

Sub: UN-AUDITED QUARTERLY RESULTS:
Scrip Code: 532886 Scrip ID: SELMCL ISIN No: INE105I01012


Further to our earlier letter dated 30.08.2016, we are pleased to enclose herewith a copy of Companies un-audited financial results (i.e. standalone and consolidated) for the quarter ended 30.06.2016 in consonance with the new Accounting Standards. These results have been considered and taken on record by the Board of Directors of the Company in its meeting held today i.e. 12.09.2016. The said meeting commenced at 01.00 p.m. and concluded at 02.50 p.m.

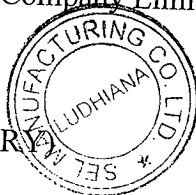
Hope you will find these in order.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited


RAHUL KAPOOR
(COMPANY SECRETARY)



Encl.: As above

SEL Manufacturing Company Limited
Regd. Office: 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 (Punjab)
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[CIN: L51909PB2000PLC023679]
Statement of Unaudited Financial Results for the Quarter Ended June 30, 2016

(Rs. in Lacs)

Sr. No	Particulars	Standalone	
		Unaudited Quarter Ended 30/06/2016	Unaudited Quarter Ended 30/06/2015
1	Income from operations		
	a) Net sales/income from operations	44834.89	52584.25
	b) Other operating income	0.00	0.00
	Total income from operations (net)	44834.89	52584.25
2	Expenses		
	a) Cost of material consumed	29738.02	32315.77
	b) Purchase of stock-in-trade	0.00	484.34
	c) Changes in inventories of finished goods, work in progress and stock in trade	7427.53	-347.99
	d) Employee benefits expenses	2651.29	2901.09
	e) Depreciation and amortisation expenses	6847.01	7091.61
	f) Other expenses	7445.87	9698.14
	Total expenses	54109.72	52142.96
3	Profit(+)/Loss(-) from operations before other income, finance cost and exceptional items (1-2)	-9274.83	441.29
4	Other income	3323.89	1419.31
5	Profit(+)/Loss(-) from ordinary activities before finance cost & exceptional items (3+4)	-5950.94	1860.60
6	Finance cost	9393.93	7832.35
7	Profit(+)/Loss(-) from ordinary activities after finance cost but exceptional items(5-6)	-15344.87	-5971.75
8	Exceptional Items	7363.97	11434.23
9	Profit (+)/ Loss (-) from ordinary activities before tax (7+8)	-22708.84	-17405.98
10	Tax Expense	-4019.35	-5586.28
11	Net Profit (+)/ Loss (-) from ordinary activities after tax (9-10)	-18689.49	-11819.70
12	Extraordinary items (net of tax expenses _____ Lakhs)	0.00	0.00
13	Net Profit (+)/ Loss (-) for the period (11+12)	-18689.49	-11819.70
14	Other Comprehensive Income	0.00	0.00
15	Total Comprehensive Income(+)/Loss(-) for the period (13+14)	-18689.49	-11819.70
16	Paid-up equity share capital of Rs. 10/- each	33134.70	33134.70
17	Earning per share (EPS) (in Rs.) (not annualised)		
	a) Basic	B- (5.64)	B- (3.57)
	b) Diluted	D- (5.64)	B- (3.57)

Notes:

1 The above results are reviewed by the Audit Committee and taken of record at the meeting of the Board of Directors on 12.09.2016. A limited review of the financial results for the quarter ended June 30, 2016 have been carried out by the Statutory Auditors. The financial results and other information for the quarter ended June 30, 2015 have not been audited or reviewed by the Statutory Auditors. However the management has exercised necessary due diligence to ensure that the unaudited financial results provide a true and fair view of the company's affairs.

2 The Company had opted for CDR of its Debt in November, 2013. The CDR package was approved by the competent authority in June, 2014 and implemented by lenders in September, 2014. The credit facilities envisaged & sanctioned under CDR package were not fully released by the lenders which resulted in sub-optimum utilization of manufacturing facilities and the company could not complete one of its spinning project where substantial amount was already incurred. The company has accumulated losses of Rs. 227.08 crores as at June 30, 2016 resulting net worth reduced to Rs. 528.59 crores. Also the company is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. The Company's Management is of the view that the company is an operative Company and will be able to meet its obligations to lenders, In view of the same the financial statements have prepared on a going concern basis



3 Exceptional items are adjusted in the Statement of Profit and Loss in accordance with IND-AS Rules.

4 The statement of unaudited standalone financial results for the quarter ended June 30, 2016 has been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind-AS from April, 2016, and accordingly these financial results have been prepared in accordance with the recognition and measurement principles in Ind-AS 34 -Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with the relevant rules issued thereunder.

