

SEL MANUFACTURING COMPANY LIMITED



Regd Office: 274, Dhandari Khurd, G.T. Road, Ludhiana - 141 014, Punjab, India
Tel: +91-161-7111117, Fax: +91-161-7111118, Website: www.selindia.in
CIN: L51909PB2000PLC023679

SEL/BSE//2017-18

Dtd.: 29.09.2017

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

Dear Sir/Madam

Sub: ANNUAL REPORT 2016-17 :


Scrip Code: 532886 Scrip ID: SELMCL ISIN No: INE105I01012

We are pleased to enclose herewith, the Annual Report of the Company for the Financial year 2016-17 as required under Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The 17th Annual General Meeting of the Company was held on 27.09.2017.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For SEL Manufacturing Company Limited


RAHUL KAPOOR
(COMPANY SECRETARY)



Encl.: As above



ANNUAL REPORT 2016-17

SEL Manufacturing Company Ltd.

BOARD OF DIRECTORS

(2016-17)

Sh. Ram Saran Saluja
Sh. Neeraj Saluja
Sh. Dhiraj Saluja
Sh. Vinod K. Goyal
Sh. Navneet Gupta
Sh. Ashwani Kumar
Sh. Amit Narang
Sh. Kanwalnain Singh Kang
Sh. Ranjan Madaan
Sh. Prem Kumar
Smt. Paramjit Kaur
Sh. Joginder Kumar Gupta

Chairman
Managing Director
Jt. Managing Director
Executive Director & CEO
Executive Director & CFO

AUDITORS

Dass Khanna & Co.
Chartered Accountants,
B-XX-2815, 1st Floor,
Gurdev Nagar, Pakhowal Road,
Ludhiana - 141 001 (Pb.)

REGISTERED OFFICE

274, Dhandari Khurd, G. T. Road,
Ludhiana (Pb.) 141 014 (India)
Ph.: 91-161-7111117
Fax : 91-161-7111118
Website: www.selindia.in

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
44, Community Centre, 2nd Floor,
Naraina Ind. Area, Ph-I, PVR Naraina
New Delhi- 110 028
Phone No: 011- 41410592
Fax no: 011- 41410591
E-mail: delhi@linkintime.co.in

COMPANY SECRETARY

Sh. Rahul Kapoor

CIN : L51909PB2000PLC023679

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Chairman's Message

Dear Shareholders,

It is my privilege to reach you through this Annual Report and share with you the performance for the financial year 2016-17. This was a challenging year caused by uncertain global macro-economic situation and the challenges being faced by the Company.

We faced a difficult operating environment due to high debt, increased input costs, sub-optimum utilization of manufacturing facilities and liquidity problems which adversely affected the performance of the Company.

However, we are fortunate to have been able to retain the talent we see today in the Company, across all disciplines and at all levels and I thank all SEL employees for their dedication for the SEL Group. We see this as a source of competitive advantage for the business now and in the years ahead and we will continue to invest our resources in taking these initiatives forward.

We strongly believe in doing business with values such as transparency, professionalism and accountability. We will continue to enhance our corporate value by ensuring that all of our business activities are so carried out that we achieve high credibility with our stakeholders across the globe.

Meanwhile, there is need to improve our financial returns and operational effectiveness to which we are trying. Driven by the relentless efforts of all our employees, the Company continues to lay emphasis on implementation that translates business plans to actions and deliverables on the ground.

I am grateful to our stakeholders, customers, vendors, lenders and bankers for reposing their faith in us, employees for their resolve and unstinted devotion, our Members on the Board for their wisdom and continuous support and you, our shareholders for reposing trust & faith. Thank you for your support and we hope you continue your association with us.

With best wishes,

Ram Saran Saluja

Chairman



NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of the Company will be held on Wednesday, the 27th day of September, 2017 at 9.30 A.M. at the Registered office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141014 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, 2017 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, 2017 including the Statement of Profit & Loss Account for the financial year ended on that date together with the report of Auditors thereon.
2. To appoint a Director in place of Mr. Vinod Kumar Goyal, (DIN: 02751391), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration:.

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 Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, M/s Malhotra Manik & Associates, Chartered Accountants, (Firm Registration No. 015848N), be and are hereby appointed as Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting (i.e 17th AGM) till the conclusion of the sixth Annual General Meeting from this annual General meeting (i.e. 22nd AGM), (subject to ratification of their appointment at every AGM if so required under the Act), at such remuneration as shall be fixed by the Board of Directors of the Company."

AS SPECIAL BUSINESS:-

4. **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 2017-18 amounting to Rs.77,000 exclusive of service tax/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."

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable sections/provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any, required, the consent of the Company be and is hereby accorded for the re-appointment of Sh. Navneet Gupta, as the Executive Director of the Company for a further period of three years w.e.f. 8.5.2017 on a consolidated amount of Salary of Rs. 3,00,000/- per month.

RESOLVED FURTHER THAT he will be entitled to free use of Company's car for business purpose and of free use of telephone, at office and at residence, for business purposes of the Company.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to further increase the above said remuneration within the limits prescribed under the Companies Act, 2013 and the guidelines issued in this behalf by the Central Government from time to time, without referring the matter again for the approval of the members of the Company.

RESOLVED FURTHER THAT in case in any Financial year, the company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Executive Director subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions, and the rules framed there under as amended from time to time.

RESOLVED FURTHER THAT The Board of Directors of the Company be and are hereby authorized to execute all such documents, instruments, and writings, if any, and further to do all such acts, deeds or things as may be deemed necessary to give effect to the above said resolution.

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 188 of the Companies Act, 2013 ("the Act"); Companies (Meetings of Board and its Powers) Rules,



2014, and all other applicable sections/rules of the Companies Act, 2013 and other applicable statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendments, or reenactment thereof for the time being in force), and subject to such approvals as may be required, approval of the members of the Company be and is hereby accorded for holding of office or place of profit/employment by Mr. Neeraj Saluja, as Chief Operating Officer (COO) of the Company, with effect from July 1, 2017, on total remuneration which may exceed Rs. 2,50,000/- per month; including but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.,.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Neeraj Saluja, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard."

7. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 188 of the Companies Act, 2013 ("the Act"); Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable sections/rules of the Companies Act, 2013 and other applicable statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendments, or reenactment thereof for the time being in force), and subject to such approvals as may be required, approval of the members of the Company be and is hereby accorded for holding of office or place of profit/employment by Mr. Navneet Gupta, as Chief Financial Officer (CFO) of the Company, with effect from July 1, 2017, on total remuneration which may exceed Rs. 2,50,000/- per month; including but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.,.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Navneet Gupta, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard."

8. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL

RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 188 of the Companies Act, 2013 ("the Act"); Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable sections/rules of the Companies Act, 2013 and other applicable statutory provisions, rules, regulations and guidelines (including any statutory modification(s), amendments, or reenactment thereof for the time being in force), and subject to such approvals as may be required, approval of the members of the Company be and is hereby accorded for holding of office or place of profit/employment by Mr. Vinod Kumar Goyal, as Chief Executive Officer (CEO) of the Company, with effect from July 1, 2017, on total remuneration which may exceed Rs. 2,50,000/- per month; including but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.,.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Vinod Kumar Goyal, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard."

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

LUDHIANA- 25.07.2017

Regd. Off.:

274, Dhandari Khurd,

G.T. Road, Ludhiana-141014 (Pb.)

CIN : L51909PB2000PLC023679

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other member.

THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY EXECUTED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF ANNUAL GENERAL MEETING. Proxies submitted on behalf of limited



Companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. Members are requested to send their queries on the accounts/financial statements, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
3. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
4. 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.
5. The Register of Members and Share Transfer books shall remain closed from September 21, 2017 to September 27, 2017 (both days inclusive).
6. The information required to be provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Director who is proposed to be appointed/re-appointed is given in the annexure to the Notice.
7. Voting through electronic means:

In compliance of the provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 17th Annual General Meeting by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services Limited. For conducting this e-voting activity in a fair and transparent manner, the Board of directors have appointed Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant as Scrutinizer. Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot/polling paper, at the AGM. Kindly note that members can opt for only one mode of voting i.e. either by remote e-voting or by ballot/polling paper at the AGM. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

Votes cast by members who hold shares on the cut off date viz. 20.09.2017 alone will be counted.

The instructions for members for remote e-voting are as under:-

- (i) The remote e-voting period begins at 09.00 am on 24.09.2017 and ends at 05.00 pm on 26.09.2017. 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 20.09.2017 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. The voting rights of the Members

shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 20.09.2017 and that a person who is not a Member as on the cut off date should treat this Notice for information purposes only. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>" Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>" In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field. Sequence Number is Separately communicated to applicable members, in Notice as an Attachment.</p>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>" If both the details are not recorded with the depository or company please enter the member id/folio number, in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on



"SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for SEL Manufacturing Company Limited, on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) **Note for Non - Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates and custodians respectively.
 - 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
Mr. Dinesh Kumar Mehtani, Practising Chartered Accountant, (Membership no. 091676) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the ballot cast by the Members at the Annual General Meeting) in a fair and transparent manner.
 - (xxi) The results along with the Scrutinizer's Report, will be placed on the company's website, i.e. www.selindia.in and of the Agency, immediately after the result is declared by the Chairman within the prescribed time as per the Rules, and the same shall be communicated to the BSE Ltd., and National Stock Exchange of India Ltd..
8. All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for Inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 17th Annual General Meeting of the Company.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating the service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and with Registrar & Share Transfer Agent-M/s Link Intime India Private Limited in case of shares held in physical form. E-mail is a better method to



receive the communications quickly, with least cost implications. We request you to wholeheartedly support this initiative and co-operate with the Company in implementing the same. Please act and contribute to the cause of Environment.

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

FOR ITEM NO.4:

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 2017-18 at a remuneration of Rs. 77,000/- excluding the applicable service tax/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 Directors, 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).

FOR ITEM NO.5:

The Board of Directors of your Company have re-appointed Mr. Navneet Gupta (DIN: 02122420) as the Executive Director of the Company for a further period of three years w.e.f. 8.5.2017 subject to the confirmation of his re-appointment and remuneration by the members of the Company. The remuneration proposed to be paid to Executive Director has been approved by the Remuneration Committee of the Board and the resolution is put for your approval in this meeting. Mr. Navneet Gupta, Executive Director of the Company looks after all the finance related activities of the Company. Other details required in pursuance of Schedule V of the Companies Act, 2013, are mentioned in the Annexure to the Notice.

As per the provisions of the Companies Act, 2013 and under Schedule V and Rules framed there under, confirmation of the members of the Company is required for the appointment/reappointment as such of a managerial person. Hence the proposed resolution is recommended for your consideration and approval.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Navneet Gupta, being the appointee is in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO.6:

Mr. Neeraj Saluja, appointment as "Chief Operating Officer" (COO) of the Company with effect from July 1, 2017 on a total remuneration, as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month.

Further, besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.

Mr. Neeraj Saluja, aged 50 years has over 25 years of experience in textile industry. He has vast experience in selection of technology and machineries and operation of plants and setting and optimum selection of the manufacturing capabilities. Besides he provides huge effort in improvement of production processes of the Company.

Mr. Neeraj Saluja, being a Director is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, at a monthly remuneration exceeding Rs.2,50,000/- requires approval by way of special resolution of the Company.

Hence; approval of members is sought for his appointment in and payment of remuneration as proposed in the resolution under this item of business.

The information as required in accordance with Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mr. Neeraj Saluja
- (b) Name of the Director or Key Managerial Personnel who is related, if any: Mr. Neeraj Saluja, himself being a Director on the Board;
- (c) Nature of relationship: Mr. Neeraj Saluja, himself being a Director on the Board of the company is the related party.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Mr. Neeraj Saluja, appointment as "Chief Operating Officer" (COO) of the Company with effect from July 1, 2017 on a total remuneration as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month. Besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.

Further, the terms of employment and remuneration of Mr. Neeraj Saluja, may be varied from time to time, based on the industry standards prevailing for similar position,



and based on his performance evaluation. No duration or period for his employment is fixed, however, termination and other terms shall be governed as per rules and HR policy. Mr. Neeraj Saluja may be re-designated from time to time.

Mr. Neeraj Saluja, aged 50 years has over 25 years of experience in textile industry. He has vast experience in selection of technology and machineries and operation of plants and setting and optimum selection of the manufacturing capabilities. Besides he provides huge effort in improvement of production processes of the Company. Mr. Neeraj Saluja will look after the operations of plants of the Company.

e) Any other relevant information:

Mr. Neeraj Saluja holds 9871510 Equity Shares of the Company constituting 2.98% of the Paid up-equity share capital of the company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Ram Saran Saluja, Mr. Dhiraj Saluja being relatives and Mr. Neeraj Saluja being the appointee are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO.7:

Mr. Navneet Gupta, holding of office or place of profit/employment as "Chief Financial Officer" (CFO) of the Company on a total remuneration with effect from July 1, 2017, as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month. Further, besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.

Mr. Navneet Gupta, aged 47 years is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects. He works on all the finance related requirements and deals with banks/financial institutions etc..

Mr. Navneet Gupta, being a Director is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, at a monthly remuneration exceeding Rs.2,50,000/- requires approval by way of special resolution of the Company.

Hence; approval of members is sought for his appointment in and payment of remuneration as proposed in the resolution under this item of business.

The information as required in accordance with Companies (Meetings of Board & its Powers) Rules,

2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mr. Navneet Gupta
- (b) Name of the Director or Key Managerial Personnel who is related, if any: Mr. Navneet Gupta, himself being a Director on the Board;
- (c) Nature of relationship: Mr. Navneet Gupta, himself being a Director on the Board of the company is the related party.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Mr. Navneet Gupta, holding of office or place of profit/employment as "Chief Financial Officer" (CFO) of the Company with effect from July 1, 2017 on a total remuneration as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month. Besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.

Further, the terms of employment and remuneration of Mr. Navneet Gupta, may be varied from time to time, based on the industry standards prevailing for similar position, and based on his performance evaluation. No duration or period for his employment is fixed, however, termination and other terms shall be governed as per rules and HR policy.

Mr. Navneet Gupta, aged 47 years is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects. He works on all the finance related requirements and and deals with banks/financial institutions etc..

e) Any other relevant information:

Mr. Navneet Gupta holds 600 Equity Shares of the Company constituting 0.00% of the Paid up-equity share capital of the company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Navneet Gupta, being the appointee are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

FOR ITEM NO.8:

Mr. Vinod Kumar Goyal, holding of office or place of profit/employment as "Chief Executive Officer" (CEO) of the Company on a total remuneration with effect from July 1, 2017, as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month. Further, besides salary, his remuneration will also include all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.



Mr. Vinod Kumar Goyal, aged 58 years, (MBA), besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company. Further Mr. Vinod Kumar Goyal has over 36 years of Professional Experience in Textile Industry.

Mr. Vinod Kumar Goyal, being a Director is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, at a monthly remuneration exceeding Rs.2,50,000/- requires approval by way of special resolution of the Company.

Hence; approval of members is sought for his appointment in and payment of remuneration as proposed in the resolution under this item of business.

The information as required in accordance with Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mr. Vinod Kumar Goyal.
- (b) Name of the Director or Key Managerial Personnel who is related, if any: Mr. Vinod Kumar Goyal, himself being a Director on the Board;
- (c) Nature of relationship: Mr. Vinod Kumar Goyal, himself being a Director on the Board of the company is the related party.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Mr. Vinod Kumar Goyal, holding of office or place of profit/employment as "Chief Executive Officer" (CEO) of the Company with effect from July 1, 2017 on a total remuneration as may be decided from time to time, and which may exceed Rs. 2,50,000/- per month. Besides salary, his remuneration will also include all basic,

additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities, and conveniences etc., as per rules.

Further, the terms of employment and remuneration of Mr. Vinod Kumar Goyal, may be varied from time to time, based on the industry standards prevailing for similar position, and based on his performance evaluation. No duration or period for his employment is fixed, however, termination and other terms shall be governed as per rules and HR policy.

Mr. Vinod Kumar Goyal, aged 58 years, (MBA), besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company. Further Mr. Vinod Kumar Goyal has over 36 years of Professional Experience in Textile Industry.

e) Any other relevant information:

Mr. Vinod Kumar Goyal, does not hold any Shares of the Company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives except Mr. Vinod Kumar Goyal, being the appointee are in any way, financially or otherwise, concerned or interested in the above Resolution(s).

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

LUDHIANA- 25.07.2017
Regd. Off.:
274, Dhandari Khurd,
G.T. Road, Ludhiana-141014 (Pb.)
CIN : L51909PB2000PLC023679

(RAM SARAN SALUJA)
DIRECTOR
DIN : 01145051



ANNEXURE TO NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING SCHEDULED FOR 27TH SEPTEMBER, 2017

Name of Director with DIN	Mr. Vinod Kumar Goyal (DIN: 02751391)	Mr. Neeraj Saluja (DIN : 00871939)	Mr. Navneet Gupta (DIN : 02122420)
Resume including Expertise in specific functional area	Mr. Vinod Kumar Goyal, aged 58 years is Executive Director & CEO of the company. He besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company	Mr. Neeraj saluja, aged 50 years is Managing director of the company. He is responsible for the overall management of the Company and provides strategic direction in selection of technology and machineries, in setting up new manufacturing facilities, improvement of production processes and exploring and diversifying into new ventures etc.	Mr. Navneet Gupta, aged 47 years is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects
List of other Companies in which Directorship held	-----	1. SEL Textiles Ltd. 2. SEL Aviation Pvt. Ltd. 3. Shiv Narayan Investments Pvt. Ltd. 4. Silverline Corporation Ltd. 5. SEL Renewable Power Ltd. 6. Sidhivinayak Financial Services Ltd. 7. Rhythm Textile & Apparels park Ltd. 8. Young Presidents organization (Punjab chapter) 9. SEL Textiles Corporation	1) Rythm Textile & Apparels Park Ltd. 2) SEL Textiles Ltd. 3) Silverline Corporation Ltd.
Chairman/Member of the Committee of Board of Directors of other Companies	-----	SEL Textiles Ltd. i) Investor Grievance Committee Rythm Textile & Apparels park Ltd. i) Audit Comtt.	Audit Committee: 1) SEL Textiles Ltd. 2) Rythm Textile & Apparels Park Ltd.
Inter-Se relationship with other Directors of the Company	Not related	Son of Mr. Ram Saran Saluja and brother of Mr. Dhiraj Saluja, other Directors of the Company.	Not related
Shareholding in the Company	NIL	9871510	600



SEL Manufacturing Company Ltd.

Information required under Section II, Part II of Schedule V of the companies Act, 2013

I.	General Information	
	(1) Nature of Industry	Textiles
	(2) Date or expected date of commencement of commercial production	The Company was incorporated on 08.05.2000 and the certificate of commencement of Business was dated 02.06.2000 respectively.
	(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
	(4) Financial performance based on given indicators	The details of financial performance of the Company for the financial years 2016-17 and 2015-16 are duly provided in the Annual Report 2017 which accompanies this Notice.
	(5) Foreign investments or collaborations, if any	The Company has not entered into any material foreign collaboration. However one wholly owned subsidiary has been set up abroad which is yet to commence its commercial operations.
II.	Information about the appointee/relevant Person	
	(1) Background details	Mr. Neeraj Saluja is the Managing Director of the Company. Mr. Navneet Gupta is the Executive Director & CFO of the Company. Mr. Vinod Kumar Goyal is the Executive Director and CEO of the Company.
	(2) Past remuneration	Details of past remuneration are duly given in the Annual Report 2017 which accompanies this Notice.
	(3) Recognition or awards	--
	(4) Job profile and his suitability	<ol style="list-style-type: none"> 1. Mr. Vinod Kumar Goyal, Executive Director & CEO besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company. 2. Mr. Neeraj Saluja, Managing Director is responsible for the overall management of the Company and provides strategic direction in selection of technology and machineries, in setting up new manufacturing facilities, improvement of production processes and exploring and diversifying into new ventures etc. 3. Mr. Navneet Gupta, Executive Director & CFO is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects.
	(5) Remuneration proposed	Details of remuneration are duly given in the Notice and Explanatory Statement thereto.
	(6) Comparative remuneration profile with respect of industry, size of the company, profile of the position and person	The remuneration is as per Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration of CEO/MD/CMD levels of similar sized Textile manufacturing Companies in India and abroad.
	(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Neeraj Saluja and Mr. Dhiraj Saluja are sons of Mr. Ram Saran Saluja, all on the Board of the Company. Mr. Neeraj Saluja holds 9871510 Equity Shares of the Company. Mr. Vinod Kumar Goyal does not hold any shares of the Company. Mr. Navneet Gupta holds 600 Equity Shares of the Company. None of other Key Managerial Personnel of any other senior Managerial personnel is related.
III.	Other Information	
	(1) Reasons of loss or inadequate profits	The losses were due to increase in manufacturing costs, increase in the prices of material consumed, High Debt and Interest and Depreciation Cost, highly stressed liquidity position and due to other Exceptional Items.
	(2) Steps taken or proposed to be taken for improvement	Identification of areas where costs can be reduced and initiatives to reduce costs, new markets for selling the products, credit facilities and concessions from banks to improve the liquidity position etc.
	(3) Expected increase in productivity and profits in measurable terms	The aforesaid steps taken/to be taken by the Company are expected to improve further the Company's performance and profitability in the future
IV.	Disclosures	As required, the information is provided under Corporate Governance Section of the Annual Report 2017.



DIRECTORS' REPORT

To
The Members
SEL Manufacturing Company Ltd.

Your Directors have pleasure in presenting their 17th Annual Report on the affairs of the company together with Audited Financial Statements for the financial year ended 31st March, 2017.

FINANCIAL RESULTS		(Rupees in Lacs)	
	Current Year	Previous year	
	(2016-17)	(2015-16)	
Revenue from Operations	171061.80	194773.45	
Other Income	9201.25	11043.52	
	180263.05	205816.97	
Less :			
Expenditure	231641.74	203105.60	
Provision for Depreciation	11408.91	28450.25	231555.85
Profit/(loss)before			
exceptional items and tax:	(62787.60)	(25738.88)	
Exceptional Items	22650.68	30060.93	
Profit/(Loss) before tax:	(85438.28)	(55799.81)	
Less :			
Taxes : Deferred Tax	(29682.89)	(15604.21)	
Earlier Yrs.	(---)	(0.14)	(15604.35)
Profit/(Loss)from continuing operations	(55755.39)	(40195.46)	
Profit/(Loss)from discontinuing operations	---	---	
Profit/(Loss) for the period	(55755.39)	(40195.46)	
Other Comprehensive Income			
i) Item that will not be reclassified	32.80	---	
to Profit or Loss			
ii) Item that will be reclassified	(10.57)	(9954.53)	
to Profit or Loss			
Total Comprehensive Income/(Loss) for the Period	(55733.16)	(50149.99)	

BUSINESS:

The Company is vertically integrated multi-product textile company, manufacturing various kinds of Knitted Garments, Terry Towels, Knitted & Processed Fabric and various kind of Yarn 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. 171061.80 lacs as compared to Rs. 194773.45 lacs in the previous year. After deducting Expenses and Exceptional Items there was Loss of Rs. 85438.28 lacs as compared to Loss of Rs. 55799.81 lacs during the previous year. After providing for taxes and other adjustments, the current year loss stood at Rs. 55755.39 lacs as compared to loss of Rs. 40195.46 lacs during the previous year.

The Company had opted for CDR earlier. 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 as such is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. The dues taken by the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest.

SUBSIDIARY COMPANY/FIRM(S):

As at 31.03.2017, the Company has the following Subsidiary Company(ies) namely SEL Aviation Pvt. Ltd., SEL Textiles Corporation, SEL Textiles Ltd., Silverline Corporation Ltd., and also a subsidiary firm namely M/s SE Exports. The



SEL Manufacturing Company Ltd.

Company has its branch office at United Arab Emirates.

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

SEL Textiles Ltd. is the wholly owned Subsidiary of the Company. SEL Textiles Ltd. is engaged in the business of textiles and the Company has 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. SEL Textiles Corporation is the wholly owned subsidiary of the Company in the state of California, USA. 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:

Your Company is committed to adhere to the best Practices of governance. In your Company, prime importance is given to reliable financial information, integrity, transparency, fairness, empowerment & compliances. A separate section on Corporate Governance and a Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report

DIVIDEND:

Due to the losses incurred in F.Y. 2016-17 and scarcity of funds, the directors have not recommended any dividend for the Financial year 2016-17.

SHARES WITH DIFFERENTIAL RIGHTS, EMPLOYEE STOCK OPTION, SWEAT EQUITY 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.

DIRECTORS & KMP:

During the year, Mr. Vinod Kumar Goyal was appointed as Chief Executive Officer of the Company under the provisions of the Companies Act, 2013. Mr. Vinod Kumar Goyal, looks after complete operations of the Company and has vast experience in the textile sector. Further, the re-appointment of Mr. Navneet Gupta, as Executive Director of the Company for a further period of 3 years is put for confirmation by the members of the Company in the ensuing Annual General Meeting. Further Mr. Vinod Kumar Goyal, Director of the Company retires by rotation at this Annual General Meeting and being eligible offer himself for re-appointment. Further Mr. Neeraj Saluja is appointed as Chief Operating Officer (COO) w.e.f. 01.07.2017 due to his expertise in operations of textile plants. Details of his appointment and terms are given in detail in the Notice for the ensuing Annual General Meeting. Further Mr. Kanwalnain Singh Kang resigned from the post of Director of the Company w.e.f. 20th July, 2017. Further Mr. Navneet Gupta, holding of office or place of profit/employment as "Chief Financial Officer" (CFO) of the Company due to his vast experience in Financial Areas and Mr. Vinod Kumar Goyal, holding of office or place of profit/employment as "Chief Executive Officer" (CEO) of the Company due to his vast experience in Textile Business is put up for approval of the Members. Details of their appointment/remuneration and terms are given in detail in the Notice for the ensuing Annual General Meeting.

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 2017-18. The GDRs of the company are listed on Luxembourg Stock Exchange.

AUDITORS:

As per the provisions of the Act, the period of office of M/s Dass Khanna & Co., Chartered Accountants, Ludhiana, the Statutory Auditors of the Company, expires at the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s Malhotra Manik & Associates, Chartered Accountants, (Firm Registration No. 015848N) as Statutory Auditors of the Company, for a term of 5 (five) consecutive years. M/s Malhotra Manik & Associates, Chartered Accountants, have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

AUDITORS' REPORT:

With reference to the Auditors remarks regarding non provision of interest on NPA classified bank borrowings the Board would like to state that the Majority of Lenders have



stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company has not provided interest amounting to Rs.35,901 lakhs on majority of NPA classified accounts for the year in its books of account.

Further the report of Auditors and notes on accounts are self explanatory and do not call for any further comments as there are no further adverse remarks by the Auditors.

Further, regarding Auditors Emphasis of Matter in their Report the Board would like to state as under;

- a) With reference to the Auditors remarks regarding Non confirmation of debit/credit balances, the same were not confirmed by the respective parties despite the letters/emails in this regard been sent to them. However the management does not expect any material changes on account of such reconciliation/non-receipt of confirmation from parties. For with reference to no provision in respect of Trade Receivables, the management is of the view that the said receivables are recoverable and as such no provision is required to be made thereof.
- b) 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.
- c) The management is of the view that the company is an operative company and will be able to meet its obligations to lenders and as such the financial statements have been prepared on a going concern basis. Deferred tax Asset and MAT Credit Entitlement have been recognized considering virtual certainty that sufficient taxable income will be available during specified period against which such can be adjusted.
- d) The company has revised the useful life of the machinery installed in Spinning/Terry Towel units based on technical reports effective from April 1, 2016.

Further regarding compliance of Ind-AS 109 w.r.t. accounting of corporate guarantee given to lenders of one of the subsidiary of the company, the same could not be done as the same is not presently ascertainable.

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. The Board appointed M/s. Jatin Sharma & Co., Cost Accountants, as cost auditors of the Company for the financial year 2017-18 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, 2017 would be filed with the Central Government within prescribed timelines. The cost

audit report for the financial year ended March 31, 2016 was filed on 12.10.2016 (due date being 12.10.2016).

Number of Board Meetings held during the year:

The Board met 12 times during the financial year 2016-17, the details of which are given in corporate governance section.

Annual Evaluation made by the Board of its own performance and that of its Committees and Individual Directors

The Board of Directors has evaluated the performance of the Board, its Committees and the Individual Directors as per the Nomination and Remuneration Policy. The Independent directors of the Company also review the performance of Non-Independent Directors and the Board.

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

All the Independent directors of the company have 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 strives to maintain an appropriate combination of executive, non-executive and independent Directors including at least one woman Director. The Nomination & Remuneration Committee of the Company leads the process for Board appointments in accordance with the requirements of Companies Act, 2013, listing agreement and other applicable regulations or guidelines. All the Board appointments are based on meritocracy. The potential candidates for appointment to the Board are inter alia evaluated on the basis of highest level of personal and professional ethics, standing, integrity, values and character; appreciation of the Company's vision, mission, values; prominence in business, institutions or professions; professional skill, knowledge and expertise; financial literacy and such other competencies and skills as may be considered necessary.

In addition to the above, 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. The Board of Directors of the Company



has adopted a Remuneration Policy for Directors, KMPs and other employees. The policy represents the overarching approach of the Company to the remuneration of Director, KMPs and other employees.

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

No 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

No material changes and commitments, affecting the financial position of the Company have occurred after the end of the financial year 2016-17 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 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, 2017, no complaints pertaining to sexual harassment were received.

RELEVANT EXTRACT OF THE ANNUAL RETURN

Relevant extract of annual return for the financial year 2016-17 under the Companies Act, 2013 is given in Annexure V to this report

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s P. Sharma & Co., Company Secretaries in practice, to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit is annexed to this report as Annexure VI. 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 listing Agreement entered into with Stock Exchanges. 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 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

SEL continuously invests in strengthening its internal control processes. The Company has put in place an adequate system of internal financial control commensurate with its size and nature of business which helps in ensuring the orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

FAMILIARISATION PROGRAM FOR DIRECTORS

The Company provides an orientation and business overview to all its new Directors and Independent directors and provides materials and briefing sessions periodically which assists them in discharging their duties and responsibilities.

The Directors of the Company are also informed of the important developments in the Company and Industry. Directors are fully briefed on all business related matters, and new initiatives proposed by the Company and updated on changes and developments in the domestic & global corporate and industry scenario. The details of the familiarisation program for Directors is available on the website of the Company viz. www.selindia.in/policy.html

CHANGES IN CAPITAL STRUCTURE

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

AUDIT COMMITTEE:

The Board has 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 presently comprises of the following members namely Mr. Ashwani Kumar, Mr. Ranjan Madaan, Mr. Amit Narang and Mr. Navneet Gupta. Sh. Ashwani Kumar is 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 would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 2013.

The Directors confirm that:

- In the preparation of the annual accounts, 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, 2017 and of the profit/loss of the Company for the year ended on 31st March, 2017;
- 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 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 has adopted Corporate Social Responsibility initiatives and focuses on key areas as education, healthcare etc., in accordance with the provisions of the relative Act and rules made thereunder.

The Corporate Social Responsibility Committee consists of Sh. Amit Narang (Chairman), Sh. Ram Saran Saluja and Sh. Ranjan Madaan. The Board of Directors on recommendation of the CSR Committee has formulated the CSR policy of the Company. The CSR activities of the Company are implemented in accordance with the core values viz. protecting stakeholder interests, proactive engagement with the local communities and striving towards inclusive development. The CSR activities are focused on the following five broad themes with goals to improve overall socioeconomic indicators of Company's area of operation:

- Promoting healthcare, sanitation and making safe drinking water available;
- Employment enhancement through training and vocational skill development;
- Income enhancement through farm based and other livelihood opportunities;
- Promoting education and sports; and
- Ensuring sustainable environment.

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

DATED : 25.07.2017

(RAM SARAN SALUJA)

CHAIRMAN

DIN: 01145051



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 through 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:

	2016-17	2015-16
(a) Captive Power Plant (CPP Turbine)		
Units (Lacs)	988.18	1096.00
Husk per Unit (Kg)	0.70	0.66
Cost/Unit (Rs.)	4.36	5.78

B. RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION

Specific areas in which R & D activities/Technology Absorption 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 competitive ness in the times to come.

Expenditure on R & D

(Rs. In Lacs)

a) Capital	: --
b) Recurring	: 06.16
Total	: 06.16

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)	
	2016-17	2015-16
(i) Foreign Exchange earned		
(a) FOB value of exports as per Balance Sheet	98052.07	103293.07
(b) Overseas Income	3879.36	5257.44
(ii) Foreign Exchange used		
(a) CIF value of Imports	249.29	652.25
(b) Other Expenditure	3103.31	2158.89
(c) Overseas Expenditures	3633.73	5145.84

PLACE : LUDHIANA
DATED : 25.07.2017

For and on Behalf of the Board
For SEL MANUFACTURING COMPANY LTD.
(RAM SARAN SALUJA)
CHAIRMAN
DIN: 01145051



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, 2017:

Name	Age (Yrs.)	Designation	Gross Remn. (Rs.)	Qualification	Experience (Yrs.)	Dt. of joining	Previous Employment	%age of Eq. Shares held as on 31.03.2017
Mr. Neeraj Saluja	50	Managing Director	1,20,00,000	Diploma in business Administration	25 Yrs	30.03.2006	SEL Mfg. Co. Ltd.	(2.98%)
Mr. Dhiraj Saluja	45	Jt. Managing Director	72,00,000	Degree in Mechanical Engineering	21 Yrs	28.05.2007	SEL Mfg. Co. Ltd.	(2.53%)
Mr. Vinod Kumar Goyal	58	Executive Director & CEO	78,00,000	MBA	36 Yrs	13.07.2010	Vardhman Texgarments Ltd./ Vardhman Textiles Ltd.	(0.00%)
Mr. Navneet Gupta	47	Executive Director & CFO	36,00,000	CA	22 Yrs.	08.05.2008	SEL Mfg. Co. Ltd.	(0.00%)
Mr. Manuj Mehta	48	President (HR)	30,20,004	MBA	26 Yrs.	22.11.2010	Malwa Industries Ltd.	(0.00%)
Mr. Jayanta Kumar Das	53	President (Operations)	28,20,000	B.Tech. in Textile Tech.	30 Yrs.	08.04.2013	Vallabh Textile Co. Ltd.	(0.00%)
Mr. Anchal Kumar	50	President (Commercial)	24,36,000	B.Tech. in Textile Tech.	28 Yrs.	30.08.2010	Vardhman Textiles Ltd.	(0.00%)
Mr. Pradeep Kumar Aggarwal	63	President (Engineering)	23,30,004	B Sc Electrical	41 Yrs.	20.06.2011	Vardhman Textiles Ltd.	(0.00%)
Mr. Rajesh Singla	52	President (Raw material)	23,04,000	MBA	28 Yrs.	29.11.2010	Vardhman Textiles Ltd.	(0.00%)
Mr. Raj Kumar Singh	48	Sr. General Manager (HR)	20,64,000	PG/HRD	21 Yrs.	01.03.2012	Vardhman Textiles Ltd.	(0.00%)
Mr. Raman Kumar	42	Asstt. Vice President (Marketing)	20,40,000	Diploma in FD	20 Yrs.	04.11.2008	Vanasthali Textile Ind.Ltd.	(0.00%)
Mr. Chhotu Ali	44	President (Marketing)	20,04,000	B.Tech	18 Yrs.	01.04.2008	Cheema Spintex	(0.00%)
Mr. Mukhwinder Pal Singh	50	Asstt. Vice President (Production)	19,44,000	Diploma in textiles	28 Yrs.	12.10.2007	Vardhman Textiles Ltd.	(0.00%)
Mr. Balkrishan Sharma	47	President (Marketing)	18,24,000	B.Tech in textiles Tech.	23 Yrs.	16.05.2011	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.



SEL Manufacturing Company Ltd.

Other employees are on Roll of the Company.

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

None of other Director/employees are related to any director on the Board of the Company.

Nature of Duties:

Mr. Neeraj Saluja, Managing Director is responsible for the overall management of the Company and provides strategic direction in selection of technology and machineries, in setting up new manufacturing facilities, improvement of production processes and exploring and diversifying into new ventures etc.

Mr. Dhiraj Saluja, Jt. Managing Director of the Company besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja, is also incharge of overseeing marketing of yarn, garments, terry towels etc. and looks after the complete function of marketing and delivery of our Company's products to the end customer.

Mr. Vinod Kumar Goyal, Executive Director & CEO besides being responsible for the overall management of the Company along with Mr. Neeraj Saluja and Mr. Dhiraj Saluja, also looks after complete operations of the Company.

Mr. Navneet Gupta, Executive Director & CFO is a Chartered Accountant and has a vast experience in Financial Areas and other related aspects. Other employees are incharge of their respective departments.

For and on Behalf of the Board
For SEL MANUFACTURING COMPANY LTD.
(RAM SARAN SALUJA)
CHAIRMAN
DIN:01145051

PLACE : LUDHIANA

DATED : 25.07.2017

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	90.69
Mr. Dhiraj Saluja	Jt. Managing Director	54.41
Mr. Vinod Kumar Goyal	Executive Director & CEO	58.95
Mr. Navneet Gupta	Executive Director & CFO	27.21
Mr. Ashwani Kumar	Independent Director	0.17
Mr. Amit Narang	Independent Director	0.98
Mr. Kanwalnain Singh Kang	Independent Director	0.08
Mr. Ranjan Madaan	Independent Director	0.98
Mr. Prem Kumar	Independent Director	0.30
Ms. Paramjit Kaur	Independent Director	0.08
Mr. Joginder Kumar Gupta	Nominee Director	0.30

*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 2016-17 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 increase in remuneration during the year for Chief Financial Officer, Chief Executive Officer or Company Secretary of the Company.

(c) percentage increase in the median remuneration of employees in the financial year;
13.70%

(d) number of permanent employees on the rolls of company;
8851

(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 13.70%. During the financial year 2016-17 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 increase in remuneration during the year for Chief Financial Officer, Chief Executive Officer or 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

RAM SARAN SALUJA
(CHAIRMAN)
DIN: 01145051

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 underprivileged by providing appropriate infrastructure 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 basic 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 disasters 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 institutions/society etc. to contribute to the national mission of eradicating 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

The Corporate Social Responsibility Committee consists of Sh. Amit Narang (Chairman), Sh. Ram Saran Saluja and Sh. Ranjan Madaan

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.

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Amit Narang
Chairman-CSR Committee
DIN: 05271363

RAM SARAN SALUJA
DIRECTOR
DIN: 01145051

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

--N.A--

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.

RAM SARAN SALUJA
(CHAIRMAN)
DIN: 01145051



SEL Manufacturing Company Ltd.

Annexure-V: Extract of Annual Return

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013

and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L51909PB2000PLC023679
2	Registration Date	8 th May, 2000
3	Name of the Company	SEL Manufacturing Company Limited
4	Category/Sub-category of the Company	Public Company limited by shares
5	Address of the Registered office & Contact Details	274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB. Tel.: 0161 7111117, Fax: 0161 7111118 Website: www.selindia.in
6	Whether listed company	Yes
7	Name, Address & contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. 44, Community Centre, 2 nd Floor,, Naraina Ind. Area, Ph.-1, PVR Naraina, New Delhi - 110028 Tel.: 011 41410592, Fax.: 011 41410591 E-mail: delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sales of Yarns	1711	59.50
2	Terry Towels	1729	22.82
3	Hosiery Garments	1810	10.15

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the company*	CIN/GLN	Holding/subsidiary/ Associate	% of Share held*	Applicable Section
1.	SEL Textiles Ltd. 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U17299PB2008PLC032050	Subsidiary	100	Section 2(87)
2.	SEL Aviation Pvt. Ltd. . 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U93000PB2008PTC031580	Subsidiary	97.54	Section 2(87)
3.	Silverline Corporation Ltd 274, Dhandari Khurd, G.T. Road, Ludhiana 141014 PUNJAB	U17200PB2008PLC032259	Subsidiary	98.79	Section 2(87)
4.	SEL Textiles Corporation State of California, USA.	Not applicable, foreign company	Subsidiary	100	Section 2(87)

* Includes direct and indirect subsidiaries .

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):
I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the Year
	Demat	Physical	Total	% of	Demat	Physical	Total	% of	
				Total Shares				Total Shares	
(A) Promoter and Promoter Group									
1. Indian									
a) Individuals / HUF	36729044	0	36729044	11.08	36729044	0	36729044	11.08	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	15546154	0	15546154	04.69	15546154	0	15546154	04.69	0.00
e) Bank/Fl	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (Trust)	0	0	0	0.00	0	0	0	0	0.00
Sub-Total (A) (1):	52275198	0	52275198	15.77	52275198	0	52275198	15.77	0.00
2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Fl	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters(A) = (A) (1)+(A)(2)	52275198	0	52275198	15.77	52275198	0	52275198	15.77	0.00
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0.00
b) Banks/Fl	0	0	0	0	0	0	0	0	0.00
c) Central Govt.	0	0	0	0	0	0	0	0	0.00
d) State Govt.(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs/FPIs	100000	0	100000	0.03	16069651	0	16069651	4.85	4.82
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
Sub-Total (B) (1):	100000	0	100000	0.03	16069651	0	16069651	4.85	4.82
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	21659353	50000	21709353	6.55	19552367	50000	19602367	5.92	-0.63
ii) Overseas	0	0	0		0	0	0	0	00.00
b) Individuals									
i) Individual share capital upto 1 lakh	52403790	7412	52411202	15.82	51557834	7501	51565335	15.56	-0.26
ii) Individual share capital in excess of 1 lakh	97594111	200000	97794111	29.51	101787536	250000	102037536	30.79	1.28
c) Others (specify)									
Trust	5600	0	5600	0.00	5600	0	5600	0.00	0.00
Non Resident Indians	5796469	0	5796469	1.75	5727383	0	5727383	1.73	-0.02
Clearing Members	3655944	0	3655944	1.10	2593143	0	2593143	0.78	-0.32
Hindu Undivided Families	5920223	0	5920223	1.79	5761538	0	5761538	1.74	-0.05
Sub-total (B) (2):	187035490	257412	187292902	56.52	186985401	307501	187292902	56.52	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)	187135490	257412	187392902	56.55	203055052	307501	203362553	61.37	4.82
TOTAL (A)+(B)	239410688	257412	239668100	72.33	255330250	307501	255637751	77.15	4.82
C.Shares held by Custodians for GDR & ADRs	91678900	0	91678900	27.67	75709249	0	75709249	22.85	-4.82
GRAND TOTAL (A)+(B)+(C)	331089588	257412	331347000	100.00	331039499	307501	331347000	100.00	0.00



ii) Shareholding of promoters (Including Promoter group)

SN	Shareholder's Name	Shareholding at the beginning of the Year (As on 01.04.2016)			Shareholding at the end of year (As on 31.03.2017)			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbers to total share	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Ram Saran Saluja	4621505	1.39	100.00	4621505	1.39	100.00	0.00
2	Neeraj Saluja	9871510	2.98	100.00	9871510	2.98	100.00	0.00
3	Sneh Lata	4621510	1.39	100.00	4621510	1.39	100.00	0.00
4	Ritu Saluja	4621506	1.39	100.00	4621506	1.39	100.00	0.00
5	Dhiraj Saluja	8371506	2.53	100.00	8371506	2.53	100.00	0.00
6	Reema Saluja	4621507	1.39	100.00	4621507	1.39	100.00	0.00
7	Shiv Narayan Investments (P)Ltd.*	15546154	4.69	100.00	15546154	4.69	100.00	0.00
	Total	52275198	15.77	100.00	52275198	15.77	100.00	0.00

* Part of Promoter Group

iii) Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)

There is no change in the promoters holding during the year.

iv) Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRs):

SN	Name of Shareholder	Shareholding at the beginning of the year (01.04.2016)		Date	Reason	Increase/ Decrease in share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
1	R K R INVESTMENTS SERVICES PVT. LTD.	3040000	0.92					3040000	0.92
				15.04.2016	Increase	45000	0.01	3085000	0.93
				20.05.2016	Increase	25000	0.01	3110000	0.94
				27.05.2016	Increase	2500	0.00	3112500	0.94
				03.06.2016	Increase	37500	0.01	3150000	0.95
				17.06.2016	Increase	150000	0.05	3300000	1.00
				24.06.2016	Increase	50000	0.01	3350000	1.01
				22.07.2016	Increase	100000	0.03	3450000	1.04
				02.09.2016	Increase	25000	0.01	3475000	1.05
				16.12.2016	Increase	50000	0.01	3525000	1.06
				23.12.2016	Increase	100000	0.03	3625000	1.09
				31.03.2017	At the end of the year	-	-	3625000	1.09
2	SOPANDEV RAMA NAIK	3200000	0.97					3200000	0.97
				31.03.2017	At the end of the year	-	-	3200000	0.97
3	DATTARAJ RAMA NAIK	3200000	0.97					3200000	0.97
				31.03.2017	At the end of the year	-	-	3200000	0.97
4	RAMA DINANATH NAIK	3200000	0.97					3200000	0.97
				22.04.2016	Increase	1116495	0.33	4316495	1.30
				10.06.2016	Increase	236655	0.07	4553150	1.37
				17.06.2016	Increase	256050	0.08	4809200	1.45
				24.06.2016	Increase	257550	0.08	5066750	1.53
				01.07.2016	Decrease	1861131	0.56	3205619	0.97
				08.07.2016	Increase	2206870	0.66	5412489	1.63
				30.09.2016	Decrease	2206870	0.66	3205619	0.97
				07.10.2016	Increase	2206870	0.66	5412489	1.63
				30.12.2016	Decrease	2206870	0.66	3205619	0.97
				06.01.2017	Increase	2206870	0.66	5412489	1.63
				24.03.2017	Decrease	261541	0.08	5150948	1.55
				31.03.2017	Decrease	1945516	0.58	3205432	0.97
				31.03.2017	At the end of the year	-	-	3205432	0.97