5 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

6 Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter ended 30th June, 2015

	(Rs. In Crores)
Net Profit/(Loss) for the period under previous Indian GAAP	(41.51)
<u>Add: Ind AS Adjustments</u>	
Impact of measuring investments at fair value through profit and loss	(114.34)
Depreciation and Amortization	(0.22)
Tax Impact	37.87
Net Profit/(Loss) as per Ind AS	<u>(118.20)</u>

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

For and on behalf of Board of Directors


Neeraj Saluja
Managing Director



Date: 12.09.2016
Place: Ludhiana

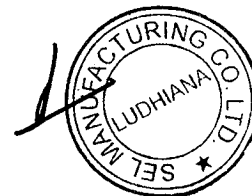
Statement of Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2016

(Rs. in Lacs)

Sr. No	Particulars	Consolidated	
		Unaudited Quarter Ended 30/06/2016	Unaudited Quarter Ended 30/06/2015
1	Income from operations		
	a) Net sales/income from operations	56845.52	64995.77
	b) Other operating income	0.00	0.00
	Total income from operations	56845.52	64995.77
2	Expenses		
	a) Cost of material consumed	40764.76	42909.49
	b) Purchase of stock-in-trade	0.00	484.34
	c) Changes in inventories of finished goods, work in progress and stock in trade	7981.64	-2881.23
	d) Employee benefits expenses	3244.52	3590.11
	e) Depreciation and amortisation expenses	9144.49	9320.81
	f) Other expenses	9406.55	12109.00
	Total expenses	70541.96	65532.52
3	Profit(+)/Loss(-) from operations before other income, finance cost and exceptional	-13696.44	-536.75
4	Other income	4284.69	2536.49
5	Profit(+)/Loss(-) from ordinary activities before finance cost & exceptional items (3+4)	-9411.75	1999.74
6	Finance cost	13306.94	11721.92
7	Profit(+)/Loss(-) from ordinary activities after finance cost but exceptional items(5-6)	-22718.69	-9722.18
8	Exceptional Items	0.00	0.00
9	Profit (+)/ Loss (-) from ordinary activities before tax (7+8)	-22718.69	-9722.18
10	Tax Expense	-4067.04	-3083.33
11	Net Profit (+)/Loss(-) from ordinary activities after tax (9-10)	-18651.65	-6638.85
12	Extraordinary items (net of tax expenses _____ Lakhs)	0.00	0.00
13	Net Profit (+)/ Loss (-) for the period (11+12)	-18651.65	-6638.85
14	Share of profit/(loss) of associates	0.00	0.00
15	Minority Interest	-0.67	-0.32
16	Net Profit (+)/ Loss (-) after taxes, minority interest and share of profit/(loss) of associates (13+14+15)	-18650.98	-6638.53
17	Other Comprehensive Income	0.00	0.00
18	Total Comprehensive Income(+)/Loss(-) for the period (13+14)	-18650.98	-6638.53
19	Paid-up equity share capital of Rs. 10/- each	33134.70	33134.70
20	Earning per share (EPS) (in Rs.) (not annualised)		
	a) Basic	B- (5.63)	B- (2.00)
	b) Diluted	D- (5.63)	D- (2.00)

Notes:

- The above results are reviewed by the Audit Committee and taken of record at the meeting of the Board of Directors on 12.09.2016. A limited review of the financial results for the quarter ended June 30, 2016 have been carried out by the Statutory Auditors. The financial results and other information for the quarter ended June 30, 2015 have not been audited or reviewed by the Statutory Auditors. However the management has exercised necessary due diligence to ensure that the unaudited financial results provide a true and fair view of the company's affairs.



2 The holding and one of its subsidiary Company had opted for CDR of its Debt in the year 2013-14. The CDR package was approved by the competent authorities and implemented by lenders. However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the said companies, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the said companies could not complete their spinning projects where substantial amounts were already incurred. All this has led to adverse financial performance and substantial erosion in net worth of the said 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 and thus the companies will be able to meet their obligations to lenders, In view of the same the financial statements have prepared on a going concern basis.

3 The statement of unaudited consolidated financial results for the quarter ended June 30, 2016 has been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Rules, 2016. The Company adopted Ind-AS from April, 2016, and accordingly these financial results have been prepared in accordance with the recognition and measurement principles in Ind-AS 34 -Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with the relevant rules issued thereunder.

4 Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter ended 30th June, 2015

	(Rs. In Crores)
Net Profit/(Loss) for the period under previous Indian GAAP	(59.41)
<u>Add: Ind AS Adjustments</u>	
Depreciation and Amortization	(0.22)
Other Adjustments	(10.34)
Tax Impact	3.59
Net Profit/(Loss) as per Ind AS	<u>(66.38)</u>

5 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

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

For and on behalf of Board of Directors


Neeraj Saluja
Managing Director



Date: 12.09.2016
Place: Ludhiana

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying statement of unaudited standalone financial results of SEL Manufacturing Company Limited (the company) for the quarter ended June 30, 2016 ("the Statement") prepared by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these standalone financial results based on our review.