SN	Name of Shareholders	Shareholding at the beginning of the year (01.04.2016)		Date	Reason	Increase/Decrease in Share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
5	LOKESH JAIN	2887644	0.87					2887644	0.87
				24.06.2016	Increase	120133	0.04	3007777	0.91
				31.03.2017	At the end of the year	-	-	3007777	0.91
6	MRKR CONSTRUCTIONS PRIVATE LIMITED	2800000	0.85					2800000	0.85
				31.03.2017	At the end of the year	-	-	2800000	0.85
7	SHANKAR KUMAR	--	--					--	--
				15.07.2016	Increase	1793805	0.54	1793805	0.54
				22.07.2016	Increase	45000	0.01	1838805	0.55
				05.08.2016	Increase	179000	0.06	2017805	0.61
				09.09.2016	Increase	30000	0.01	2047805	0.62
				16.09.2016	Increase	3000	0.00	2050805	0.62
				07.10.2016	Increase	32000	0.01	2082805	0.63
				11.11.2016	Increase	30000	0.01	2112805	0.64
				18.11.2016	Increase	15000	0.00	2127805	0.64
				25.11.2016	Increase	43000	0.02	2170805	0.66
				09.12.2016	Increase	29000	0.00	2199805	0.66
				23.12.2016	Increase	29363	0.01	2229168	0.67
				06.01.2017	Increase	33000	0.01	2262168	0.68
				27.01.2017	Increase	38000	0.01	2300168	0.69
				10.02.2017	Increase	34000	0.01	2334168	0.70
				03.03.2017	Increase	35000	0.01	2369168	0.71
				31.03.2017	Increase	50000	0.02	2419168	0.73
				31.03.2017	At the end of the year	-	-	2419168	0.73
8	DAVOS INTERNATIONAL FUND	--	--					--	--
				20.10.2016	Increase	15969651	4.82	15969651	4.82
				31.03.2017	At the end of the year	-	-	15969651	4.82
9	RAGHUNATHA REDDY MEDA	1550000	0.47					1550000	0.47
				31.03.2017	At the end of the year	-	-	1550000	0.47
10	BINDA RAMA NAIK	3200000	0.97					3200000	0.97
				13.05.2016	Increase	15000	0.00	3215000	0.97
				20.05.2016	Increase	12700	0.00	3227700	0.97
				27.05.2016	Increase	85502	0.03	3313202	1.00
				03.06.2016	Increase	7000	0.00	3320202	1.00
				10.06.2016	Increase	20000	0.01	3340202	1.01
				17.06.2016	Increase	698	0.00	3340900	1.01
				24.06.2016	Increase	20000	0.00	3360900	1.01
				01.07.2016	Decrease	160900	0.04	3200000	0.97
				31.03.2017	At the end of the year	-	-	3200000	0.97
11	RAMAKRISHNA REDDY CHINTA	7775000	2.35					7775000	2.35
				31.03.2017	At the end of the year	-	-	7775000	2.35



v) Shareholding of Directors and Key Managerial Personnel :

SN	Name of Shareholder	Shareholding at the beginning of the year (01.04.2016)		Date	Reason	Increase/Decrease in Share holding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of shares	% of total shares of the company	No. of shares	% of Total shares of the company
1	Mr. Ram Saran Saluja	4621505	1.39					4621505	1.39
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	4621505	1.39
2	Mr. Neeraj Saluja	9871510	2.98					9871510	2.98
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	9871510	2.98
3	Mr. Dhiraj saluja	8371506	2.53					8371506	2.53
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	8371506	2.53
4	Mr. Navneet Gupta (Executive Dir. & CFO)	600	0.00					600	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	600	0.00
5	Mr. Vinod Kumar Goyal (Executive Dir. & CEO)	0	0.00	0.00				0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
6	Mr. Ashwani Kumar	75	0.00					75	0.00
				07.10.2016	Increase	446	0.00	521	0.00
				23.12.2016	Decrease	521	0.00	0	0.00
				31.03.2017	At the end	-	-	0	0.00
7	Mr. Amit Narang	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
8	Mr. Ranjan Madaan	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
9	Mr. Kanwalnain Singh Kang	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
10	Mr. Prem Kumar	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
11	Ms. Paramjit Kaur	0	0.00					0	0.00
				-	No change	0	0.00	0	0.00
				31.03.2017	At the end of the year	-	-	0	0.00
12	Mr. Joginder Kumar Gupta	0	0.00					0	0.00
				-	No change	0	0.00	0.00	
				31.03.2017	At the end of the year	-	-	0	0.00
13	Mr. Rahul Kapoor Company Secretary	0	0.00					0	0.00
				-	No change	0	0	0.00	0.00
				31.03.2017	At the end of the year	-	-	0	0.00



SEL Manufacturing Company Ltd.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Figures Rs. in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4021.35	67.97	-	4089.32
ii) Interest due but not paid	186.55	-	-	186.55
iii) Interest accrued but not due	-	-	-	00.01
Total (i + ii + iii)	4207.92	67.97	-	4275.87
Change in Indebtedness during the financial year				
Addition	107.45	-	-	107.45
Reduction	(107.82)	-	-	(107.82)
Net Change	(00.37)	-	-	(00.37)
Indebtedness at the end of the financial year				
i) Principal Amount	3998.90	67.97	-	4066.87
ii) Interest due but not paid	208.63	-	-	208.63
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	4207.53	67.97	-	4275.50

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Neeraj Saluja Managing Director	Mr. Dhiraj Saluja Jt. Managing Director	Mr. Navneet Gupta Executive Director & CFO	Mr. Vinod Kumar goyal Executive Director & CEO	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11400000	7200000	2951384	7490355	29041739
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	600000	Nil	Nil	Nil	600000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Ni
2.	Stock Option	Nil	Nil	Nil	Nil	Ni
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission					
	- as % of profit					
	- others, specify...(performance based)	Nil	Nil	Nil	Nil	Nil
5.	Others, Retirement Benefits etc.	Nil	Nil	648616	309645	958261
	Total (A)	12000000	7200000	3600000	7800000	30600000



SEL Manufacturing Company Ltd.

B. Remuneration to other directors:

SN	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board/committee meetings	Commission	Others Please specify	
I.	Independent/Nominee Directors				
1.	Mr. Prem Kumar	40000	Nil	Nil	40000
2.	Mr. Ashwani Kumar	22000	Nil	Nil	22000
3.	Mr. Amit Narang	130000	Nil	Nil	130000
4.	Mr. Ranjan madaan	130000	Nil	Nil	130000
5.	Mr. Kanwalnain Singh Kang	10000	Nil	Nil	10000
6.	Ms. Paramjit Kaur	10000	Nil	Nil	10000
7.	Mr. Joginder Kumar Gupta (Nominee Director)	40000	Nil	Nil	40000
	Total (I)	382000	Nil	Nil	382000
II.	Other Non-Executive Directors				
1.	Mr. Ram Saran Saluja	Nil	Nil	Nil	Nil
	Total (II)	Nil	Nil	Nil	Nil
	Total Managerial Remuneration (I + II)	382000	Nil	Nil	382000

C. Remuneration to Key Managerial Personnel other than MD/ Manager /WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Navneet Gupta Executive Director & CFO	Mr. Vinod Kumar Goyal Executive Director & CEO	Mr. Rahul Kapoor Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2951384	7490355	1421009	11862748
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
	- as % of profit				
	- others				
5.	Others, Retirement Benefits	648616	309645	378991	1337252
	Total	3600000	7800000	1800000	13200000

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act,	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal Made, if any (give details)
A. COMPANY		NONE			
Penalty					
Punishment					
Compounding					
B. DIRECTORS		NONE			
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT		NONE			
Penalty					
Punishment					
Compounding					

RAM SARAN SALUJA
(CHAIRMAN)
DIN: 01145051



Annexure-VI
SECRETARIAL AUDIT REPORT
For The Financial Year Ended 31st March, 2017

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, 2017 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, 2017 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, 1992/ 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, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (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, 1998;

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.

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 thereof, on test-check basis, we report that the Company has generally complied with the following laws applicable to the Company:



SEL Manufacturing Company Ltd.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

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
CP No.: 12316**

**Place: Bhatinda
Date: 25.07.2017**

This report is to be read with our letter of even date which is annexd 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: 25.07.2017**



Annexure-VII: Remuneration Policy

1. Review of the Policy

- 1.1 The Nomination and Remuneration Committee will review this policy periodically and recommend revisions to the board for consideration. 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 Nomination and Remuneration Committee has considered the factors laid down under Section 178(4) of the Act, 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.

Remuneration payable to Director for services rendered in other capacity

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

- a) The services rendered are of a professional nature.
- b) The Nomination and Remuneration Committee is of the opinion that the director possesses requisite qualification for the practice of the profession.

Policy implementation

The Nomination and Remuneration Committee is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.



CORPORATE GOVERNANCE REPORT

Corporate Governance aims to align as nearly as possible the interests of individuals, corporate and society and enhancing the stakeholders' value. The company's philosophy on corporate governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders and to maximize returns to shareholders through creation of wealth on sustainable basis. We strongly believe that strong governance is integral to creating value on a sustainable basis. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Transparency, integrity, professionalism and accountability are the cornerstones of our value system.

1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Company's performance has been adversely hit due to financial constraints, high debt and high input costs and non optimization of production capabilities. Our activities are of importance to the social and economic environment of the communities in which we operate. Helping to bring positive benefits to such communities not only improves their state of well-being but also facilitates the smooth running of our operations.

(a) Industry Structure and Development

Our activities are of importance to the social and economic environment of the communities in which we operate. Helping to bring positive benefits to such communities not only improves their state of well-being but also facilitates the smooth running of our operations.

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector. The success of Indian textiles lies in effective vertical integrations policies which have helped operators in taming the processes which while lying beyond simple manufacturing exercise do have a serious impact on it, for example, raw material treatment.

The Company:

The Company is vertically integrated multi-product textile company, manufacturing various kinds of Knitted Garments, Terry Towels, Fabric and various kind of Yarn with production facilities located at various locations in India.

Your company continue to hold 99% stake in the partnership firm namely M/s SE Exports. SEL Textiles Ltd. is the wholly owned Subsidiary of the Company. SEL Textiles Ltd. is engaged in the business of textiles and the Company has 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. SEL Textiles Corporation is the wholly owned subsidiary of the Company in the state of California, USA.

(b) Company's Performance

During the year under review, your company has achieved Revenue from Operations of Rs. 171061.80 lacs as compared to Rs. 194773.45 lacs in the previous year. After deducting Expenses and Exceptional Items there was Loss of Rs. 85438.28 lacs as compared to Loss of Rs. 55799.81 lacs during the previous year. After providing for taxes and other adjustments, the current year loss stood at Rs. 55755.39 lacs as compared to loss of Rs. 40195.46 lacs during the previous year.

Product wise Performance:

A Snapshot of major product wise performance and its comparison with the previous fiscal is tabulated below:-

Product	2016-17 (Rs. in Lacs)	2015-16 (Rs. in Lacs)
Yarn	101774.00	122238.57
Terry Towel	39033.07	40934.84
Hosiery Garments	17359.24	24160.63
Knitted Fabric/ Cloth	8964.02	4139.03

During FY 2016-17, Sales got decreased due to Financial constraints and non attainment of optimum capabilities. The Company is functioning in only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

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

(C) Dividend

On account of current losses, no dividend has been declared for the financial year 2016-17.

(d) Outlook: Opportunity, Threats, Risks & Concerns

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. Further, the availability of raw materials, huge domestic market, improved economic conditions, and Government initiatives such as "Make In India" are some of the advantages that fuel the solid performance of the Indian textile industry for export. The key growth drivers for Indian market include increasing consumer profiles and income levels, growing end user industries like Automobiles, Healthcare, Sports etc. and overall infrastructure and industrial development in India. Apart from this, the initiatives taken by the Government in attracting investments in technical textiles will also drive growth of the industry.

Our principal operating strategies are to:

We are trying to focus on cost cutting strategies, development of new makets and maintain the quality of our



products to satisfy and exceed the expectations of the market and look forward to a better market sentiment for textiles.

Threats, risks and concerns

There are certain regular risks and concerns that surface in the business. Our primary raw material is cotton, which we source from the domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could result in increased production costs, which we may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our business.

There can be no assurance that the price levels of cotton will remain favorable. Any increase in cotton prices would have a material adverse effect on our business. However, the Company has over the years developed considerable expertise in responding to the changes in prices & demand. Due to company's integration & order based pricing, the company is generally able to pass on the increase in raw material prices to its customers.

Power and Fuel are major manufacturing costs while producing textiles. Any increase in these costs has a negative impact on the profits of the company. Over the past year, tariff prices for power have been increasing. The Company's captive power plant uses helps to mitigate some of the power cost risk.

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities. However, the Company's diversified product profile, quality approach, value-added segments, manufacturing flexibility, modern technology & strong marketing network has equipped the company well to meet competitors.

The Company had opted for CDR earlier. 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 as such is facing cash flow mismatch and is not servicing debt obligations as per the terms of CDR package sanctioned earlier. The dues taken by the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest.

(e) Internal Control System and their adequacy

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilization and protection of assets, compliance with statutes and proper recording of all transactions. The internal control and audit function covers all the plants, divisions for safeguard of the Company's assets and for their protection against loss from unauthorized use or disposition. The internal audit department performs internal audit periodically to ascertain their adequacy and effectiveness of other controls in the organization. Most of the Company's critical functions such as operations, supply chain, finance &

accounts and human resources are linked through implementation of Enterprise Resource Planning, (ERP)/Systems, Applications, and Products in Data Processing (SAP). This has enabled the Company to reduce its time in various critical areas. This has also helped the Company to reduce its costs of operations, reduction in wastages and enhanced overall cost efficiency.

(f) Human Resources:

Textile Industry is highly labour intensive in nature. Our human resource policies are targeted at creating a motivated work force. Our efforts in building a conducive work atmosphere have helped us in having lower attrition rates. The Company has established various training centres for up-gradation of worker skills. We believe in an environment which gives today's diverse, multi-generational and mobile workforce the confidence to realise their potential and provide world class solutions to the customers. As on 31.03.2017 the Company has 8851 number of employees on rolls of the company.

Cautionary Statement:

Statements in Management discussion and analysis report with regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the management envisages in terms of performance and outlook. Market data and product information contained in this report have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

The management of the Company reserves the right to re-visit any of the predictive statement to decide the best course of action for the maximization of the shareholders' value apart from meeting social and human obligations.

2. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is committed to the attainment of highest level of transparency, integrity, accountability and equity in all dealings with shareholders, employees, lenders, government and other business constituents in all dealings in pursuit of its overall organizational goals.

In pursuance of the above, the Board of Directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws. There is adequate representation of independent directors on the Board. We believe in timely and transparent disclosure of information.

Our focus on sustainable growth, productivity improvement, commitment to quality, self-discipline, value of time, safety in operations and total customer satisfaction is unrelenting.

The Company will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in place with the changing economic environment from time to time as it feels that the Corporate Governance should be need based and is not seen only as an issue of compliance dictated by Statutory requirements.

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

The Board has adopted the Code of Business Conduct and Ethics for Directors and Senior Management ("the code"). This code is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive as well as members of Senior Management. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers around the following theme- "The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit."

The Code has been circulated to all the members of the Board 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 2016-17.

Vinod Kumar Goyal

CEO

2(B) Whistle Blower Mechanism/Vigil 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

During the financial year 2016-17, 12 Board Meetings were held on 24.05.2016, 26.05.2016, 22.06.2016, 13.08.2016, 09.09.2016, 12.09.2016, 15.11.2016, 26.11.2016, 12.12.2016, 06.02.2017, 14.02.2017 and 30.03.2017 respectively.

(b) Composition

The Board comprises of Twelve Directors of which Six are Independent Non-Executive Directors. The details of the Board composition, attendance of Directors at Board Meetings held during 2016-17 and their other memberships are given below:

S. No.	Name	Designation	Category	No. of Board Meetings Attended	Attendance at Last AGM	Total Number of Directorships in Other Public Ltd. Companies*		No. of Committee Position in Public Ltd. Companies**	
						Chairman	Member	Chairman	Member
1	Ram Saran Saluja	Chairman	Promoter	12	Yes	1	3	-	2
2	Neeraj Saluja	Managing Director	Promoter	11	Yes	1	4	1	1
3	Dhiraj Saluja	Jt. Managing Director	Promoter	01	No	-	3	-	-
4	Ashwani Kumar	Director	Independent	01	Yes	-	7	4	2
5	Navneet Gupta	Executive Director & CFO	Executive	11	Yes	-	3	1	2
6	Ranjan Madaan	Director	Independent	07	Yes	-	-	1	1
7	Vinod Kumar Goyal	Executive Director & CEO	Executive	11	Yes	-	-	-	-
8	Prem Kumar	Director	Independent	04	No	-	3	-	1
9	Amit Narang	Director	Independent	07	Yes	-	-	-	2
10	Kanwalnain Singh Kang	Director	Independent	01	No	-	1	-	-
11	Paramjit Kaur	Director	Independent	01	No	-	1	-	-
12	Joginder Kumar Gupta	Director	Nominee	04	No	-	-	-	-

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



SEL Manufacturing Company Ltd.

The holding(s) of Non-Executive directors in the Company as on 31.03.2017 is given as under:

Name of the Director	No. of shares held (face value of Rs.10/- each)
Mr. Ram Saran Saluja	4621505
Mr. Ashwani Kumar	-
Mr. Amit Narang	-
Mr. Ranjan Madaan	-
Mr. Prem Kumar	-
Mr. Kanwalnain Singh Kang	-
Ms. Paramjit Kaur	-
Mr. Joginder Kumar Gupta	-

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

Particulars of Directors seeking appointment/re-appointment are given in the Annexure annexed to the Notice for the ensuing Annual General Meeting.

(d) Audit Committee

The Audit Committee of the Company comprises of the following members namely Mr. Ashwani Kumar (Chairman), Mr. Ranjan Madaan, Mr. Amit Narang and Mr. Navneet Gupta. Mr. Ashwani Kumar, Mr. Amit Narang and Mr. Ranjan Madaan are 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. 2016-17, the Audit Committee met on 24.05.2016, 13.08.2016, 12.09.2016, 12.12.2016 and 14.02.2017 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	5
Sh. Amit Narang	5
Sh. Navneet Gupta	5

(e) Nomination & Remuneration Committee

The Committee's constitution and terms of reference are 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.

The Nomination and Remuneration Committee comprises of three members namely Mr. Ranjan Madaan, Mr. Ashwani Kumar and Mr. Amit Narang. Sh. Ranjan Madaan is the chairman of the said committee.

All these members are non-executive Independent Directors of the Company. During the year the Remuneration Committee met on 26.05.2016.

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
Sh. Amit Narang	1

The Remuneration Committee has been 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' 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 Remuneration Committee /Nomination and Remuneration Committee of the board. The details of remuneration paid to them during the Financial year 2016-17 are given below:

Name	Designation	Gross Salary (Rs. in Lacs)
Sh. Neeraj Saluja	Managing Director	120.00
Sh. Dhiraj Saluja	Jt. Managing Director	72.00
Sh. Navneet Gupta	Executive Director & CFO	36.00
Sh. Vinod Kumar Goyal	Executive Director & CEO	78.00

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

The Company at present 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 2016-17. The criteria for payment of remuneration is time spent by the Non-Executive directors at the Board/Committee meetings and advice given by 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:

The Stakeholders Relationship Committee of the Company comprises of the following members namely Mr. Ranjan Madaan, Mr. Ram Saran Saluja and Mr. Amit Narang. Sh. Ranjan Madaan is the chairman of the said committee.

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

The Committee's constitution and terms of reference are 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.

During the F.Y. 2016-17, Ten Investor complaints were received which were resolved satisfactorily. 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
16th AGM	Friday, 30.09.2016 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	Two
15th AGM	Wednesday, 30.09.2015 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	Five
14th AGM	Tuesday, 30.09.2014 9.30 A.M.	274, DHANDARI KHURD, G.T. ROAD, LUDHIANA (PUNJAB)	Eight

No Extra-ordinary General Meeting of the company was held during the F.Y. 2016-17.

The Company did not pass any resolution through postal ballot during the financial year 2016-17 and further the Company do not propose to pass any resolution through postal ballot in the ensuing Annual General Meeting.

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.

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

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 listing Agreement entered into with Stock Exchanges. 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 31.03.2017, 7,57,09,249 shares of the face value of Rs.10/- each per share were outstanding, representing the shares underlying GDRs which were issued during 2012-13.

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.

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 Dosh 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:

- 17th Annual General Meeting:
Date and Time : Wednesday, the 27th day of September, 2017 at 09.30 A.M.
Venue : Regd. Office of the Company:
274, Dhandari Khurd,
G.T. Road, Ludhiana
(Punjab) 141 014
- Financial year 2017-18 (tentative)
First Quarterly Results : Mid. August, 2017
Second Quarterly Results : By end of October, 2017/Mid. Nov. 2017
Third Quarterly Results : By end of January, 2018/Mid. Feb. 2018
Fourth Quarterly Results/ :
Annual Results 2017-18 : In the month of April/May, 2018
- Date of Book Closure : September 21, 2017 to
September 27, 2017
(both days inclusive)
- Dividend Payment Date : No dividend has been
declared for the F.Y. 2016-17
- Listing : The Equity Shares
of the Company are Listed with:
a) Bombay Stock Exchange Limited,
b) National Stock Exchange of
India Limited
The GDRs of the company are
listed on Luxembourg Stock
Exchange
- Stock code : NSE: SELMCL
BSE: 532886
ISIN Number for NSDL/CDSL:
INE105101012


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.)		At National Stock Exchange of India Limited (NSE) (in Rs.)	
	High	Low	Month's high quoted price	Month's low quoted price	Month's high quoted price	Month's low quoted price
April, 2016	26,100.54	24,523.20	3.57	3.21	3.55	3.20
May, 2016	26,837.20	25,057.93	3.52	2.95	3.55	2.95
June, 2016	27,105.41	25,911.33	4.87	2.98	4.85	3.00
July, 2016	28,240.20	27,034.14	4.79	3.61	4.75	3.65
August 2016	28,532.25	27,627.97	4.00	3.05	3.90	3.05
September 2016	29,077.28	27,716.78	3.68	2.92	3.70	2.90
October 2016	28,477.65	27,488.30	3.99	3.02	3.85	3.00
November 2016	28,029.80	25,717.93	3.56	2.87	3.55	2.90
December 2016	26,803.76	25,753.74	3.27	2.81	3.30	2.80
January 2017	27,980.39	26,447.06	3.17	2.88	3.15	2.90
February 2017	29,065.31	27,590.10	3.19	2.85	3.20	2.85
March 2017	29,824.62	28,716.21	4.07	3.04	4.05	3.05

(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-INE105I01012

The Company has appointed M/s Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Limited) having its office at 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi 110028 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 31.03.2017

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to total
Up to 500	36826	61.82	6724632	2.03
501 to 1000	8059	13.53	6860868	2.07
1001 to 2000	5457	9.16	8670155	2.62
2001 to 3000	2369	3.98	6199533	1.87
3001 to 4000	1195	2.00	4352157	1.32
4001 to 5000	1318	2.21	6338747	1.91
5001 to 10000	2143	3.60	16272588	4.91
10001 and above	2207	3.70	275928320	83.27
TOTAL	59574	100.00	331347000	100.00
Physical Mode	11	00.02	307501	00.09
Electronic Mode	59563	99.98	331039499	99.91

(x) Share Holding Pattern as on 31.03.2017

Category	Number of Shares	% to Total Shares
Promoter and Promoter Group	52275198	15.78
Foreign Portfolio Investors	16069651	04.85
Bodies Corporate	19602367	05.92
Public (Individuals)	153602871	46.36
Others	14087664	04.25
Shares held against GDRs/ADRs	75709249	22.84
TOTAL	331347000	100.00

(xi) Details of Unclaimed shares* as on 31.03.2017 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. 01.04.2016	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. 31.03.2017.	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)
44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, PVR Naraina, New Delhi 110 028
Phone No: 011- 41410592
Fax no: 011- 4141 0591
E-mail delhi@linkintime.co.in

xiii) Investors Correspondence:

- 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)
44, Community Centre, 2nd Floor, Naraina Industrial Area,
Phase-I, PVR Naraina, New Delhi 110 028
Phone No: 011- 41410592, Fax no: 011- 4141 0591,
E-mail delhi@linkintime.co.in
- For securities held in Demat form
To the Depository Participant
- 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 redressal division :
ipo@selindia.in , website: www.selindia.in

xiv) Plant locations of the Company and its subsidiary (ies):

- Vill: Lal Kalan, Teh.: Samrala Ludhiana-Chandigarh Road, Near Neelon Canal Bridge, Ludhiana
- Vill Bajra Road, Ludhiana 141 007
- C 256-257, Phase VIII, Focal Point, Ludhiana
- Vill. Shekhan Majara, Machiwara Rahon Road, Teh. & Distt. Nawanshehar (Pb.)
- Vill. Mehatwara, Teh. Ashta, Dist. Sehore, Madhya Pradesh
- G.T. Road, Opp. McDonalds, Doraha, Ludhiana.
- A-15, Phase-VII, Focal Point, Ludhiana,
- 23KM Stone, Delhi-Hisar Highway, Hansi (Hisar)
- 15B, RIICO Indl. Area, Neemrana, Distt. Alwar
- Vill. Udhowal, Teh. Nawanshehar, Dist. Saheed Bhagat Singh Nagar (Punjab)
- Vill. Panjawa-Lambi, Teh. Malout, Dist. Sri Muktsar Sahib (Punjab)

(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 to the Board about compliance by the company with the requirements of the said sub clause for the financial year ended 31st March, 2017.



INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

(on compliance of conditions of 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, 2017, 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 Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

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 DASS KHANNA & CO.
CHARTERED ACCOUNTANTS
Registration No. 000402N**

**PLACE: LUDHIANA
DATED: 25.07.2017**

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



INDEPENDENT AUDITOR'S REPORT

To the Members of SEL Manufacturing Company Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SEL Manufacturing Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Profit and Loss Statement, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements"), in which are incorporated the returns for the year ended on that date audited by the branch auditors of the company's overseas branch at Sharjah, United Arab Emirates.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Basis for Qualified Opinion

Note No. 41 of the Standalone Ind AS financial statements regarding non provision of interest amounting Rs.35901 lakhs for the year ended 31st March, 2017 on NPA classified bank borrowings which is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, borrowings are not reflected at fair value in financial statements as required by Ind AS 109, Financial Instruments.

We further report that, had the impact of our observations made in para above been considered, the net loss and the borrowings for the year ended would have been increased by Rs. 35901 lakhs, and Equity would have been reduced by the same amount.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the above para of "Basis for Qualified Opinion" of our report*, that aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters:

- (a) Note No. 38 of the Standalone Ind AS financial statements regarding the balances of Trade Receivables, Loan and Advances & Trade Payables which are subject to confirmation/reconciliation and subsequent adjustments if any. During the course of preparation of Standalone Ind AS financial statements, e-mails/letters have been sent to various parties by the company with a request to confirm their balances as on 31st March, 2017 out of which few parties have confirmed their balances direct to us or to the company. Despite this, the outstanding in the trade receivables of the company are overdue and the company has not provided any impairment provision in respect of their realizations as the management claims that the said receivables are fully recoverable.
- (b) Note No. 40 of the Standalone Ind AS financial statements regarding preparation of the Standalone financial statements on a going concern basis notwithstanding the facts that the company has accumulated losses resulting in erosion of net worth. Keeping in view the above, the company has recognized deferred tax asset and MAT Credit considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit Entitlement can be adjusted.
- (c) Note No. 40(c) of the Standalone Ind AS 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.
- (d) Note No. 42 of Standalone Ind AS financial statements regarding the revision of useful life of machinery installed in Spinning/Terry Towel units based on the technical reports effective from 1st April 2016.

Our opinion is not modified in respect of above matters.

Other Matter

We did not audit the financial statements of Overseas branch included in the Standalone Ind AS financial statements of the Company whose financial statements reflect total assets of Rs. 17613.71 Lakhs as at 31st March, 2017 and total revenues of Rs. 3879.36 Lakhs for the year ended on that date, as considered in the Standalone Ind AS financial statements. The financial statements of the branch has been audited by the branch auditors whose reports have been furnished to us, and



our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

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, 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 appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the company's overseas branch at United Arab Emirates not visited by us;
 - c. The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d. The Balance Sheet, the Profit and Loss Statement, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the company's overseas branch at United Arab Emirates audited by other auditors.
 - e. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules *except as reported in the para of "basis for qualified opinion" as above and non compliance of the provisions of Ind-AS 109 w.r.t. accounting of corporate guarantee given to lenders of one of its subsidiaries as reported in para 35 (iii).*
 - f. In our opinion, the matters described in the "basis of Qualified Opinion" and "emphasis of matter" paragraphs above may have an adverse impact on the functioning of the company.
 - g. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
 - h. 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"; and

- 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, 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 Ind AS financial statements - Refer Note no. 35 to the standalone Ind AS 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.
 - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016, on the basis of information available with the company. Based on audit procedures and relying on management representation, we report that disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note no.44 to the standalone Ind AS financial statements.

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

**PLACE: LUDHIANA
DATED: 30.05.2017**

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



Annexure-A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditors' Report to the members of SEL Manufacturing Co. Ltd. on the Standalone Ind AS financial statements for the year ended on 31st March, 2017. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets except for certain items of fixed assets, the quantitative details of which are in the process of being compiled. As explained to us, the same will be compiled by the management in due course of time.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets 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) According to the information and explanation given to us, the physical verification of inventories has been conducted at reasonable interval by the management. As explained to us, no material discrepancies were 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 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 accounts 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, excise duty, service tax, value added 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, excise duty, service tax, value added tax, cess and other material statutory dues in arrears, as at 31st March, 2017 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, excise duty, service tax, value added tax, cess 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 Lakhs)	Accounting year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax deducted at source	0.36	2013-14	DCIT, Centralized Processing Cell (TDS)
Income Tax Act, 1961	Tax deducted at source	2.51	2014-15	DCIT, Centralized Processing Cell (TDS)
Income Tax Act, 1961	Tax deducted at source	0.23	2015-16	DCIT, Centralized Processing Cell (TDS)
Income Tax Act, 1961	Tax and Interest*	28144.39	2010-11, 2011-12 & 2013-14	commissionerate (Appeals)

*Interest calculated upto 31.01.2017 and subject to further interest & penalty proceedings.

- (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 as given below:

Bank Name	Nature of Amount	Amount	Overdue Since
State Bank of Bikaner & Jaipur	Interest	41,822,281	31.07.2016
	Principle	91,926,825	30.06.2016
State Bank of Patiala	Interest	130,920,308	30.04.2016
	Principle	183,124,549	30.04.2016
State Bank of India	Interest	113,462,759	31.05.2015
	Principle	218,308,069	31.08.2015
State Bank of Hyderabad	Interest	56,837,004	31.08.2015
	Principle	152,919,581	31.10.2015
State Bank of Travancore	Interest	103,900,552	31.01.2016
	Principle	209,501,097	31.01.2016
Punjab & Sind Bank	Interest	212,664,434	30.11.2015
	Principle	39,629,937	31.12.2015
Bank of Maharashtra	Interest	28,125,478	30.11.2015
	Principle	116,218,200	31.08.2015
Punjab National Bank	Interest	73,043,690	28.02.2016
	Principle	182,231,523	31.01.2016
State Bank of Mysore	Interest	1,698,746	30.04.2016
	Principle	2,934,479	30.04.2016
Indian Bank	Interest	41,297,264	30.06.2015
	Principle	98,052,757	31.07.2015
United Bank	Interest	15,983,838	30.06.2015
	Principle	204,028,280	31.07.2015
Union Bank of India	Interest	67,077,448	30.04.2015
	Principle	100,975,916	30.04.2015
UCO Bank	Interest	80,771,969	30.09.2015
	Principle	160,026,919	31.08.2015
Corporation Bank	Interest	23,633,612	31.01.2016
	Principle	143,177,880	28.02.2016



ANNEXURE TO THE AUDITOR'S REPORT

Allahabad Bank	Interest	177,174,630	31.10.2015
	Principle	472,283,971	30.11.2015
Dena Bank	Interest	29,406,317	30.09.2015
	Principle	141,797,852	31.10.2015
Indian Overseas Bank	Interest	61,783,610	31.01.2016
	Principle	34,116,190	31.03.2016
Vijaya Bank	Interest	5,008,848	31.03.2016
	Principle	6,472,076	31.03.2016
Andhra Bank	Interest	48,709,830	28.02.2016
	Principle	25,110,703	31.03.2016
EXIM Bank	Interest	3,687,731	31.12.2015
	Principle	3,114,271	31.12.2015

- (ix) In our opinion and according to the information and explanations given to us, out of the term loans raised during FY 2015-16, Rs. 20.30 Crores were lying with Banks in the form of fixed deposits and TRA Account as on 31.03.2016 pending utilization thereof. The said amount was adjusted by the banks towards payment of overdue interest and principal in the reporting year. Further 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) In our opinion, the managerial remuneration has been paid or provided 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) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS financial statements etc., 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) In our opinion and according to the information and explanations given to us, 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.
- (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 DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 000402N**

**PLACE: LUDHIANA
DATED: 30.05.2017**

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



ANNEXURE- B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls 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, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year then ended.

Management's Responsibility for Internal Financial Controls

The Company's management 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 ("the Guidance Note") issued by the Institute of Chartered Accountants 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 the company's business, including adherence to 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 Company's Internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal financial controls over financial reporting and the Guidance Note issued by the ICAI. 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 were 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 systems on 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 Ind AS 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 opinion on the Company's internal financial controls over financial reporting.

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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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.

Emphasis of Matter

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time.

Our opinion is not modified in respect of these matters.

**FOR DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 000402N
(CA. R.D. KHANNA)
PARTNER
M.No.: 12391**

**PLACE: LUDHIANA
DATED: 30.05.2017**



SEL Manufacturing Company Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2017

(Rs. in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
ASSETS				
(1) Non Current Assets				
(a) Property, Plant and Equipment	5	175,599.61	183,764.30	212,267.46
(b) Capital Work in Progress		16,312.42	18,529.86	17,863.65
(c) Investment Property		-	-	-
(d) Goodwill		-	-	-
(e) Other Intangible Assets	5	-	22.79	52.60
(f) Intangible Assets under Development		-	-	-
(g) Biological Assets Other Than Bearer Plants		-	-	-
(h) Financial Assets				
(i) Investments	6	899.62	23,536.63	47,340.49
(ii) Trade Receivable		-	-	-
(iii) Loans	7	1,569.22	1,969.92	1,744.53
(iv) Others	8	181.24	16.57	46.13
(i) Deferred Tax Assets (Net)	9	53,512.97	23,818.31	6,969.52
(j) Other Non-Current Assets	10	7,425.43	7,092.70	7,705.38
		255,500.50	258,751.09	293,989.75
(2) Current Assets				
(a) Inventories	11	84,424.76	139,052.09	121,393.27
(b) Financial Assets				
(i) Current Investments		-	-	-
(ii) Trade Receivables	12	99,991.82	89,948.18	74,198.11
(iii) Cash & Cash Equivalents	13	843.52	1,932.38	1,877.20
(iv) Bank Balances other than (iii) above	14	50.81	1,722.59	2,807.39
(v) Loans		-	-	-
(vi) Others	15	30,778.34	36,234.02	37,906.04
(c) Current Tax Assets (Net)	16	514.69	283.05	225.66
(d) Other Current Assets	17	4,717.67	5,251.03	10,168.25
		221,321.62	274,423.35	248,575.91
TOTAL ASSETS		476,822.12	533,174.43	542,565.66
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	18	33,134.70	33,134.70	33,134.70
(b) Other Equity		(16,735.10)	39,042.35	69,282.92
		16,399.60	72,177.05	102,417.62
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	228,300.90	255,368.67	266,731.96
(ii) Trade Payables		-	-	-
(iii) Other Financial Liabilities		-	-	-
(b) Provisions	20	144.03	86.80	171.55
(c) Deferred Tax Liabilities (Net)		-	-	-
(d) Other Non-Current Liabilities		-	-	-
		228,444.94	255,455.47	266,903.51
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	142,682.45	138,452.33	107,012.30
(ii) Trade Payables	22	14,792.83	17,027.36	23,135.06
(iii) Other Financial Liabilities	23	70,117.65	46,695.48	39,642.33
(b) Other Current Liabilities	24	3,553.03	2,732.26	2,807.89
(c) Provisions	25	831.62	634.49	646.96
(d) Current Tax Liabilities(Net)		-	-	-
		231,977.58	205,541.92	173,244.53
TOTAL EQUITY & LIABILITIES		476,822.12	533,174.43	542,565.66

See accompanying notes to the financial statements
As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in Lakhs)

PARTICULARS	NOTE NO.	CURRENT YEAR	PREVIOUS YEAR
I. Revenue From Operations	26	171,061.80	194,773.46
II. Other Income	27	9,201.25	11,043.52
III. Total Income (I+II)		180,263.05	205,816.97
IV. Expenses			
Cost of Materials Consumed	28	131,514.42	111,485.40
Purchases of Stock-in-Trade		3,354.20	7,017.11
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	29	40,939.36	4,326.72
Employee Benefits Expense	30	10,746.20	10,864.26
Finance Cost	31	12,256.12	34,240.03
Depreciation and Amortization Expense	32	11,408.91	28,450.25
Other Expense	33	32,831.44	35,172.09
Total Expenses (IV)		243,050.65	231,555.85
V. Profit/(Loss) Before Exceptional Items And Tax (I-IV)		(62,787.60)	(25,738.88)
VI. Exceptional Items	34	22,650.68	30,060.93
VII. Profit/(Loss) Before Tax (V-VI)		(85,438.28)	(55,799.81)
VIII. Tax Expense			
a) Current Tax		-	-
a) Deferred Tax		(29,682.89)	(15,604.21)
(3) MAT Credit Entitlement		-	-
b) Earlier Years		-	(0.14)
IX. Profit/(Loss) for the period from Continuing Operations (VII-VIII)		(55,755.39)	(40,195.46)
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)		(55,755.39)	(40,195.46)
XIV. Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		32.80	-
B (i) Items that will be reclassified to Profit or Loss		(10.58)	(9,954.52)
XV. Total Comprehensive Income for the Period (XIII+XIV)		(55,733.16)	(50,149.99)
XVI. Earning per Equity Share (for Continuing Operations) (Rs.)			
1) Basic		(16.83)	(12.13)
2) Diluted		(16.83)	(12.13)
XVII. Earning per Equity Share (for Discontinued Operations) (Rs.)			
1) Basic		-	-
2) Diluted		-	-
XVIII. Earning per Equity Share (for Discontinued & Continuing Operations) (Rs.)			
1) Basic		(16.83)	(12.13)
2) Diluted		(16.83)	(12.13)

See accompanying notes to the financial statements

As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary



SEL Manufacturing Company Ltd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in Lakhs)

A. Equity Share Capital													
As At 01.04.2015			Changes in equity share capital during the year		As At 31.03.2016			Changes in equity share capital during the year			As At 31.03.2017		
33,134.70			-		33,134.70			-			33,134.70		
B. Other Equity													
			Reserves and Surplus										
Particulars	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	General Reserve	Foreign Exchange Fluctuation Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Total
As at 01.04.2015	-	-	2,900.48	51,937.97	23,200.00	0.68	(2,381.82)	-	-	-	-	(6,374.39)	69,282.92
General Reserve transferred to Retained Earnings	-	-	-	-	(23,200.00)	-	23,200.00	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	0.37	(40,195.46)	-	-	-	-	9,954.52	(30,240.57)
As at 31.03.2016	-	-	2,900.48	51,937.97	-	1.05	(19,377.29)	-	-	-	-	3,580.13	39,042.35
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 31.03.2016	-	-	2,900.48	51,937.97	-	1.05	(19,377.29)	-	-	-	-	3,580.13	39,042.35
Total Comprehensive Income for the year	-	-	-	-	-	0.16	(55,755.39)	-	-	-	-	(22.23)	(55,777.46)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	-	-	2,900.48	51,937.97	-	1.22	(75,132.67)	-	-	-	-	3,557.91	(16,735.10)

See accompanying notes to the financial statements
As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in Lakhs)

PARTICULARS	Details	Current Year	Details	Previous Year
A Cash Flow from Operating Activities				
Net Profit before Taxes & Extraordinary Items		(85,438.28)		(55,799.81)
Adjustments for Non Cash Items:				
-Provision for Diminution in Value of Investments	22,650.68		29,386.57	
-Depreciation	11,408.91		28,450.25	
-Interest Paid	11,881.10		33,743.66	
-Interest Received	(259.47)		(376.15)	
-Autuarial Gain on Defined Plan	(50.17)		-	
-Share of Loss from Firm	1.79		2.75	
-(Profit)/Loss on Sale of Investments	-		674.36	
-(Profit)/Loss on Sale of Fixed Assets	(25.63)	45,607.21	644.14	92,525.59
Adjustments for Changes in Working Capital:				
-Increase/ (Decrease) in Trade Payables	(2,234.54)		(6,107.69)	
-Increase/ (Decrease) in Other Current Liabilities	820.77		(247.18)	
-Increase/ (Decrease) in Other Financial Liabilities	23,422.18		7,053.14	
-Increase/ (Decrease) in Current Provisions	197.13		(12.47)	
-(Increase)/ Decrease in Trade Receivables	(10,043.65)		(15,750.07)	
-(Increase)/ Decrease in Other Current Assets	533.37		4,917.21	
-(Increase)/ Decrease in Current Assets Tax (Net)	(231.64)		(57.39)	
-(Increase)/ Decrease in Other Financial Assets	5,455.68		1,672.01	
-(Increase)/ Decrease in Inventories	54,627.33	72,546.63	(17,658.82)	(26,191.25)
Cash Generation from Operations		32,715.56		10,534.52
-Taxes Paid		-		(0.14)
Net Cash from Operating Activities		32,715.56		10,534.66
B Cash Flows from Investing Activities				
-Purchase of Plant, Property & Equipments	(3,240.78)		(151.12)	
-(Increase)/Decrease in Capital Work in Process	2,217.44		(1,312.52)	
-Sale of Plant, Property & Equipments	44.99		236.00	
-Interest Received	259.47		376.15	
-Share of Loss from Firm	(1.79)		(2.75)	
-(Increase)/Decrease of Non Current Investments	2.66		2,453.24	
-(Increase)/ Decrease in Non Financial Loans	400.71		(225.40)	
-(Increase)/ Decrease in Non Current Loans	(164.67)		29.56	
-(Increase)/ Decrease in Other Financial Non Current Assets	(332.72)		612.68	
-Increase/(Decrease) in Non Current Provisions	57.24		86.80	
Net Cash Flows from Investing Activities		(757.45)		2,102.63
C Cash Flows from Financing Activities				
-Proceeds/(Repayment) of Non Current Borrowings	(27,067.77)		(11,363.29)	
-Proceeds/(Repayment) of Current Financial Borrowings	4,230.12		31,440.03	
-Interest Paid	(11,881.10)		(33,743.66)	
Net Cash Flows from Financing Activities		(34,718.75)		(13,666.92)
Net Increase/(Decrease) in Cash & Cash Equivalent		(2,760.64)		(1,029.62)
Cash & Cash Equivalents - Opening Balance		3,654.97		4,684.60
Cash & Cash Equivalents - Closing Balance		894.33		3,654.97

Subject to our Separate Report of even Date
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary


Property, Plant and Equipment

(Rs. in Lakhs)

Note No. - 5

Particulars	Freehold Land, Building & Roads	Leasehold Land	Plant & Equipments	Other Intangible Assets	Total
Gross Value as at 1st April 2015	94,031.14	732.89	200,806.10	455.76	296,025.89
Addition during the year	-	-	151.12	-	151.12
Deduction during the year	72.50	-	281.31	-	353.81
Gross Value as at 31st March 2016	93,958.64	732.89	200,675.91	455.76	295,823.20
Addition during the year	2,358.78	-	882.00	-	3,240.78
Deduction during the year	-	-	78.21	-	78.21
Gross Value as at 31st March 2017	96,317.42	732.89	201,479.70	455.76	298,985.77
Depreciation & Impairment					
Depreciation as at 1st April 2015	9,065.72	48.51	74,188.45	403.16	83,705.83
Depreciation for the year	2,581.74	8.52	25,830.17	29.81	28,450.25
Disposal during the year	-	-	119.97	-	119.97
Depreciation as at 31st March 2016	11,647.46	57.03	99,898.65	432.97	112,036.11
Depreciation for the year	2,633.68	5.57	8,746.87	22.79	11,408.91
Disposal during the year	-	-	58.85	-	58.85
Depreciation as at 31st March 2017	14,281.14	62.60	108,586.67	455.76	123,386.17
Net Book Value					
As at 31st March, 2017	82,036.29	670.29	92,893.03	-	175,599.61
As at 31st March, 2016	82,311.18	675.86	100,777.26	22.79	183,787.09
As at 1st April, 2015	84,965.42	684.38	126,617.65	52.60	212,320.06

INVESTMENTS

(Rs. in Lakhs) **NOTE NO. - 6**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Investment in Equity Instruments		
(i) Subsidiaries (Unquoted-At Cost)		
i) 127,057,200 Equity Shares of Rs. 10/- each fully paid up of SEL Textiles Ltd.	51,146.24	51,146.24
Less: Diminution in Value of Investment	(51,146.24)	(28,619.96)
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: Diminution in Value of Investment	(758.46)	(634.05)
iii) 10,000 Equity Shares of USD 1/- each fully paid up of SEL Textile Corporation	6.80	6.63
iv) 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) 3,124 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited	41.21	32.65
ii) 778 Equity Shares of Rs. 10/- each fully paid up of Dhanus Technologies Limited	-	-
(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	77.63	77.63
(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



SEL Manufacturing Company Ltd.