Scope of Review

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

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results read with notes thereon, prepared in accordance with Indian Accounting Standards as specified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

We draw attention to the following matters:

1. Note No. 2 of the interim financial results describes that in the opinion of the management despite sub optimum capacity utilization, incurring substantial losses during the quarter ended June 30th, 2016 and substantial reduction in net worth as at June 30th, 2016, the unaudited standalone financial results have been prepared on a going concern basis in view of matters fully explained in the said note. However, 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.
2. The company has recognized deferred tax asset amounting to Rs. 242.62 crores and MAT Credit Entitlement of Rs. 55.34 crores upto 30th June, 2016 considering probability that sufficient



taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. The company ability to continue as going concern is dependent on factors as discussed in para (1) 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.

3. No provision has been made for Trade Receivables as on June 30, 2016 amounting to Rs 420.63 crores outstanding for more than 180 days from the due date. However the management claims that the said receivables are recoverable and no provision is required to be made therefore.
4. 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.
5. 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 arising 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.

Our conclusion is not modified in respect of the matters reported in para (1) to (5) of Emphasis of matters.

Other Matters

We draw attention to the following matters:

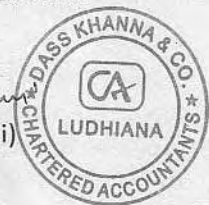
1. Refer Note No. 4 to the interim financial results which states that the company has adopted Ind AS for the financial year commencing from April 1st, 2016 and accordingly the statement has been prepared in compliance with Ind AS.
2. We have not reviewed the comparative figures including the reconciliation of total comprehensive income for the quarter ended on June 30th 2015 and accordingly we do not express any conclusion on the results in the statement for the quarter ended June 30th 2015. These figures have been furnished by the management.

Our conclusion is not modified in respect of the matters reported in para (1) and (2) of other matters.

Place: Ludhiana
Date: 12.09.2016

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

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



INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying statement of consolidated unaudited financial results of SEL Manufacturing Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2016 ("the Statement") prepared by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these consolidated financial results based on our review.

The Statement includes the financial results of following entities:

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

Scope of Review

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

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results read with notes thereon, prepared in accordance with Indian Accounting Standards as specified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



Emphasis of Matter

We draw attention to the following matters:

1. Note No. 2 of the interim financial results describes that in the opinion of the management despite sub optimum capacity utilization, incurring substantial losses during the quarter ended June 30th, 2016 and substantial reduction in net worth as at June 30th, 2016 of the holding as well as one of its subsidiary company, the unaudited consolidated financial results have been prepared on a going concern basis in view of matters fully explained in the said note. However, these situations give rise to material uncertainty in respect of the said companies' ability to continue as going concerns which are part dependent on successful outcome of the discussions with the CDR lenders and companies' ability to generate sufficient funds to support their operations and fulfill repayment obligations.
2. The Group has recognized deferred tax asset amounting to Rs. 233.93 crores and MAT Credit Entitlement of Rs. 64.55 crores upto 30th June, 2016 considering probability that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted. The ability to continue as going concern of the holding and one of its subsidiary company is dependent on factors discussed in para (1) above. In case the going concern status of the said companies is suspect, deferred tax asset/MAT Credit Entitlement recognized till date will require to be reversed.
3. No provision has been made for Trade Receivables amounting to Rs 590.26 crores outstanding for more than 180 days from the due date as on June 30, 2016. However the management claims that the said receivables are recoverable and no provision is required to be made therefore.
4. The level of inventories maintained by the Holding Company and its one domestic subsidiary is high. This may include unidentified slow / non-moving and obsolete items of Inventories lying with the respective companies for which no provision has been made.
5. Search & Seizure action u/s 132(1) of the Income Tax Act, 1961 was carried on the holding Company, its promoters and some other related 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 Holding Company, assessments have been completed for Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15. No additional tax liability arose 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 holding company in this regard.

Our conclusion is not modified in respect of the matters reported in para (1) to (5) of Emphasis of matters.

Other Matters

We draw attention to the following matters:

1. Refer Note No. 3 to the interim financial results which states that the Group has adopted Ind AS for the financial year commencing from April 1st, 2016 and accordingly the statement has been prepared in compliance with Ind AS.
2. We have not reviewed the comparative figures including the reconciliation of total comprehensive income for the quarter ended on June 30th 2015 and accordingly we do not express any conclusion on the results in the statement for the quarter ended June 30th 2015. These figures have been furnished by the management.



3. We did not review the interim financial results of four subsidiaries included in the consolidated financial results whose interim financial results reflect total revenues of Rs.129.11 crores for the quarter ended 30th June, 2016. The consolidated financial results also include the group's share of net loss of Rs 73.60 crores for the quarter ended 30th June, 2016.

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

Place: Ludhiana
Date: 12.09.2016

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


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