(c) Investment in Mutual Funds (Unquoted-At Fair Value)					
i) 150,000 Units of Rs.10/- each of SBI Infrastructure Fund				20.45	15.94
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund				5.82	4.16
iii) 55,187.638 Units of Rs. 10/- each of Union KBC Equity Fund				9.30	7.79
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund				9.25	9.34
(d) Investments in Partnership Firm (At Cost)					
i) 99% Share in SE Exports					
Capital (After adjusting Drawings)			33.87	32.08	34.75
Add: Share of Profits			(1.79)		
Name of Partners	Share of Profit	Amount of Capital as on 31st March, 2017	Amount of Capital as on 31st March, 2016		
Mr. Dhiraj Saluja	0.50%	3.04	3.05		
Mrs. Reema Saluja	0.50%	7.27	7.28		
SEL Manufacturing Co. Ltd.	99.00%	32.08	34.75		
TOTAL				899.62	23,536.63

Market Value of Quoted Investments	41.21	32.65
Aggregate Value of Quoted Investments	30.68	30.68
Aggregate Value of UnQuoted Investments	858.41	23,503.97
Aggregate Provision for Diminution in Value of Investments	52,037.24	29,386.57

LOANS

NOTE NO. - 7

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Security Deposits	1,569.22	1,969.92
TOTAL	1,569.22	1,969.92

OTHERS

NOTE NO. - 8

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Fixed Deposits with Banks (held as margin with banks)	181.24	16.57
TOTAL	181.24	16.57

DEFERRED TAX (ASSET)/LIABILITY (Net)

NOTE NO. - 9

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Expenses Allowable on Payment Basis	(4,179.41)	(4,007.38)
Unused Tax Losses/Depreciation	(38,860.47)	(15,267.90)
Other Items giving rise to Temporary Difference	(7,150.53)	(5,905.94)
Fair Valur of Invesments	(11.76)	(1,244.59)
Difference in Carrying Amount of Plant, Property & Equipments	14,694.85	12,595.99
Provision for Diminution in Investments	(18,005.65)	(9,988.49)
Net Deferred Tax (Asset)/Liability	(53,512.97)	(23,818.31)


OTHER NON CURRENT ASSETS
NOTE NO. - 10

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
a) MAT Credit Entitlement	5,533.60	5,533.60
b) Capital Advances	1,891.83	1,559.10
TOTAL	7,425.43	7,092.70

INVENTORIES
NOTE NO. - 11

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Raw Materials	58,532.85	72,095.73
(b) Work in Progress	8,784.35	7,737.25
(c) Finished Goods		
-In Godown	14,025.72	55,474.35
-In Transit	2,600.64	2,681.75
(d) Stock in Trade	-	456.71
(e) Stores & Spares	481.21	606.30
TOTAL	84,424.76	139,052.09

TRADE RECEIVABLES
NOTE NO. - 12

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Unsecured, considered good	99,991.82	89,948.18
TOTAL	99,991.82	89,948.18

CASH & CASH EQUIVALENTS
NOTE NO. - 13

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Cash in Hand	164.80	286.78
(b) Balances With Scheduled Banks		
i) In Current Accounts	678.72	1,318.65
ii) In Fixed Deposits Accounts	-	326.95
TOTAL	843.52	1,932.38

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS
NOTE NO. - 14

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Other Bank Balances		
(a) Fixed Deposits with Banks(held as margin with banks)	50.81	1,722.59
TOTAL	50.81	1,722.59

OTHERS
NOTE NO. - 15

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Unsecured, considered good)		
i) Duty Drawback Receivable	4,133.80	3,306.62
ii) Interest Subsidy Receivable	26,638.80	32,860.37
iii) Interest Receivable	5.74	67.04
TOTAL	30,778.34	36,234.02



SEL Manufacturing Company Ltd.

CURRENT TAX ASSETS (NET)

NOTE NO. - 16

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
i) Prepaid Taxes	514.69	283.05
TOTAL	514.69	283.05

OTHER CURRENT ASSETS

NOTE NO. - 17

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Unsecured, considered good)		
i) Advances to Suppliers	2,463.02	3,860.98
ii) Statutory Dues & Taxes	1,330.39	969.02
iii) Others	924.26	421.04
TOTAL	4,717.67	5,251.03

EQUITY SHARE CAPITAL

NOTE NO. - 18

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Authorised 1,000,000,000 Equity Shares	100,000.00	100,000.00
(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, 2017		As at 31st March, 2016	
	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	-	-	-	-
Total	-	-	-	-
Less: Deduction during the year	-	-	-	-
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) 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 31.03.2017, 75,709,249 shares (Previous Year 91,678,900 shares) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

BORROWINGS
NOTE NO. - 19

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Secured Loans		
i) Term Loans		
- From Banks	214,533.90	241,601.67
(b) Unsecured Loans		
i) Loan from Director	6,796.00	6,796.00
(Interest free loans repayable in 2023-24)		
(c) Preference Share Capital		
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares Fully Paid Up	6,971.00	6,971.00
TOTAL	228,300.90	255,368.67

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

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Rupee Term Loan III (PL-III)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II (WCTL FITL-II)
Sanctioned Amount	17,271,400,000	3,260,400,000	565,700,000	3,133,200,000	6,392,800,000	1,228,100,000
Balance as on 31.03.2017	16,778,065,771	1,346,756,191	33,664,092	1,341,518,376	6,391,133,566	1,141,366,616
Rate of Interest	10.65%	10.65%	11.15%	10.65%	10.65%	10.65%
Repayment Type	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly
Repayment during the year ending						
31/03/2018	1,899,854,000	41,392,332	5,040,000	-	383,424,000	118,562,947
31/03/2019	2,072,568,000	117,529,563	7,560,000	-	800,078,080	101,677,817
31/03/2020	2,245,282,000	150,678,664	14,029,695	-	800,078,080	177,844,421
31/03/2021	2,590,710,000	218,731,552	-	-	1,119,598,080	177,844,421
31/03/2022	2,590,710,000	246,072,996	-	-	1,119,598,080	207,485,158
31/03/2023	2,590,710,000	286,633,653	-	-	1,119,598,080	207,485,158
31/03/2024	1,770,318,500	236,331,552	-	-	463,943,040	47,425,179
Overdue Principle Amount	737,107,475	12,071,129	2,520,000	1,315,143,257	437,085,457	82,369,898
Overdue Interest Amount	765,479,447	61,293,919	5,101,191	73,509,549	360,030,494	51,595,752
Overdue Principle Since	August 2015	May 2015	Nov. 2015	April 2015	July 2015	May 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.	Owner	
1.	Sh. R.S.Saluja	Land & Building measuring 1K 13M at Rahon Road, Ludhiana
2.	Smt. Sneha Lata Saluja	Land measuring 1023.59 sq. yds. at Village Bajra, Ludhiana
3.	Smt. Sneha 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

PROVISIONS
NOTE NO. - 20

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Provision for Employee Benefits	144.03	86.80
TOTAL	144.03	86.80



SEL Manufacturing Company Ltd.

SHORT TERM BORROWINGS

NOTE NO. - 21

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Secured Loans		
i) Loans Repayable on Demand		
From Banks	142,682.45	138,452.33
TOTAL	142,682.45	138,452.33

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.	Onwer	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 31.03.2017	AS AT 31.03.2016
(a) Trade Payables*	14,792.83	17,027.36
TOTAL	14,792.83	17,027.36

*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 and relied upon by the Auditors, the relevant particulars as at 31st March, 2017 are Nil.

OTHER FINANCIAL LIABILITIES

NOTE NO. - 23

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
I) Current Maturities of Long Term Debts	50,366.24	30,284.88
ii) Interest Accrued but not due on borrowings	-	0.03
iii) Interest Accrued and due on borrowings	13,170.10	10,733.45
iv) Employees Benefits	1,121.37	1,017.16
v) Payable to Vendors-Non Trade	1,585.59	3,179.70
vi) Others Payable	3,874.34	1,480.27
TOTAL	70,117.65	46,695.48

OTHER CURRENT LIABILITIES

NOTE NO. - 24

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
I) Statutory Dues & Taxes	182.68	210.34
ii) Advances from Customers	3,370.36	2,521.92
TOTAL	3,553.03	2,732.26



SEL Manufacturing Company Ltd.

PROVISIONS

NOTE NO. - 25

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Provision for Employee Benefits	831.62	634.49
TOTAL	831.62	634.49

REVENUE FROM OPERATIONS

NOTE NO. - 26

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Sale of Products		
Finished Goods	162,609.29	184,221.84
Traded Goods	4,521.05	7,251.22
Other Operating Income		
Waste/Sale Scrap	3,931.47	3,300.39
TOTAL	171,061.80	194,773.46

OTHER INCOME

NOTE NO. - 27

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Export Incentives	6,251.01	5,921.15
Interest (Gross)	259.47	376.15
Other Income	2,432.97	230.19
Foreign Exchange Fluctuation	-	4,311.28
Profit on Sale of Assets	25.63	-
Rental Income	6.86	6.27
Job Work Income	225.31	198.48
TOTAL	9,201.25	11,043.52

COST OF MATERIAL CONSUMED

NOTE NO. - 28

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Raw Material Consumed		
Opening Stock	71,877.53	49,696.81
Add: Purchases (net)	114,591.52	129,793.44
	186,469.05	179,490.25
Less: Closing Stock	58,318.92	71,877.53
Cost of raw material consumed during the year (A)	128,150.13	107,612.72
Packing Material Consumed		
Opening Stock	218.20	331.45
Add: Purchases (net)	3,360.03	3,759.43
	3,578.22	4,090.88
Less: Closing Stock	213.93	218.20
Cost of packing material consumed during the year (B)	3,364.29	3,872.68
TOTAL (A+B)	131,514.42	111,485.40

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	7,737.25	9,113.49
Finished Goods	58,156.10	61,563.29
Stock in Trade	456.71	-
(A)	66,350.06	70,676.78

Closing Stocks

Work in Process	8,784.35	7,737.25
Finished Goods	16,626.36	58,156.10
Stock in Trade	-	456.71
(B)	25,410.70	66,350.06
Decrease/(Increase) in Inventories (A-B)	40,939.36	4,326.72

EMPLOYEE BENEFITS EXPENSE
NOTE NO. - 30

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Wages,Salaries & Other Allowances	9,947.62	9,963.73
Contribution to PF, ESI & Other Funds	717.63	768.23
Staff & Labour Welfare	80.95	132.30
TOTAL	10,746.20	10,864.26

FINANCIAL COSTS
NOTE NO. - 31

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a) Bank Charges	375.02	496.37
b) Interest on		
i) Working Capital Limits	5,098.27	13,805.53
ii) Term Loans	6,040.77	19,189.85
iii) Car Loans	0.05	3.87
iv) Others	742.01	744.41
TOTAL	12,256.12	34,240.03

DEPRECIATION & AMORTIZATION EXPENSES
NOTE NO. - 32

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Depreciation of Tangible Assets	11,380.55	28,414.86
Amortisation of Leasehold Land	5.57	5.57
Depreciation of Intangible Assets	22.79	29.81
TOTAL	11,408.91	28,450.25

OTHER EXPENSES
NOTE NO. - 33

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Powel & Fuel	16,856.32	20,718.91
Consumables & Repair Maintenance	5,373.37	6,405.92
Job Work Expenses	262.43	463.92
Printing & Stationery	16.44	16.38
Insurance	333.60	299.36
Fees & Taxes	279.43	207.79
Donation	9.09	13.15
Legal & Professional Charges	158.02	79.45
Postage & Courier Charges	104.93	95.70
Telephone & Fax Expenses	48.89	55.37
Statutory Auditors' Remuneration		
-Audit Fee	14.61	15.28
-Tax Audit Fee	3.75	4.25
-Reimbursement of Expenses	0.34	0.65
-Service Tax	2.90	4.17
Cost Auditors' Remuneration		
-Audit Fee	1.01	0.85



General Repair & Maintenance	113.52	139.39
Office Expenses	171.79	199.15
Festival Expenses	39.42	64.22
Rent	21.52	26.04
Travelling & Conveyance	361.04	449.40
Water Charges	92.93	70.62
Service Tax Paid	16.55	19.36
Advertisement	4.24	29.39
Loss on Sale of Fixed Assets	-	644.14
Foreign Exchange Fluctuation	2,074.91	-
Security Expenses	7.86	6.92
Building Repair & Maintenance	77.18	19.53
Share of Loss from Partnership Firms	1.79	2.75
Vehicles Expenses	113.12	109.70
Business Promotion	188.72	56.72
Commission	3,008.77	1,976.18
Rebate & Discount	204.08	236.62
Clearing Forwarding & Freight Outward	2,868.86	2,740.81
TOTAL	32,831.44	35,172.09

EXCEPTIONAL ITEMS

NOTE NO. - 34

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Provision for Diminution in Value of Investments in Subsidiaries	22,650.68	29,254.01
Provision for Diminution in Value of Investments	-	132.55
Loss on Sale of Investments in Subsidiaries	-	674.36
TOTAL	22,650.68	30,060.93



NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

SEL Manufacturing Co. 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, readymade garments and towels. The registered office of the company is located at 274, G.T.Road, Dhandari Khurd, Ludhiana, Punjab.

2. First-time adoption of Ind-AS

These standalone financial statements of SEL Manufacturing Co. Limited for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the standalone financial statements for the year ended March 31, 2017.

3. Significant Accounting Policies

3.1 Basis of Preparation

These financial statements 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 ('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 Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted Ind AS with April 1, 2015 as the transition date and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

3.2 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.

3.3 Revenue Recognition

Sale of goods

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It also includes excise duty and price variations based on the contractual agreements and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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 recognised as operating leases. Lease rentals are recognised on straight-line basis as per the terms of the agreements in the statement of profit and loss.



Interest income

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export Incentives

Revenue in respect of the above 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.

3.5 Foreign Currency Transactions

(a) Foreign Branch (Integral)

- (i) Fixed assets are translated at the rates on the date of purchase/acquisition of assets and Inventories are translated at the rates that existed when costs were incurred.
- (ii) All foreign currency monetary items outstanding at the year-end are translated at the year-end exchange rates. Income and expenses are translated at average rates of exchange and depreciation is translated at the rates referred to in (a)(I) above for fixed assets.

The resulting exchange gains & losses are recognized in the profit and loss account.

(b) 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

On adoption of Ind AS the company retained the carrying value of all its property plant and equipment as recognized in financial statement as at the date of transition to Ind AS measured as per previous GAAP and used that as deemed cost as permitted by Ind AS 101.

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 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.

3.7 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.

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.

3.9 Employee Benefits

All employee benefits payable wholly within twelve months 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 recognised during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution

The Company contributes 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.

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.

The liability for leave with wages is recognised on the basis of actuarial valuation at the balance sheet date.

3.10 Accounting for Taxes on Income

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 income tax is recognized using the balance sheet approach.

Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

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 recognised, 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 recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised 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

Contingent Liabilities

- (a) 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
- (b) 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

Where an inflow of economic benefit is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of reporting period, and, where practicable, an estimate of thereof effect, measured using the principles set out as per provisions.

3.14 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.

3.15 Basis of Incorporation of integral foreign operations

Financial Statements of the Company's overseas branch in United Arab Emirates, audited by the branch auditors', have been duly incorporated.

3.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired/given on leases where a significant portion of the risks and rewards of ownership are retained by less or are classified as operating leases. Lease rentals are charged/earned to the statement of profit and loss on straight line basis.

3.17 Financial Instruments:

(I) Financial assets:

Initial recognition and measurement

All financial assets are recognised 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 amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised 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 asset is measured at fair value through profit or loss.

Other Investment

All other equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in "other comprehensive income".

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 recognised in the statement of profit and loss.

Investment in subsidiaries

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

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:

Initial recognition and measurement

All financial liabilities are recognised 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.

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 recognised 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 recognised 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 recognised less cumulative amortisation.

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 recognised in the statement of profit and loss.

3.18 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models

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 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.

3.20 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.

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 decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director & CEO.

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 judgement 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 judgement 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 judgements, 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 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



SEL Manufacturing Company Ltd.

deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognised 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.

35. 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	March 31, 2017	March 31, 2016	
i) Export Bills Discounted	2775.20	2226.43	
ii) Estimated amount of capital contracts remaining to be executed (net of advances)	2489.15	9.50	
iii) Guarantees given by the Company on behalf of SEL Textiles Ltd. (Subsidiary Company)	201324.00	201324.00	
(iv) Income Tax* (net of deposit under protest)*	28147.59	3.06	
(v) Performance Guarantees issued for export obligations	-	1458.00	

*includes demand from tax authorities for various matters. In pursuance of the search conducted u/s 132(1) of the Income Act, 1961 assessments for the block period from Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15 have been completed with no additional tax liability. However the income tax authorities have directed to initiate penalty proceedings in above said assessment orders. In respect of the assessment proceedings for the assessment years 2010-11, 2011-12 & 2013-14, the Department has raised demands aggregating to Rs. 28344.39 lakhs (which includes interest upto 30.01.17 and are further subject to penalty proceedings) by making some frivolous additions to the total income of the Company. The Company had filed the appeals against these additions before appropriate authorities and the Company is hopeful that it will get relief in appeal. Considering the facts of the matters, no provision is considered necessary by management with no additional tax liability.

36. 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	*SEL Textile Corporation	Subsidiary Company
5	*Silverline Corporation Ltd.	Fellow Subsidiary Company
6	*Mr. R.S.Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta Mr. V.K. Goyal	Key Management Personnel
7	Mrs. Sneha Lata Saluja Mrs. Ritu Saluja *Mrs. Reema Saluja	Relatives of KMP



SEL Manufacturing Company Ltd.

8	*Shiv Narayan Investments Pvt. Ltd. *Saluja International Rythm Textiles & Apparels Park Ltd.	Enterprises over which key management personal and relatives of such personal is able to exercise significant influence
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*No transactions have taken place during the year.

Related Parties Transactions:

(Rs. in Lakhs)

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	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase & Processing of Goods & Consumables Stores*	1952.70	2219.09	-	-	1952.70	2219.09
Sale & Processing of Goods & Consumables Stores*	1357.88	8291.36	-	-	1357.88	8291.36
Services Received	63.78	60.38	-	-	63.78	60.38
Services Paid	72.06	427.06	51.78	39.89	123.84	466.95
Investment made/ (withdrawal)	-	(3130.00)	-	-	-	(3130.00)
Share/(Loss) of Profit	(1.79)	(2.75)	-	-	(1.78)	(2.75)
Rent Paid	1.32	1.32	4.58	4.58	5.90	5.90
Rent Received	2.68	2.68	-	-	2.68	2.68
Managerial Remuneration	-	-	306.00	306.00	-	-
Remuneration Paid	-	-	5.88	5.88	-	-
Corporate Guarantee Given	201324.00	201324.00	-	-	201324.00	201324.00
Closing Balance of Related Parties Debits/(Credits)	7313.68	7169.65	(6796.00)	(6796.00)	517.68	373.65

*excluding all taxes

37. 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, 2017	March 31, 2016
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	(55,755.39)	(40195.46)
Weighted average earnings per shares (basic and diluted)	Rs.	(16.83)	(12.13)
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	(55,755.39)	(40195.46)
Weighted average earnings per shares (basic and diluted)	Rs.	(16.83)	(12.13)

38. 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, e-mails/letters have been sent to various parties with a request to confirm their balances as on 31st March, 2017 out of which few parties have



confirmed their balances direct to the auditors or to the company. No provision has been created for trade receivables as they are realizable as per management of the company.

39. There are no long term contracts, as on the date of balance sheet, including derivative contracts for which there are any material foreseeable losses.
40. The Company followed an aggressive growth path for the last twelve years and had considerably grown its balance sheet, including debt. Due to the industry situation in general viz. slowdown and company specific issues such as growing debt, delayed realization of debtors, working capital shortfall, delay in project completion and cash flow mismatch, which had adversely affected the liquidity position of the company, the company was facing financial problems and finding difficulty in servicing its debt obligation. Therefore, it approached the lenders for restructuring its debts under Corporate Debt Restructuring (CDR) mechanism.

The Company's 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 Company executed Master Restructuring Agreement (MRA) with CDR Lenders on 24th 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) The promoters to bring contribution equivalent to 25% of the sacrifice amount of by lenders. Accordingly, promoters have brought in an amount of Rs. 6,971 lakhs as 1% Redeemable, Non-Cumulative, Non-Convertible Preference Shares.
- c) 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 various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to Rs. 12,951 lakhs.

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. Also the company is facing cash flow mismatch and is not able to serve debt obligations as per the terms of CDR package sanctioned earlier. However, despite all this, the manufacturing capacities are operational and running. The Company has not defaulted in any of its statutory dues and has been able to retain all its management functionaries.

Since, the Company was finding it difficult to serve its debt obligations, the Company has requested its lenders for a second/deep restructuring of its debts. Considering the state of art manufacturing facilities of the Company, most modernized technology, skilled labour force, professional management and inherent viability of the Company, the lenders have in-principle agreed for second/deep restructuring of the debts. The Company and the lenders have already initiated the steps in this direction and the Company believes that with the implementation of an appropriate restructuring scheme, its position shall improve significantly. Keeping in view the above, the financial statements of the company are prepared on going concern basis and the company considers that sufficient taxable income will be available in the specified period against which deferred tax asset and MAT credit would be adjusted.

41. During the year the majority of lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company has not provided interest amounting to Rs. 35,901 lakhs on majority of NPA classified accounts for the year in its books of account. Due to this the interest expense, net loss and financial liabilities for the year ended March 31, 2017 are reduced by Rs. 35,901 lakhs and correspondingly the equity is increased by the same amount.
42. The company has revised the useful life of the machinery installed in Spinning/Terry Towel units based on technical reports effective from April 1, 2016. Due to this the depreciation as well as net loss for the year ended March 31, 2017 is reduced by Rs. 15,107.95 lakhs and correspondingly the "Property, Plant & Equipments" (Non Current Assets) and other equity are increased by the same amounts.
43. The Company has identified non-moving, slow moving, obsolete and damaged inventory in finished goods during the year and recognized an aggregate amount of Rs. 12,172.29 lakhs as reduction in value of inventories due to

write down thereof to net realizable value, which is charged to Statement of Profit & Loss.

44. Segment Information

Products and services from which reportable segments derive their revenues: In accordance with Ind AS 108 "Operating Segments", the chief operating decision maker (CODM) of the Company reported that the company is engaged in the business of manufacturing 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, 2017	31 March, 2016	31 March, 2017	31 March, 2016
India	63,529.62	73,379.85	190,687.46	202,316.95
Outside India	107,532.18	121,393.60	8,649.99	8,793.45
Total	171,061.80	194,773.45	199,337.45	209,409.65

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

Information about major customers: No single customer contributed 10% or more to the Company's revenue during the financial year 2015-16 and 2016-17.

45. Lease Rent

i. Factory Building is taken on lease for 20 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, 2017	March 31, 2016
Future Minimum lease payments obligation on non-cancellable operating leases	37.19	41.77
Not later than one year	14.07	12.77
Later than one year and not later than five years	10.08	13.46
Later than five years	13.04	15.54
Lease payment recognized in Profit and Loss Account	18.41	9.56

ii. Rent Income also includes Lease Rentals received towards Factory Building & Office Premises. Such operating leases are generally for a period of 5 to 20 years. The particulars of these leases are as follows:

Particulars	(Rs. In Lakhs)	
	March 31, 2017	March 31, 2016
Future Minimum lease payments under non-cancellable operating leases	22.77	17.46
Not later than one year	5.80	5.08
Later than one year and not later than five years	13.47	7.88
Later than five years	3.50	4.50
Lease Income recognized in Profit and Loss Account	6.86	5.86

46. Disclosure on Specified Bank Notes (SBNs): During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	135.59	166.78	302.37
(+) Permitted receipts	-	19.13	19.13
(-) Permitted payments	-	31.58	31.58
(-) Amount deposited in Banks	135.59	-	135.59
Closing cash in hand as on December 30, 2016	-	154.33	154.33

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



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

(Rs. In Lakhs)		
Particulars	March 31, 2017	March 31, 2016
Opening Balance	671.00	671.00
Add: Expenses incurred during the year	-	-
Less: Expenses capitalized during the year	-	-
Closing Balance	671.00	671.00

48. 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. 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 March 31, 2017 and March 31, 2016:

(Rs. in Lakhs)		
Particulars	March 31, 2017	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	693.79	683.19
Service cost	252.31	259.09
Interest expense	55.50	54.65
Remeasurements-Actuarial (gains)/ losses	(50.17)	(248.41)
Benefits paid	(79.32)	(54.72)
Benefit obligations at the end	872.12	693.79
Change in plan assets		
Fair value of plan assets at the beginning	59.30	41.45
Remeasurements- Return on plan assets	5.75	3.72
excluding amounts included in interest income		
Contributions	54.76	68.86
Benefits paid	(79.32)	(54.72)
Fair value of plan assets at the end	40.49	59.30
Funded status	831.62	634.49

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	March 31, 2017	March 31, 2016
Service cost	252.31	259.09
Net interest/cost on the net defined benefit liability/asset	(0.42)	(197.48)
Net gratuity cost	251.89	61.60

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

Particulars	March 31, 2017	March 31, 2016
Actuarial (gains) / losses	(50.17)	-

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017 and March 31, 2016 are set out below:

Particulars	March 31, 2017	March 31, 2016
Discount rate	8.0%	8.0%
Weighted average rate of increase in compensation Levels	7.0%	7.0%

In respect of actuarial gains/losses accumulated for earlier years, the company has transferred all actuarial gains/losses recognized in the past within accumulated profits.

b. Provident Fund

During the year the company has recognized an expense of Rs. 676.95 lakhs (Previous Year Rs. 725.31 lakhs) towards provident fund scheme.

c. Leave Encashment

During the year the company has recognized an expense of Rs. 99.51 lakhs (Previous Year Rs. 124.80 lakhs).

49. On 17th May 2017, a major fire broke out at one of the Company's unit situated at Bajra Road, Ludhiana, resulting in the loss of stocks/ machinery and building. We were fortunate that there were no human casualties. The Surveyor

deputed by the insurance company is in process of assessing the loss. However, operations at the unit were hampered for short period and have since resumed.

50. Income tax recognised in profit or loss

Particulars	For the year ended 31st March, 2017
Current tax:	
Current income tax charge	-
Total (A)	-
Deferred tax:	
In respect of current year	29,682.89
Total (B)	
Income tax expense recognised in the Statement of Profit and Loss (A+B)	29,682.89

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31st March, 2017
Profit/(Loss) before tax	(85,438.28)
Income tax expense calculated @ 34.608%	(29,568.48)
Effect of difference in carrying amount of plant, property & equipments	2,098.86
Effect of unabsorbed losses	5,975.91
Effect of expenses that are not deductible in determining taxable profit	(8,189.18)
Income tax expense recognised in the Statement of Profit and Loss	(29,682.89)

Deferred tax balances

The following is the analysis of deferred tax liabilities/ (assets) presented in the Balance sheet

	As at 31 March, 2017	As at 31 March, 2016
Deferred tax liabilities	14,694.85	12,595.99
Deferred tax assets	(68,207.82)	(36,414.30)
Total	(53,512.97)	(23,818.31)

Deferred tax liabilities/ (assets) in relation to:	Opening Balance as on 01.04.2016	Recognised in Statement of Profit and	Loss Closing Balance as on 31.03.2017
Expenses allowable on payment basis	(4,007.38)	(172.03)	(4,179.41)
Unused tax losses/depreciation	(15,267.90)	(23,592.57)	(38,860.47)
Other item giving rise to temporary difference	(5,905.94)	(1,244.59)	(7,150.53)
Fair value of investment	(1,244.59)	1,244.59	-
Difference in carrying amount of plant, property & equipments	12,595.99	2,098.86	14,694.85
Provision for Diminution in investments	(9,988.49)	(8,017.16)	(18,005.65)
Sub Total	(23,818.31)	(29,682.90)	(53,501.21)
Fair value of investment (adjusted through other comprehensive income)	-	(11.76)	(11.76)
Total	(23,818.31)	(29,694.66)	(53,512.97)

51. 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 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:

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 31 March 2017 and 31 March 2016.

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 31 March 2017, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

Foreign Currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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.

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.

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 2017 and 31st March 2016.

52. Disclosure as required by Indian Accounting Standard (Ind AS) 101 First Time Adoption of Indian Accounting Standards.
Reconciliation of Equity as at April 1, 2015

(Rs. In Lakhs)			
PARTICULARS	Opening Balance Sheet as at April 1, 2015		
	Indian GAAP	Effects of transition to Ind AS	Ind AS
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	212,267.46	-	212,267.46
(b) Capital Work in Progress	17,863.65	-	17,863.65
(c) Other Intangible Assets	52.60	-	52.60
(d) Financial Assets		-	-
(i) Investments	56,045.55	(8,705.07)	47,340.49
(ii) Loans	1,744.53	-	1,744.53
(iii) Others	46.13	-	46.13
(i) Deferred Tax Assets (Net)	4,638.84	2,330.68	6,969.52
(j) Other Non-Current Assets	7,705.38	-	7,705.38
(2) Current Assets			
(a) Inventories	121,393.27	-	121,393.27
(b) Financial Assets		-	-
(i) Trade Receivables	74,198.11	-	74,198.11
(ii) Cash & Cash Equivalents	1,877.20	-	1,877.20
(iii) Bank Balances other than (ii) above	2,807.39	-	2,807.39
(iv) Others	37,906.04	-	37,906.04
(c) Current Tax Assets (Net)	225.66	-	225.66
(d) Other Current Assets	10,168.25	-	10,168.25
TOTAL ASSETS	548,940.05	(6,374.39)	542,565.66
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	33,134.70	-	33,134.70
(b) Other Equity	75,657.31	(6,374.39)	69,282.92
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	266,731.96	-	266,731.96
(b) Provisions	171.55	-	171.55
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	107,012.30	-	107,012.30
(ii) Trade Payables	23,135.06	-	23,135.06
(iii) Other Financial Liabilities	39,642.33	-	39,642.33
(b) Other Current Liabilities	2,807.89	-	2,807.89
(c) Provisions	646.96	-	646.96
TOTAL EQUITY & LIABILITIES	548,940.05	(6,374.39)	542,565.66



Reconciliation of Equity as at March 31, 2016

(Rs. In Lakhs)

PARTICULARS	Balance Sheet as at March 31, 2016		Ind AS
	Indian GAAP	Effects of transition to Ind AS	
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	183,764.30	-	183,764.30
(b) Capital Work in Progress	18,529.86	-	18,529.86
(c) Other Intangible Assets	22.79	-	22.79
(d) Financial Assets		-	-
(i) Investments	23,531.76	(4.87)	23,536.63
(ii) Loans	1,969.92	-	1,969.92
(iii) Others	16.57	-	16.57
(i) Deferred Tax Assets (Net)	20,243.05	(3,575.26)	23,818.31
(j) Other Non-Current Assets	7,092.70	-	7,092.70
(2) Current Assets			
(a) Inventories	139,052.09	-	139,052.09
(b) Financial Assets		-	-
(i) Trade Receivables	89,948.18	-	89,948.18
(ii) Cash & Cash Equivalents	1,932.38	-	1,932.38
(iii) Bank Balances other than (ii) above	1,722.59	-	1,722.59
(iv) Others	36,234.02	-	36,234.02
(c) Current Tax Assets (Net)	283.05	-	283.05
(d) Other Current Assets	5,251.03	0.00	5,251.03
TOTAL ASSETS	529,594.30	(3,580.13)	533,174.43
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	33,134.70	-	33,134.70
(b) Other Equity	35,462.22	(3,580.13)	39,042.35
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	255,368.67	-	255,368.67
(b) Provisions	86.80	-	86.80
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	138,452.33	-	138,452.33
(ii) Trade Payables	17,027.36	-	17,027.36
(iii) Other Financial Liabilities	46,695.48	-	46,695.48
(b) Other Current Liabilities	2,732.26	-	2,732.26
(c) Provisions	634.49	-	634.49
TOTAL EQUITY & LIABILITIES	529,594.30	(3,580.13)	533,174.43



SEL Manufacturing Company Ltd.

Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

(Rs. In Lakhs)

PARTICULARS	Year Ended March 31, 2016		Ind AS
	Indian GAAP	Effects of transition to Ind AS	
I. Revenue From Operations	194,773.46	-	194,773.46
II. Other Income	11,043.52	-	11,043.52
III. Total Income (I+II)	205,816.97	-	205,816.97
IV. Expenses			
Cost of Materials Consumed	111,485.40	-	111,485.40
Purchases of Stock-in-Trade	7,017.11	-	7,017.11
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	4,326.72	-	4,326.72
Employee Benefits Expense	10,864.26	-	10,864.26
Finance Cost	34,240.03	-	34,240.03
Depreciation and Amortization Expense	28,450.25	-	28,450.25
Other Expense	35,172.09	-	35,172.09
Total Expenses (IV)	231,555.85	-	231,555.85
V. Profit/(Loss) Before Exceptional Items And Tax (I-IV)	(25,738.88)	-	(25,738.88)
VI. Exceptional Items	30,060.93	-	30,060.93
VII. Profit/(Loss) Before Tax (V-VI)	(55,799.81)	-	(55,799.81)
VIII. Tax Expense			
a) Deferred Tax	(15,604.21)	-	(15,604.21)
b) Earlier Years	(0.14)	-	(0.14)
IX. Profit/(Loss) for the period from Continuing Operations (VII-VIII)	(40,195.46)	-	(40,195.46)
X. Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss	-	-	-
B (i) Items that will be reclassified to Profit or Loss	-	(9,954.52)	(9,954.52)
XI. Total Comprehensive Income for the Period (XI+X)	(40,195.46)	(9,954.52)	(50,149.99)

*Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

53. Previous year amounts have been reclassified wherever necessary and conform to current year presentation.
54. Note No. 1 to 53 forms integral part of balance sheet and statement of profit /loss.

For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

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

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary



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, 2017 (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	180263.05	180263.05
	2.	Total Expenditure (Excluding Exceptional Items and Tax adjustments)	243050.65	243050.65
	3.	Net Profit/(Loss)	(55755.39)	(91656.39)
	4.	Earnings Per Share	(16.83)	(27.66)
	5.	Total Assets	476822.12	476822.12
	6.	Total Liabilities	460422.52	496323.52
	7.	Net Worth	16399.60	(19501.40)
	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 amounting Rs.35901 lakhs for the year ended 31st March, 2017 on NPA classified bank borrowings which is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. Preparation of financial statements on accrual basis.
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 Majority of Lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The Company is in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company has not provided interest amounting to Rs.35,901 lakhs on majority of NPA classified accounts for the year in its books of account.
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	--N.A.--

Sd/- (Managing Director)	Sd/- (CFO)	Sd/- (Audit Committee Chairman-Member)	Sd/- (Statutory Auditor)
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Place: LUDHIANA
Dated: 30.05.2017



Independent Auditor's Report

To the Members of SEL Manufacturing Company Limited Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements 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"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Profit and Loss Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated change in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

Note no. 39 of the consolidated Ind AS Financial Statements regarding non provision of interest amounting Rs.51785 lakhs for the year ended 31st March, 2017 on NPA classified bank borrowings of holding and one of its subsidiary which is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. preparation of financial statements on accrual basis. Consequently, borrowings are not reflected at fair value in financial statements as required by Ind AS 109, Financial Instruments.

We further report that, had the impact of our observations made in para above been considered, the net loss and borrowings for the year ended would have been increased by Rs. 51785 lakhs and the equity would have been reduced by the same amount.

Qualified Opinion

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 effects of the matter described in the above para of "Basis for Qualified Opinion" of our report, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at March 31, 2017 and its loss, its cash flows and the changes in equity for the year ended on that date.



Emphasis of Matter

We draw attention to the following matters:

- (a) Note No. 37 of the consolidated Ind AS financial statements regarding balances of few of the Trade Receivables, Loan and Advances & Trade Payables which are subject to confirmation/reconciliation and subsequent adjustments, if any. During the course of preparation of Statements, e-mails/letters have been sent to various parties by the respective company with a request to confirm their balances as on 31st March, 2017 out of which few parties have confirmed their balances direct to us or to the respective company. Despite this, the outstandings in the trade receivables of the respective company are overdue and the respective company has not provided any impairment provision in respect of their realizations as the management claims that the said receivables are fully recoverable.
- (b) Note no. 41 of the consolidated Ind AS financial statements regarding the revision of useful life of machinery installed in Spinning /Terry Towel units of holding and one of its subsidiary based on the technical reports effective from 1st April 2016.
- (c) Note no. 45(c) of the consolidated Ind AS 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.
- (d) Note no. 45 of the consolidated Ind AS financial statements regarding preparation of the consolidated financial statements on a going concern basis notwithstanding the facts that the Group has accumulated losses resulting in erosion of net worth. Keeping in view the above, the group has recognized deferred tax asset and MAT Credit considering virtual certainty that sufficient taxable income will be available during specified period against which such deferred tax asset/MAT Credit can be adjusted.

Our opinion is not modified in respect of the above said matters.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs. 5012.18 lakhs as at March 31, 2017, total revenue of Rs. 70.81 lakhs and net cash outflows amounting to Rs. 2.03 lakhs, total comprehensive income of Rs (88.89) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements 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-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of two subsidiaries wherein the group's share of loss aggregate to Rs. 88.54 lakhs. These unaudited financial statements as approved by the respective management of the subsidiaries 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.

The comparative financial information for the year ended 31 March, 2016 and the transition date opening balance sheet as at 1 April, 2015 in respect of two subsidiaries included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

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, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - d. In our opinion, the matters described in the "basis of Qualified Opinion" and "emphasis of matter" paragraphs above may have an adverse impact on the functioning of the group.
 - e. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules *except as reported in the para of "basis for qualified opinion"* as above.
 - f. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding



Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director of that company in terms of Section 164 (2) of the Act.

- 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 auditors' reports of the Holding company and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent and subsidiary company's internal financial controls over financial reporting.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated Ind AS financial position of the Group- Refer Note 35 to the consolidated Ind AS financial statements.
 - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 44 to the consolidated Ind AS financial statements.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
- iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and other auditors by the managements of the respective Group entities. - Refer Note 41 to the consolidated Ind AS financial statements.

PLACE: LUDHIANA
DATED: 30.05.2017

FOR DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 000402N
(CA. R.D. KHANNA)
PARTNER
M.No. 12391



Annexure - A to the Independent Auditors' Report

Annexure - A to the Independent Auditors' Report (Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Independent Auditor's report on the internal Financial control 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 Ind AS financial statements of the SEL Manufacturing Company Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the group') as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company 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 Holding 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 company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls over Financial Reporting ('the Guidance Note') 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 the company's business, including adherence to the respective company's policies, the safeguarding of the respective company's 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 Group's internal financial controls over financial reporting of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal financial controls over financial reporting and the Guidance Note issued by the ICAI. 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 were 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 systems on 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 and the audit evidences obtained by the other auditors in term of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting of the Holding Company and its subsidiary companies as aforesaid.

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 respective 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 respective 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.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Emphasis of Matter

We would draw attention to matters disclosed in paragraph under 'Emphasis of matters' in our main Independent Auditor's Report which could indicate possible lapses in internal financial controls systems at various points in time.

Our opinion is not modified in respect of the above matters.

Others Matters

We did not audit the internal financial controls over financial reporting in so far as it relates to two subsidiary companies which are companies incorporated in India, whose financial statements reflect total assets (net) of Rs. 5012.16 lakhs as at 31 March 2017, total revenues of Rs. 70.81 lakhs and net cash flows amounting to Rs. 2.03 lakhs for the year ended on that date as considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Holding Company and its subsidiary companies which are companies incorporated in India, under section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, which are companies incorporated in India, is solely based on the respective reports of the auditors of such companies. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Our opinion is not modified in respect of these matters.

**FOR DASS KHANNA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 000402N
(CA. R.D. KHANNA)
PARTNER
M.No. 12391**

**PLACE: LUDHIANA
DATED: 30.05.2017**

Consolidated Balance Sheet as at 31st March, 2017

(Rs. in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2017	AS AT 31.03.2016	AS AT 01.04.2015
ASSETS				
(1) Non Current Assets				
(a) Property, Plant and Equipment	5	248,728.09	257,297.50	292,420.77
(b) Capital Work in Progress		55,271.32	59,455.76	57,370.57
(c) Investment Property		-	-	-
(d) Goodwill		-	-	-
(e) Other Intangible Assets	5	-	22.79	52.60
(f) Intangible Assets under Development		-	-	-
(g) Biological Assets Other Than Bearer Plants		-	-	-
(h) Financial Assets				
(i) Investments	6	4,232.86	4,216.68	4,340.70
(ii) Trade Receivable		-	-	-
(iii) Loans	7	2,102.09	2,397.61	2,107.47
(iv) Others	8	181.24	16.57	46.13
(i) Deferred Tax Assets (Net)	9	45,411.36	16,198.80	6,168.96
(j) Other Non-Current Assets	10	18,894.67	20,218.34	21,084.50
		374,821.62	359,824.04	383,591.71
(2) Current Assets				
(a) Inventories	11	103,123.91	171,090.59	144,671.88
(b) Financial Assets				
(i) Current Investments		-	-	-
(ii) Trade Receivables	12	115,189.95	114,566.53	105,060.57
(iii) Cash & Cash Equivalents	13	1,244.67	3,445.21	4,464.88
(iv) Bank Balances other than (iii) above	14	221.13	1,884.46	5,286.57
(v) Loans	15	37,658.43	43,407.16	44,190.83
(vi) Others		-	-	-
(c) Current Tax Assets (Net)	16	412.39	299.63	241.30
(d) Other Current Assets	17	10,653.12	10,386.82	15,062.98
		268,503.61	345,080.39	318,979.01
TOTAL ASSETS		643,325.23	704,904.43	702,570.71
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	18	33,134.70	33,134.70	33,134.70
(b) Other Equity		(25,820.27)	31,507.81	66,041.64
		7,314.43	64,642.51	99,176.34
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	313,834.66	357,856.88	380,338.29
(ii) Trade Payables		-	-	-
(iii) Other Financial Liabilities		-	-	-
(b) Provisions	20	175.54	108.35	-
(c) Deferred Tax Liabilities (Net)		-	-	-
(d) Other Non-Current Liabilities		-	-	-
		314,010.21	357,965.23	380,338.29
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	180,512.99	177,000.03	131,956.68
(ii) Trade Payables	22	19,287.06	22,555.26	26,637.45
(iii) Other Financial Liabilities	23	116,365.69	75,784.97	57,421.11
(b) Other Current Liabilities	24	4,852.23	6,169.99	6,244.39
(c) Provisions	25	982.62	786.44	796.46
(d) Current Tax Liabilities(Net)		-	-	-
		322,000.59	282,296.69	223,056.08
TOTAL EQUITY & LIABILITIES		643,325.23	704,904.43	702,570.71

See accompanying notes to the financial statements
As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary



SEL Manufacturing Company Ltd.

Consolidated Profit & Loss Statement for the Year Ended 31st March, 2017

PARTICULARS	NOTE NO.	CURRENT YEAR	PREVIOUS YEAR
I. Revenue From Operations	26	208,186.16	246,518.03
II. Other Income	27	10,136.93	14,642.85
III. Total Income (I+II)		218,323.09	261,160.88
IV. Expenses			
Cost of Materials Consumed	28	163,492.80	157,217.12
Purchases of Stock-in-Trade		3,361.44	7,403.92
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	29	53,574.03	(2,570.93)
Employee Benefits Expense	30	13,075.10	13,506.47
Finance Cost	31	14,683.71	49,591.72
Depreciation and Amortization Expense	32	15,783.42	37,411.30
Other Expense	33	40,858.60	44,867.05
Total Expenses (IV)		304,829.11	307,426.64
V. Profit/(Loss) Before Exceptional Items And Tax (I-IV)		(86,506.02)	(46,265.76)
VI. Exceptional Items	34	(0.00)	806.91
VII. Profit/(Loss) Before Tax (V-VI)		(86,506.02)	(47,072.68)
VIII. Tax Expense			
a) Current Tax		0.19	0.46
b) Deferred Tax		(29,223.39)	(10,073.71)
c) Earlier Years		0.03	0.03
IX. Profit/(Loss) for the period from Continuing Operations (VII-VIII)		(57,282.86)	(36,999.46)
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)		(57,282.86)	(36,999.46)
Profit/(Loss) attributable to			
(1) Owners of the Company		(57,267.84)	(36,997.58)
(2) Non-Controlling Interests		(15.01)	(1.89)
Profit/(Loss) for the period		(57,282.86)	(36,999.46)
XIV. Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or Loss		53.26	-
B (i) Items that will be reclassified to Profit or Loss		24.11	(40.89)
XV. Total Comprehensive Income for the Period (XIII+XIV)		(57,205.48)	(37,040.36)
Total Comprehensive Income attributable to			
(1) Owners of the Company		(57,190.47)	(37,038.47)
(2) Non-Controlling Interests		(15.01)	(1.89)
Total Comprehensive Income		(57,205.48)	(37,040.36)
XVI. Earning per Equity Share (for Continuing Operations) (Rs.)			
1) Basic		(17.29)	(11.17)
2) Diluted		(17.29)	(11.17)
XVII. Earning per Equity Share (for Discontinued Operations) (Rs.)			
1) Basic		-	-
2) Diluted		-	-
XVIII. Earning per Equity Share (for Discontinued & Continuing Operations) (Rs.)			
1) Basic		(17.29)	(11.17)
2) Diluted		(17.29)	(11.17)
See accompanying notes to the financial statements			

As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017
(Rs. in Lakhs)

A. Equity Share Capital														
As At 01.04.2015			Changes in equity share capital during the year		As At 31.03.2016			Changes in equity share capital during the year			As At 31.03.2017			
33,134.70			-		33,134.70			-			33,134.70			
B. Other Equity														
			Reserves and Surplus											
Particulars	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	General Reserve	Foreign Exchange Fluctuation Reserve	Retained Earnings	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 statements of a foreign operation	Other items of Other Comprehensive Income	Total
As at 01.04.2015	-	-	154.05	51,866.83	23,200.00	0.42	(6,142.95)	45.07	-	-	-	(0.03)	(3,081.75)	66,041.64
General Reserve transferred to Retained Earnings	-	-	-	-	(23,200.00)	-	23,200.00	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	2,518.91	-	-	-	(36,997.58)	(14.76)	-	-	-	0.49	(40.89)	(34,533.83)
As at 31.03.2016	-	-	2,672.96	51,866.83	-	0.42	(19,940.52)	30.31	-	-	-	0.46	(3,122.65)	31,507.81
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 31.03.2016	-	-	2,672.96	51,866.83	-	0.42	(19,940.52)	30.31	-	-	-	0.46	(3,122.65)	31,507.81
Total Comprehensive Income for the year	-	-	-	-	-	-	(57,204.00)	(15.01)	-	-	-	0.03	(77.37)	(57,296.36)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	(31.71)	-	-	-	-	-	-	-	-	-	-	(31.71)
As at 31.03.2017	-	-	2,641.25	51,866.83	-	0.42	(77,144.53)	15.30	-	-	-	0.49	(3,200.02)	(25,820.27)

See accompanying notes to the financial statements
As per our report of even date attached
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary

Consolidated Cash Flow Statement for the Year Ended 31st March, 2017

(Rs. in Lakhs)

PARTICULARS	Details	Current Year	Details	Previous Year
A Cash Flow from Operating Activities				
Net Profit before Taxes & Extraordinary Items		(86,491.01)		(47,070.79)
Adjustments for Non Cash Items:				
-Depreciation	15,783.42		37,411.30	
-Provision for Diminution in Value of Investments	-		132.55	
-Interest Paid	14,129.60		48,993.85	
-Interest Received	(321.99)		(524.27)	
-Actuarial Gain on Defined Plan	(35.06)		-	
-(Profit)/Loss on Sale of Investments	-		674.36	
-(Profit)/Loss on Sale of Fixed Assets	(24.92)		662.26	
		29,531.05		87,350.06
Adjustments for Changes in Working Capital:				
-Increase/ (Decrease) in Trade Payables	(3,268.19)		(4,082.19)	
-Increase/ (Decrease) in Other Current Liabilities	(1,317.76)		2,892.32	
-Increase/ (Decrease) in Other Financial Liabilities	40,580.72		15,397.14	
-Increase/ (Decrease) in Current Provisions	196.18		(10.02)	
-(Increase)/ Decrease in Trade Receivables	(623.42)		(9,505.96)	
-(Increase)/ Decrease in Other Current Assets	(266.30)		4,676.15	
-(Increase)/ Decrease in Current Assets Tax (Net)	(112.76)		(58.33)	
-(Increase)/ Decrease in Current Loans	5,748.73		783.67	
-(Increase)/ Decrease in Inventories	67,966.67	108,903.86	(26,418.70)	(16,325.92)
Cash Generation from Operations		51,943.90		23,952.35
-Taxes Paid		0.22		0.49
Net Cash from Operating Activities		51,943.68		23,951.86
B Cash Flows from Investing Activities				
-Purchase of Plant, Property & Equipments	(7,279.28)		(2,548.51)	
-(Increase)/Decrease in Capital Work in Process	4,184.43		(2,729.33)	
-Goodwill/Capital Reserve	(31.71)		2,518.91	
-Sale of Fixed Assets	112.99		249.54	
-Foreign Exchange Difference Reserve	0.03		0.49	
-Decrease in Fixed Assets for Subsidiary (Cease to exist)	-		22.64	
-Interest Received	321.99		524.27	
-Increase/(Decrease) of Non Current Investments	16.17		(679.92)	
-(Increase)/ Decrease in Non Financial Assets Others	(164.67)		29.56	
-(Increase)/ Decrease in Non Financial Assets Loans	295.52		(290.13)	
-(Increase)/ Decrease in Other Non Current Assets	1,323.67		866.16	
-Increase/(Decrease) in Non Current Provisions	67.20		108.35	
Net Cash Flows from Investing Activities		(1,153.67)		(1,926.98)
C Cash Flows from Financing Activities				
-Increase/(Decrease) in Non Controlling Interest	(15.01)		(14.76)	
-Proceeds/(Repayment) of Non Current Borrowings	(44,022.22)		(22,481.41)	
-Proceeds/(Repayment) of Short term Borrowings	3,512.96		45,043.36	
-Interest Paid	(14,129.60)		(48,993.85)	
Net Cash Flows from Financing Activities		(54,653.88)		(26,445.66)
Net Increase/(Decrease) in Cash & Cash Equivalent		(3,863.87)		(4,420.78)
Cash & Cash Equivalents - Opening Balance		5,330.67		9,751.45
Cash & Cash Equivalents - Closing Balance		1,466.80		5,330.67

Subject to our Separate Report of even Date
For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
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DIN: 02122420

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

Rahul Kapoor
Company Secretary



Property, Plant and Equipment

(Rs. in Lakhs) **Note No. - 5**

Particulars	Freehold Land, Building & Roads	Leasehold Land	Plant & Equipments	Other Intangible Assets	Total
Gross Value as at 1st April 2015	126,647.71	732.89	264,771.55	526.83	392,678.98
Addition during the year	-	-	2,548.51	-	2,548.51
Deduction during the year	72.50	-	361.74	-	434.24
Gross Value as at 31st March 2016	126,575.21	732.89	266,958.32	526.83	394,793.25
Addition during the year	5,316.13	-	1,963.16	-	7,279.28
Deduction during the year	-	-	186.16	-	186.16
Gross Value as at 31st March 2017	131,891.34	732.89	268,735.32	526.83	401,886.38
Depreciation & Impairment					
Depreciation as at 1st April 2015	11,204.23	48.51	88,501.27	474.23	100,228.24
Depreciation for the year	3,373.82	8.52	33,999.14	29.81	37,411.30
Disposal during the year	-	-	166.58	-	166.58
Depreciation as at 31st March 2016	14,578.06	57.03	122,333.84	504.04	137,472.97
Depreciation for the year	3,487.68	5.57	12,267.37	22.79	15,783.42
Disposal during the year	-	-	98.09	-	98.09
Depreciation as at 31st March 2017	18,065.74	62.60	134,503.12	526.83	153,158.29
Net Book Value					
As at 31st March, 2017	113,825.60	670.29	134,232.20	-	248,728.09
As at 31st March, 2016	111,997.15	675.86	144,624.49	22.79	257,320.29
As at 1st April, 2015	115,443.48	684.38	176,270.28	52.60	292,450.74

INVESTMENTS

(Rs. in Lakhs) **NOTE NO. - 6**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(1) Investment in Equity Instruments (Quoted-At Fair Value)		
i) 3,124 Equity Shares of Rs. 10/- each fully paid up of Reliance Industries Limited	41.21	32.65
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	77.63
(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) Investments in Preference Shares		
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	20.45	15.94
ii) 50,000 Units of Rs.10/- each of SBI PSU Fund	5.82	4.16
iii) 55,187.638 Units of Rs. 10/- each of Union KBC Equity Fund	9.30	7.79
iv) 100,000 Units of Rs.10/- each of SBI Gold Fund	9.25	9.34
TOTAL	4,232.86	4,216.68

Market Value of Quoted Investments	41.21	32.65
Aggregate Value of Quoted Investments	30.68	30.68
Aggregate Value of UnQuoted Investments	4,202.18	4,186.01
Aggregate Provision for Diminution in Value of Investments	132.55	132.55

LOANS **NOTE NO. - 7**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
a) Security Deposits	2,102.09	2,397.61
TOTAL	2,102.09	2,397.61

OTHERS **NOTE NO. - 8**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Fixed Deposits with Banks(held as margin with banks)	181.24	16.57
TOTAL	181.24	16.57

DEFERRED TAX (ASSET)/LIABILITY (Net) **NOTE NO. - 9**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Expenses Allowable on Payment Basis	(9,283.81)	(9,690.68)
Unused Tax Losses/Depreciation	(58,097.26)	(25,310.94)
Fair Valur of Invesments	12.48	1.66
Difference in Carrying Amount of Plant, Property & Equipments	21,957.23	18,801.16
Net Deferred Tax (Asset)/Liability	(45,411.36)	(16,198.80)

OTHER NON CURRENT ASSETS **NOTE NO. - 10**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
a) MAT Credit Entitlement	6,454.59	6,454.59
b) Capital Advances	12,440.08	13,763.75
TOTAL	18,894.67	20,218.34

INVENTORIES **NOTE NO. - 11**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Raw Materials	63,646.99	77,877.99
(b) Work in Progress	15,679.86	13,702.54
(c) Finished Goods		
-In Godown	15,217.37	70,230.91
-In Transit	2,600.64	2,681.75
(d) Stock in Trade	5,367.00	5,823.71
(e) Stores & Spares	612.05	773.69
TOTAL	103,123.91	171,090.59

TRADE RECEIVABLES **NOTE NO. - 12**

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Unsecured, considered good	115,189.95	114,566.53
TOTAL	115,189.95	114,566.53



SEL Manufacturing Company Ltd.

CASH & CASH EQUIVALENTS

NOTE NO. - 13

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Cash in Hand	340.19	765.20
(b) Balances With Scheduled Banks		
i) In Current Accounts	888.28	1,496.58
ii) In Fixed Deposits Accounts	16.20	1,183.42
TOTAL	1,244.67	3,445.21

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

NOTE NO. - 14

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
Other Bank Balances		
(a) Fixed Deposits with Banks(held as margin with banks)	221.13	1,884.46
TOTAL	221.13	1,884.46

OTHERS

NOTE NO. - 15

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Unsecured, considered good)		
i) Duty Drawback Receivable	4,637.43	3,780.32
ii) Interest Subsidy Receivable	33,004.62	39,543.68
iii) Interest Receivable	16.38	83.16
TOTAL	37,658.43	43,407.16

CURRENT TAX ASSETS (NET)

NOTE NO. - 16

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
I) Prepaid Taxes	412.39	299.63
TOTAL	412.39	299.63

OTHER CURRENT ASSETS

NOTE NO. - 17

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(Unsecured, considered good)		
i) Advances to Suppliers	3,245.76	3,911.72
ii) Statutory Dues & Taxes	5,949.59	5,515.82
iii) Others	1,457.77	959.28
TOTAL	10,653.12	10,386.82

EQUITY SHARE CAPITAL

NOTE NO. - 18

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Authorised		
1,000,000,000 Equity Shares	100,000.00	100,000.00
(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, 2017		As at 31st March, 2016	
	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	-	-	-	-
Total	-	-	-	-
Less: Deduction during the year	-	-	-	-
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) Terms/rights, preference, restriction 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 31.03.2017, 75,709,249 shares (Previous Year 91,678,900 shares) of the face value of Rs. 10/- each per share represent the shares underlying GDRs which were issued during 2012-13.

BORROWINGS

NOTE NO. - 19

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Secured Loans		
i) Term Loans		
- From Banks	296,856.66	340,878.88
(b) Unsecured Loans		
i) Loan from Directors	10,007.00	10,007.00
(Interest free loans repayable in 2023-24)		
(c) Preference Share Capital	6,971.00	6,971.00
69,710,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares Fully Paid Up		
TOTAL	313,834.66	357,856.88

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

Type of Loans	Rupee Term Loan I (RTL-I)	Rupee Term Loan II (RTL-II)	Rupee Term Loan III (PL-III)	Funded Interest Term Loan I (FITL-I)	Working Capital Term Loan (WCTL)	Funded Interest Term Loan II (WCTL FITL-II)
Sanctioned Amount	21,596,000,000	9,260,400,000	1,315,700,000	4,820,800,000	7,455,300,000	1,462,200,000
Balance as on 31.03.2017	20,947,325,489	7,196,575,866	103,833,951	2,230,991,862	7,487,694,294	1,323,050,716
Rate of Interest	10.65%	10.65%	10.65%	10.65%	10.65%	10.65%
Repayment Type	Monthly	Monthly	Monthly	Monthly	Quarterly	Quarterly
Repayment during the year ending						
31/03/2018	2,375,560,000	641,392,332	16,210,000	-	436,549,000	212,202,947
31/03/2019	2,591,520,000	867,529,563	20,219,477	-	906,328,080	125,087,817
31/03/2020	2,785,857,000	1,050,678,664	22,609,695	-	959,453,080	177,844,421
31/03/2021	3,152,908,000	1,118,731,552	8,580,000	-	1,305,535,580	177,844,421
31/03/2022	3,152,908,000	1,296,072,996	10,010,000	-	1,305,535,580	207,485,158
31/03/2023	3,196,154,000	1,336,633,653	10,010,000	-	1,385,223,080	207,485,158
31/03/2024	2,028,981,799	495,931,552	5,291,000	-	535,660,445	47,425,179



SEL Manufacturing Company Ltd.

Overdue Principle Amount	1,261,728,527	174,571,129	4,632,935	2,150,492,875	470,587,124	154,034,132
Overdue Interest Amount	1,004,988,490	381,602,594	7,381,108	150,775,072	425,255,396	56,789,593
Overdue Since	June 2015	May 2015	Nov 2015	March 2015	July 2015	May 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	
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

PROVISIONS

NOTE NO. - 20

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Provision for Employee Benefits	175.54	108.35
TOTAL	175.54	108.35

SHORT TERM BORROWINGS

NOTE NO. - 21

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Secured Loans		
i) Loans Repayable on Demand From Banks	180,512.99	177,000.03
TOTAL	180,512.99	177,000.03

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.	Onwer	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
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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 31.03.2017	AS AT 31.03.2016
(a) Trade Payables*	19,287.06	22,555.26
TOTAL	19,287.06	22,555.26

*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 and relied upon by the Auditors, the relevant particulars as at 31st March, 2017 are Nil.

OTHER FINANCIAL LIABILITIES
NOTE NO. - 23

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
i) Current Maturities of Long Term Debts	78,885.62	47,940.16
ii) Interest Accrued but not due on borrowings	-	0.04
iii) Interest Accrued and due on borrowings	20,267.95	16,080.89
iv) Employees Benefits	1,383.64	1,250.26
v) Payable to Vendors-Non Trade	2,056.05	3,877.53
vi) Others Payable	13,772.42	6,636.08
TOTAL	116,365.69	75,784.97

OTHER CURRENT LIABILITIES
NOTE NO. - 24

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
i) Statutory Dues & Taxes	228.87	305.29
ii) Advances from Customers	4,623.36	5,864.71
TOTAL	4,852.23	6,169.99

PROVISIONS
NOTE NO. - 25

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
(a) Provision for Employee Benefits	982.62	786.44
TOTAL	982.62	786.44

REVENUE FROM OPERATIONS
NOTE NO. - 26

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Sale of Products		
Finished Goods	201,077.69	233,186.67
Traded Goods	4,521.05	9,151.50
Other Operating Income		
Waste/Sale Scrap	2,587.42	4,179.86
TOTAL	208,186.16	246,518.03

OTHER INCOME
NOTE NO. - 27

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Export Incentives	7,104.26	7,335.43
Interest (Gross)	321.99	524.27
Other Income	2,679.08	467.09
Foreign Exchange Fluctuation	-	6,310.71
Profit on Sale of Assets	24.92	-
Rental Income	6.69	5.35
TOTAL	10,136.93	14,642.85

COST OF MATERIAL CONSUMED
NOTE NO. - 28

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Raw Material Consumed		
Opening Stock	77,611.12	53,495.49
Add: Purchases (net)	145,424.49	176,683.32
	223,035.62	230,178.81

Less: Closing Stock	63,369.49	77,611.12
Cost of raw material consumed during the year (A)	159,666.13	152,567.69
Packing Material Consumed		
Opening Stock	266.87	331.45
Add: Purchases (net)	3,837.31	4,584.85
	4,104.18	4,916.30
Less: Closing Stock	277.51	266.87
Cost of packing material consumed during the year (B)	3,826.67	4,649.43
TOTAL (A+B)	163,492.80	157,217.12

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	13,702.54	14,548.31
Finished Goods	72,912.66	69,298.47
Stock in Trade	5,823.71	6,021.19
(A)	92,438.90	89,867.97
Closing Stocks		
Work in Process	15,679.86	13,702.54
Finished Goods	17,818.01	72,912.66
Stock in Trade	5,367.00	5,823.71
(B)	38,864.87	92,438.90
Decrease/(Increase) in Inventories (A-B)	53,574.03	(2,570.93)

EMPLOYEE BENEFITS EXPENSE
NOTE NO. - 30

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Wages, Salaries & Other Allowances	12,076.91	12,375.93
Contribution to PF, ESI & Other Funds	891.86	950.34
Staff & Labour Welfare	106.33	180.20
TOTAL	13,075.10	13,506.47

FINANCIAL COSTS
NOTE NO. - 31

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a) Bank Charges	554.11	597.87
b) Interest on		
i) Working Capital Limits	5,619.25	17,547.53
ii) Term Loans	7,523.09	30,018.31
iii) Car Loans	0.06	6.00
iv) Others	987.20	1,422.00
TOTAL	14,683.71	49,591.72

DEPRECIATION & AMORTIZATION EXPENSES
NOTE NO. - 32

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Depreciation of Tangible Assets	15,755.06	37,375.91
Amortisation of Leasehold Land	5.57	5.57
Depreciation of Intangible Assets	22.79	29.81
TOTAL	15,783.42	37,411.30

OTHER EXPENSES
NOTE NO. - 33

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Powel & Fuel	21,532.49	26,822.77
Consumables & Repair Maintenance	6,151.05	7,624.77
Job Work Expenses	262.43	463.92
Printing & Stationery	17.19	17.15
Insurance	399.77	370.89
Fees & Taxes	362.80	228.48
Donation	9.11	13.19
Legal & Professional Charges	184.78	298.75
Postage & Courier Charges	106.36	97.87
Telephone & Fax Expenses	54.29	64.02
Statutory Auditors' Remuneration		
-Audit Fee	17.56	19.74
-Tax Audit Fee	4.95	6.67
-Reimbursement of Expenses	0.63	0.89
-Service Tax	3.89	5.55
Cost Auditors' Remuneration		
-Audit Fee	1.52	1.27
General Repair & Maintenance	127.26	149.51
Office Expenses	184.86	214.71
Festival Expenses	53.18	70.46
Rent	26.58	39.50
Travelling & Conveyance	445.68	524.74
Water Charges	92.93	70.62
Service Tax Paid	23.94	37.08
Advertisement	4.24	29.39
Loss on Sale of Fixed Assets	-	662.26
Foreign Exchange Fluctuation	2,672.36	-
Security Expenses	7.86	6.92
Building Repair & Maintenance	108.17	25.70
Vehicles Expenses	122.34	119.18
Business Promotion	188.72	56.72
Commission	3,922.30	2,662.89
Rebate & Discount	249.44	318.39
Clearing Forwarding & Freight Outward	3,519.93	3,840.84
Excise Duty	-	2.21
TOTAL	40,858.60	44,867.05

EXCEPTIONAL ITEMS
NOTE NO. - 34

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Provision for Diminution in Value of Investments	-	132.55
Loss on Sale of Investments in Subsidiaries	-	674.36
TOTAL	-	806.91



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SEL Manufacturing Co. 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. Principles 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 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, 2017.

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.

2. Significant Accounting Policies

3.1 Basis of Preparation

These consolidated financial statements 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 ('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 Companies (Indian Accounting Standards) Amendment Rules, 2016.

Up to the year ended 31st March, 2016, the Group prepared its financial statements in accordance with generally accepted accounting principles in the India, including accounting standards read with section 133 of the Companies Act, 2013 notified under Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the Group's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

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 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 Recognition

Sale of goods

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It also includes excise duty and price variations based on the contractual agreements and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.



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 recognised as operating leases. Lease rentals are recognised on straight-line basis as per the terms of the agreements in the statement of profit and loss.

Interest income

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export Incentives

Revenue in respect of the above 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.

3.5 Foreign Currency Transactions

The functional currency of the group is Indian rupee.

(a) Foreign Branch & Subsidiary (Integral)

- (i) Fixed assets are translated at the rates on the date of purchase/acquisition of assets and Inventories are translated at the rates that existed when costs were incurred.
- (ii) All foreign currency monetary items outstanding at the year-end are translated at the year-end exchange rates. Income and expenses are translated at average rates of exchange and depreciation is translated at the rates referred to in (a)(i) above for fixed assets.

The resulting exchange gains & losses are recognized in the profit and loss account.

(b) 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

On adoption of Ind AS the Group retained the carrying value of all its property plant and equipment as recognized in financial statement as at the date of transition to Ind AS measured as per previous GAAP and used that as deemed cost as permitted by Ind AS 101.

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 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 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.

3.7 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.

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.

3.9 Employee Benefits

All employee benefits payable wholly within twelve months 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 recognised during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The Group contributes 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.

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.

The liability for leave with wages is recognised on the basis of actuarial valuation at the balance sheet date.

3.10 Accounting for Taxes on Income

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 income tax is recognized using the balance sheet approach. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized and carried forward only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

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 recognised, 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 recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised 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

Contingent Liabilities

(a) 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
- (b) 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

Where an inflow of economic benefit is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of reporting period, and, where practicable, an estimate of their effect, measured using the principles set out as per provisions.

3.14 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.

3.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Assets acquired/given on leases where a significant portion of the risks and rewards of ownership are retained by less or are classified as operating leases. Lease rentals are charged/earned to the statement of profit and loss on straight line basis.

3.16 Financial instruments:

(i) Financial assets:

Initial recognition and measurement

All financial assets are recognised 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 recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised 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.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in "other comprehensive income".

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 recognised 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.

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:

Initial recognition and measurement

All financial liabilities are recognised 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.

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 recognised in the statement of profit and loss.

3.17 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3.18 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.

3.19 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.

3.20 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 decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Managing Director & CEO.

4. Significant accounting judgements, estimates and assumptions

The preparation of Group's consolidated 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 Group in the financial statements are as set out above. The application of a number of these policies requires the Group to use a variety of estimation techniques and apply judgement to best reflect the



substance of underlying transactions.

The Group has determined that a number of its accounting policies can be considered significant, in terms of the management judgement 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 judgements, estimates and assumptions made by the management and will seldom equal the estimated results.

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 recognised 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.

Estimates and assumptions

The preparation of consolidated financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. Similarly, the Group provides for inventory obsolescence and inventories with carrying values in excess of net realizable value based on assessment of the future demand, market conditions and specific inventory management initiatives. If market conditions and actual demands are less favorable than the Group's estimates, additional inventory provisions may be required. In all cases inventory is carried at the lower of historical cost and net realizable value.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- i) Recoverability of deferred tax assets: The recognition of deferred tax assets requires assessment of future taxable profit.
- ii) Estimation of fair value of financial assets and financial liabilities: while preparing the financial statements of the Group makes estimates and assumptions that affect the reported amount of financial assets and financial liabilities.

35. 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	(Rs. In Lakhs)	
	March 31, 2017	March 31, 2016
(i) Export Bills Discounted	2,775.20	3,107.25
(ii) Estimated amount of capital contracts remaining to be executed net of advances	15,279.91	10,055.85
(iii) Income Tax (net of deposit under protest)*	28,514.72	3.06
(iv) Performance Guarantees issued for export obligations	-	4,856.03

*includes demand from tax authorities for various matters. In pursuance of the search conducted u/s 132(1) of the Income Act, 1961 on the group, assessments for the Assessment Year 2008-09, 2009-10, 2012-13 and 2014-15 have been completed with no additional tax liability. However the income tax authorities have directed to initiate penalty proceedings in above said assessment orders. In respect of the assessment proceedings for the assessment years 2010-11, 2011-12 & 2013-14, the Department has raised demands(including interest upto 30.01.17, subject to penalty proceedings), aggregating to Rs. 28,776.38 lakhs by making some frivolous additions to the total income of the Group. The Group had deposited Rs. 265 lakhs with the tax authorities and filed the appeals against these additions before appropriate authorities and is hopeful that it will get relief in appeal. Considering the facts of the matters, no provision is considered necessary by management.

36. 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	*SEL Textile Corporation	Foreign Subsidiary Company
5	*Silverline Corporation Ltd.	Fellow Subsidiary Company
6	Mr. R. S. Saluja Mr. Neeraj Saluja Mr. Dhiraj Saluja Mr. Navneet Gupta Mr. V.K. Goyal	Key Management Personnel
7	Mrs. Sneha Lata Saluja Mrs. Ritu Saluja *Mrs. Reema Saluja	Relatives of Key Management Personnel
8	*Shiv Narayan Investments Pvt. Ltd. *Saluja International Rythm Textiles & Apparels Park Ltd.	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		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent Paid	1.20	1.20	7.75	7.75	8.95	8.95
Services Received	-	-	56.81	53.46	56.81	53.46
Managerial Remuneration	340.68	340.68	-	-	340.68	340.68
Closing Balance of Related Parties Debit/(Credit)	(10007.00)	(10007.00)	-	-	(10007.00)	(10007.00)

37. 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 Holding Company and one of its subsidiary had sent e-mails/letter to various parties with a request to confirm their balances as on 31st March, 2017 out of which few parties have confirmed their balances direct to the management or to the auditors of the Holding Company and one of its subsidiary. No provision has been considered necessary for trade receivables as the management is of the opinion that the said receivables are fully recoverable.

38. Lease Rent

- i. Factory Building is taken on lease for 20 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, 2017	March 31, 2016
Future Minimum lease payments obligation on non-cancellable operating leases	23.55	26.83
Not later than one year	12.75	11.45
Later than one year and not later than five years	4.80	8.18
Later than five years	6.00	7.20
Lease payment recognized in Profit and Loss Account	17.08	8.24

- ii. Rent Income also includes Lease Rentals received towards Factory Building & Office Premises. Such operating leases are generally for a period of 5 to 20 years. The particulars of these leases are as follows:

Particulars	March 31, 2017	March 31, 2016
Future Minimum lease payments under non-cancellable operating leases	10.81	3.30
Not later than one year	3.24	2.52
Later than one year and not later than five years	7.57	0.78
Later than five years	-	-
Lease Income recognized in Profit and Loss Account	4.17	3.18



39. During the year the majority of lenders have stopped charging interest on debts, since the dues from the Holding Company & one of its subsidiary have been categorized as Non Performing Asset. These companies are in active discussion/negotiation with its lenders to restructure its debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Group has not provided interest on majority of NPA classified accounts during the year in its books of account, from the date of classification of them to be NPA. The amount of interest not so provided stands at Rs. 51,785 lakhs for the year ended March 31, 2017. Due to this the interest expense, net loss and financial liabilities for the year ended March 31, 2017 are reduced by Rs. 51,785 lakhs and correspondingly the equity is increased by the same amount.
40. On 17th May 2017, a major fire broke out at one of the holding company's unit situated at Bajra Road, Ludhiana, resulting in the loss of stocks/ machinery and building. We were fortunate that there were no human casualties. The Surveyor deputed by the insurance company is in process of assessing the loss. However, operations at the unit were hampered for short period and have since resumed.
41. The Holding Company and one of its subsidiary have revised the useful life of the machinery installed in Spinning/Terry Towel units based on technical reports effective from April 1, 2016. Due to this the depreciation as well as net loss for the year ended March 31, 2017 is reduced by Rs. 20,074 lakhs and correspondingly the "Property, Plant & Equipments" (Non Current Assets) and other equity are increased by the same amounts.
42. The Holding Company and one of its subsidiary have identified non-moving, slow moving, obsolete and damaged inventory in finished goods during the year and recognized an aggregate amount of Rs. 13,158.84 lakhs as reduction in value of inventories due to write down thereof to net realizable value, which is charged to Statement of Profit & Loss.
43. Disclosure on Specified Bank Notes (SBNs): During the year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	477.12	340.73	817.85
(+) Permitted receipts	-	34.56	34.56
(-) Permitted payments	-	56.17	56.17
(-) Amount deposited in Banks	477.12	0.15	477.27
Closing cash in hand as on December 30, 2016	-	318.97	318.97

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

44. 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, 2017	March 31, 2016
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	(57,282.86)	(36,999.46)
Weighted average earnings per shares (basic and diluted)	Rs.	(17.29)	(11.17)
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	(57,282.86)	(36,999.46)
Weighted average earnings per shares (basic and diluted)	Rs.	(17.29)	(11.17)

45. The Holding company and one of its subsidiary (collectively referred to as borrowers's), 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:
- 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).
 - The promoters to bring contribution equivalent to 25% of the sacrifice amount of by lenders. Accordingly, promoters have brought in an amount of Rs. 10,182 lakhs as 1% Redeemable, Non-Cumulative, Non-Convertible Preference Shares and unsecured loans.
 - 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 various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to Rs. 19,834 lakhs.



SEL Manufacturing Company Ltd.

However, the credit facilities envisaged and sanctioned under CDR package were not released by the lenders to the respective companies, which resulted in sub-optimum utilization of manufacturing facilities. Due to non-disbursement of funds the respective companies could not complete their spinning projects where substantial amount were already incurred. All this has led to adverse financial performance and erosion in net worth of the respective companies. Also the said companies are facing cash flow mismatch and are not able to serve debt obligations as per the terms of CDR package sanctioned earlier. However, despite all this, the manufacturing capacities are operational and running. The said companies have not defaulted in any of its statutory dues and have been able to retain all their management functionaries.

Since, the abovesaid companies were 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 Group, most modernized technology, skilled labour force, professional management and inherent viability of the said Companies, the lenders have in-principle agreed for second/deep restructuring of the debts. The said companies and the lenders have already initiated the steps in this direction and it is believed that with the implementation of an appropriate restructuring scheme, their position shall improve significantly. Keeping in view the above, the financial statements of the Group are prepared on going concern basis and the Group considers that sufficient taxable income will be available in the specified period against which deferred tax asset and MAT credit would be adjusted.

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

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

Particulars	March 31, 2017	March 31, 2016
Opening Balance	9,071.71	9,549.48
Add: Expenses incurred during the year	476.93	(28.64)
Less: Expenses capitalized during the year	1.21	449.13
Closing Balance	9,547.43	9,071.71

48. Segment Information: Products and services from which reportable segments derive their revenues: In accordance with Ind AS 108 "Operating Segments", the chief operating decision maker (CODM) of the Group reported that the Group is engaged in the business of manufacturing 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*	
	31 March, 2017	31 March, 2016	31 March, 2017	31 March, 2016
India	76,273.53	86,436.60	314,244.09	328,200.93
Outside India	131,912.63	160,081.43	8,649.99	8,793.45
Total	208,186.16	246,518.03	322,894.08	336,994.38

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

49. 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. 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, 2017 and March 31, 2016:

Particulars	March 31, 2017	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	883.50	832.95
Service cost	301.94	308.49
Interest expense	65.04	63.81
Remeasurements-Actuarial (gains)/ losses	(81.45)	(259.93)
Benefits paid	(99.26)	(61.82)
Benefit obligations at the end	1,069.77	883.50
Change in plan assets		
Fair value of plan assets at the beginning	97.06	47.46
Remeasurements- Return on plan assets excluding amounts included in interest income	7.44	12.36
Contributions	81.91	99.06
Benefits paid	(99.26)	(61.82)
Fair value of plan assets at the end	87.14	97.06
Funded status	(982.63)	(786.44)



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Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	March 31, 2017	March 31, 2016
Service cost	301.94	308.49
Net interest/cost on the net defined benefit liability/asset	7.43	(208.48)
Net gratuity cost	309.37	100.01

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

Particulars	March 31, 2017	March 31, 2016
Actuarial (gains) / losses	(81.45)	-

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017 and March 31, 2016 are set out below:

Particulars	March 31, 2017	March 31, 2016
Discount rate	8.0%	8.0%
Weighted average rate of increase in compensation Levels	7.0%	9.0%

In respect of actuarial gains/losses accumulated for earlier years, the company has transferred all actuarial gains/losses recognized in the past within accumulated profits.

b. Provident Fund

During the year the group has recognized an expense of Rs. 810.78 lakhs (Previous Year Rs. 862.64 lakhs) towards provident fund scheme.

c. Leave Encashment

During the year the group has recognized an expense of Rs. 115.79 lakhs (Previous Year Rs. 149.81 lakhs).

50. Income tax recognised in profit or loss

Particulars	For the year ended 31st March, 2017
Current tax:	
Current income tax charge	0.22
Total (A)	0.22
Deferred tax:	
In respect of current year	(29,223.39)
Total (B)	(29,223.39)
Income tax expense recognised in the Statement of Profit and Loss (A+B)	(29,223.17)

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31st March, 2017
Profit/(Loss) before tax	(86,506.02)
Income tax expense calculated @ 34.608%	(29,938.00)
Effect of difference in carrying amount of plant, property & equipments	3,156.07
Effect of unabsorbed losses	(2,848.11)
Effect of expenses that are not deductible in determining taxable profit	406.87
Income tax expense recognised in the Statement of Profit and Loss	(29,223.17)

Deferred tax balances

The following is the analysis of deferred tax liabilities/(assets) presented in the Balance sheet

	As at 31 March, 2017	As at 31 March, 2016
Deferred tax liabilities	21,957.23	18,801.16
Deferred tax assets	(67,368.59)	(34,999.97)
Total	(45,411.36)	(16,198.80)

Deferred tax liabilities/ (assets) in relation to:	Opening Balance as on 01.04.2016	Recognised in Statement of Profit and Loss	Closing Balance as on 31.03.2017
Expenses allowable on payment basis	(9,690.68)	406.87	(9,283.81)
Unused tax losses/depreciation	(25,310.94)	(32,786.33)	(58,097.26)
Difference in carrying amount of plant, property & equipments	18,801.16	3156.07	21,957.23
Sub Total	(16,200.46)	(29,223.39)	(45,423.84)
Fair value of investment (adjusted through other comprehensive income)	1.66	10.83	12.49
Total	(16,198.80)	(29,212.56)	(45,411.36)

51. 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:

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 31 March 2017 and 31 March 2016.

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 31 March 2017, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

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

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 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.

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.

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 2017 and 31st March 2016.



SEL Manufacturing Company Ltd.

52. Disclosure as required by Indian Accounting Standard (Ind AS) 101 First Time Adoption of Indian Accounting Standards.
Reconciliation of Equity as at April 1, 2015

(Rs. In Lakhs)			
PARTICULARS	Opening Balance Sheet as at April 1, 2015		
	Indian GAAP	Effects of transition to Ind AS	Ind AS
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	292,420.77		292,420.77
(b) Capital Work in Progress	57,370.57		57,370.57
(c) Other Intangible Assets	52.60		52.60
(d) Financial Assets			
(i) Investments	4,338.81	1.89	4,340.70
(ii) Loans	2,107.47		2,107.47
(iii) Others	46.13		46.13
(e) Deferred Tax Assets (Net)	9,252.61	(3,083.65)	6,168.96
(f) Other Non-Current Assets	21,084.50		21,084.50
(2) Current Assets			
(a) Inventories	144,671.88		144,671.88
(b) Financial Assets			
(i) Trade Receivables	105,060.57		105,060.57
(ii) Cash & Cash Equivalents	4,464.88		4,464.88
(iii) Bank Balances other than (ii) above	5,286.57		5,286.57
(iv) Loans	44,190.83		44,190.83
(c) Current Tax Assets (Net)	241.30		241.30
(d) Other Current Assets	15,062.98		15,062.98
TOTAL ASSETS	705,652.47	(3,081.75)	702,570.71
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	33,134.70		33,134.70
(b) Other Equity	69,123.39	(3,081.75)	66,041.64
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	380,338.29		380,338.29
(b) Provisions	-		-
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	131,956.68		131,956.68
(ii) Trade Payables	26,637.45		26,637.45
(iii) Other Financial Liabilities	57,421.11		57,421.11
(b) Other Current Liabilities	6,244.39		6,244.39
(c) Provisions	796.46		796.46
TOTAL EQUITY & LIABILITIES	705,652.47	(3,081.75)	702,570.71

Reconciliation of Equity as at March 31, 2016

(Rs. In Lakhs)			
PARTICULARS	Balance Sheet as at March 31, 2016		
	Indian GAAP	Effects of transition to Ind AS	Ind AS
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	257,297.50		257,297.50
(b) Capital Work in Progress	59,455.76		59,455.76
(c) Other Intangible Assets	22.79		22.79
(d) Financial Assets			
(i) Investments	4,213.70	2.98	4,216.68
(ii) Loans	2,397.61		2,397.61
(iii) Others	16.57		16.57
(e) Deferred Tax Assets (Net)	16,242.67	(43.87)	16,198.80
(f) Other Non-Current Assets	20,218.34		20,218.34
(2) Current Assets			
(a) Inventories	171,090.59		171,090.59
(b) Financial Assets			
(i) Trade Receivables	114,566.53		114,566.53
(ii) Cash & Cash Equivalents	3,445.21		3,445.21
(iii) Bank Balances other than (ii) above	1,884.46		1,884.46
(iv) Loans	43,407.16		43,407.16
(c) Current Tax Assets (Net)	299.63		299.63
(d) Other Current Assets	10,386.82		10,386.82
TOTAL ASSETS	704,945.32	(40.89)	704,904.43
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	33,134.70		33,134.70
(b) Other Equity	31,548.70	(40.89)	31,507.81
LIABILITIES			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	357,856.88		357,856.88
(b) Provisions	108.35		108.35
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	177,000.03		177,000.03
(ii) Trade Payables	22,555.26		22,555.26
(iii) Other Financial Liabilities	75,784.97		75,784.97
(b) Other Current Liabilities	6,169.99		6,169.99
(c) Provisions	786.44		786.44
TOTAL EQUITY & LIABILITIES	704,945.32	(40.89)	704,904.43

Reconciliation of Total Comprehensive Income for the year ended March 31, 2016
(Rs. In Lakhs)

PARTICULARS	Year Ended March 31, 2016		
	Indian GAAP	Effects of transition to Ind AS	Ind AS
I. Revenue From Operations	246,518.03	-	246,518.03
II. Other Income	14,642.85	-	14,642.85
III. Total Income (I+II)	261,160.88	-	261,160.88
IV. Expenses			
Cost of Materials Consumed	157,217.12	-	157,217.12
Purchases of Stock-in-Trade	7,403.92	-	7,403.92
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	(2,570.93)	-	(2,570.93)
Employee Benefits Expense	13,506.47	-	13,506.47
Finance Cost	49,591.72	-	49,591.72
Depreciation and Amortization Expense	37,411.30	-	37,411.30
Other Expense	44,867.05	-	44,867.05
Total Expenses (IV)	307,426.64	-	307,426.64
V. Profit/(Loss) Before Exceptional Items And Tax (III-IV)	(46,265.76)	-	(46,265.76)
VI. Exceptional Items	806.91	-	806.91
VII. Profit/(Loss) Before Tax (V-VI)	(47,072.68)	-	(47,072.68)
VIII. Tax Expense			
a) Current Tax	0.46	-	0.46
b) Deferred Tax	(10,073.71)	-	(10,073.71)
c) Earlier Years	0.03	-	0.03
XIII. Profit/(Loss) for the period (VII-VIII)	(36,999.46)	-	(36,999.46)
IX. Other Comprehensive Income			
A (i) Items that will be reclassified to Profit or Loss	-	(40.89)	(40.89)
X. Total Comprehensive Income for the Period (XIII+IX)	(36,999.46)	(40.89)	(37,040.36)

53. 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	
		31.03.2017	31.03.2016
SEL Textiles Limited	India	100.00%	100.00%
SE Exports	India	99.00%	99.00%
SEL Aviation Private Limited	India	97.54%	97.54%
SEL Textiles Corporation	USA	100.00%	100.00%
Silverline Corporation Limited.*	India	97.63%	97.63%

*Subsidiary of SEL Textiles Limited

54. 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.	100.00	16,399.60	100.00	(55,755.39)	100.00	22.23	100.00	(55,733.16)
Indian Subsidiaries								
SEL Textiles Limited	96.09	15,759.19	28.83	(16,072.94)	92.04	20.46	28.80	(16,052.48)
SEL Aviation Pvt. Limited	5.80	951.39	0.16	(88.89)	(399.89)	(88.89)	0.32	(177.78)
Silverline Corporation Ltd.	24.76	4,060.79	(0.00)	0.35	-	-	(0.00)	0.35
S E Exports	0.26	42.40	0.00	(1.81)	-	-	0.00	(1.81)
Overseas Subsidiary								
SEL Textile Corporation	0.03	5.49	-	-	-	-	-	-
Minority interest in all subsidiaries	0.09	15.30	0.00	(2.19)	(57.70)	(12.83)	0.03	(15.01)
Eliminations	(409.05)	(29,919.72)	(25.58)	14,650.83	159.71	123.57	(25.83)	14,774.41
Total	100.00	7,314.43	100.00	(57,282.86)	100.00	77.37	100.00	(57,205.48)

55. Previous year figures have been recast/regrouped wherever considered necessary to confirm with current year presentation.

56. Note No. 1 to 55 forms integral part of balance sheet and statement of profit/loss.

For Dass Khanna & Co.
Chartered Accountants
Firm Registration No. 000402N

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

(CA. R.D. Khanna)
Partner
M.No. 12391
Place : Ludhiana
Date: 30.05.2017

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

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

Rahul Kapoor
Company Secretary



SEL Manufacturing Company Ltd.

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, 2017 (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	218323.09	218323.09
	2.	Total Expenditure (Excluding tax adjustments)	304829.11	304829.11
	3.	Net Profit/(Loss)	(57282.86)	(109067.86)
	4.	Earnings Per Share	(17.29)	(32.92)
	5.	Total Assets	643325.23	643325.23
	6.	Total Liabilities	636010.80	687795.80
	7.	Net Worth	7314.43	(44470.57)
	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 amounting Rs.51785 lakhs for the year ended 31st March, 2017 on NPA classified bank borrowings which is not in compliance with the requirements of para 27 of the Ind AS 1- Presentation of Financial Statements w.r.t. Preparation of financial statements on accrual basis.
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 Majority of Lenders have stopped charging interest on debts, since the dues from the Company and one of its subsidiary have been categorized as Non Performing Asset. The Company and one of its subsidiary is in active discussion/negotiation with its lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of their restructuring plan, the Company and one of its subsidiary have not provided interest amounting to Rs.51,785 lakhs on majority of NPA classified accounts for the year in its books of account.
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	--N.A.--

Sd/-
(Managing Director)

Sd/-
(CFO)

Sd/-
(Audit Committee Chairman-Member)

Sd/-
(Statutory Auditor)

Place: LUDHIANA

Dated: 30.05.2017



SEL Manufacturing Company Ltd.

Form AOC-1

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint ventures

PART-A: Subsidiaries (Financial year ending 31st March,2017) (Rs. in Crores)

Sr. No.	Particulars	SEL Textiles Ltd.	SE Exports	SEL Aviation Pvt. Ltd.	Silverline Corporation Ltd.	SEL Textiles Corporation
1.	Date of acquisition	27.07.2009	01.04.2005	26.03.2012	11.10.2011	31.08.2012
2.	Share Capital	127.05	0.42	4.09	4.14	0.06
3.	Reserves & surplus (Other Equity)	30.53	-	5.42	36.46	0.00
4.	Total assets	1,984.52	0.42	11.28	40.61	0.06
5.	Total liabilities	1,984.52	0.42	11.28	40.61	0.06
6.	Investments	81.03	-	-	-	-
7.	Turnover	413.37	-	0.69	0.02	-
8.	Profit/(Loss) before taxation	(235.91)	(0.02)	(1.27)	0.01	-
9.	Provision for taxation	(75.18)	-	(0.38)	0.01	-
10.	Profit/(Loss) after taxation	(160.73)	(0.02)	(0.89)	0.00	-
11.	Proposed dividend	-	-	-	-	-
12.	% of shareholding	100%	99%	97.54%	98.79%	100%
13.	Reporting currency and Exchange rate as on the last date of F.Y. for foreign subsidiaries.					US\$ Exchange Rate as on 31.03.2017: 64.8386

Name of subsidiaries which are yet to commence operations:	Names of subsidiaries which have been liquidated or sold during the year:
SEL Textiles Corporation	-

Part-B Associates and Joint ventures

The Company does not have any Associates and Joint Ventures

Name 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

(Neeraj Saluja)
Managing Director
DIN: 00871939

(Navneet Gupta)
Executive Director & CFO
DIN: 02122420

V.K.Goyal
Executive Director & CEO
DIN: 02751391

Rahul Kapoor
Company Secretary

SEL MANUFACTURING COMPANY LIMITED

Registered Office: 274, Dhandari Khurd, G.T. Road, LUDHIANA 141 014 (Punjab)

Ph.: 91-161-7111117, Fax : 91-161-7111118

Website: www.selindia.in

CIN : L51909PB2000PLC023679

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): _____

Registered address: _____

E-mail ID: _____

Folio No./DP ID & _____

Client ID: _____

I/We, being the member/members of SEL MANUFACTURING COMPANY LIMITED holding.....shares of the above named Company, hereby appoint:

1.Name:.....E-mail id:.....

Address:.....Signature.....or failing him/her

2.Name:.....E-mail id:.....

Address:.....Signature.....or failing him/her

3.Name:.....E-mail id:.....

Address:.....Signature.....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Wednesday, the 27th day of September, 2017 at 9.30 A.M at the Registered office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana (Punjab) 141014 and at any adjournment thereof in respect of such resolutions as are indicated below

Resolution No.

DESCRIPTION

ORDINARY BUSINESS

1	a) Adoption of the Audited Financial Statements of the Company for the year ended 31st March 2017, together with the Report of the Directors & Auditors thereon.
	b) Adoption of the Audited Consolidated Financial Statements of the Company for the year ended 31st March 2017, together with the Report of the Auditors thereon.
2	Re-appointment of Mr. Vinod Kumar Goyal, (DIN: 02751391), Director of the Company who retires by rotation.
3	Appointment of Auditors and fixing their remuneration.

SPECIAL BUSINESS

4	Ratification of remuneration payable to Cost Auditors, M/s Jatin Sharma & Co., Cost Accountants, for the year 2017-18.
5	Special Resolution for confirmation of re-appointment and remuneration of Mr. Navneet Gupta, (DIN: 02122420), as the Executive Director of the Company.
6	Special Resolution for appointment of Mr. Neeraj Saluja for holding of office or place of Profit / employment pursuant to the provisions of the Companies Act, 2013.
7	Special Resolution for appointment of Mr. Navneet Gupta for holding of office or place of profit/employment pursuant to the provisions of the Companies Act, 2013.
8	Special Resolution for appointment of Mr. Vinod Kumar Goyal, for holding of office or place of profit/employment pursuant to the provisions of the Companies Act, 2013.

*Applicable for shareholders holding shares in electronic form

Signed thisday of2017

Affix
Revenue
Stamp
Here

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

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Website: www.selindia.in

CIN : L51909PB2000PLC023679

ATTENDANCE SLIP

17th Annual General Meeting September 27, 2017

Folio No./DP and Client ID (as applicable)

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Number of Shares held

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I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 17th Annual General Meeting of the company held at the Registered Office of the Company situated at 274, Dhandari Khurd, G.T. Road, Ludhiana 141 014 (Pb.) on Wednesday, the 27th day of September, 2017 at 9.30 A.M

Name of the member/proxy

Signature of member/proxy

(in Block Letters)

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting. Members are requested to bring their copy of the Notice to the meeting.

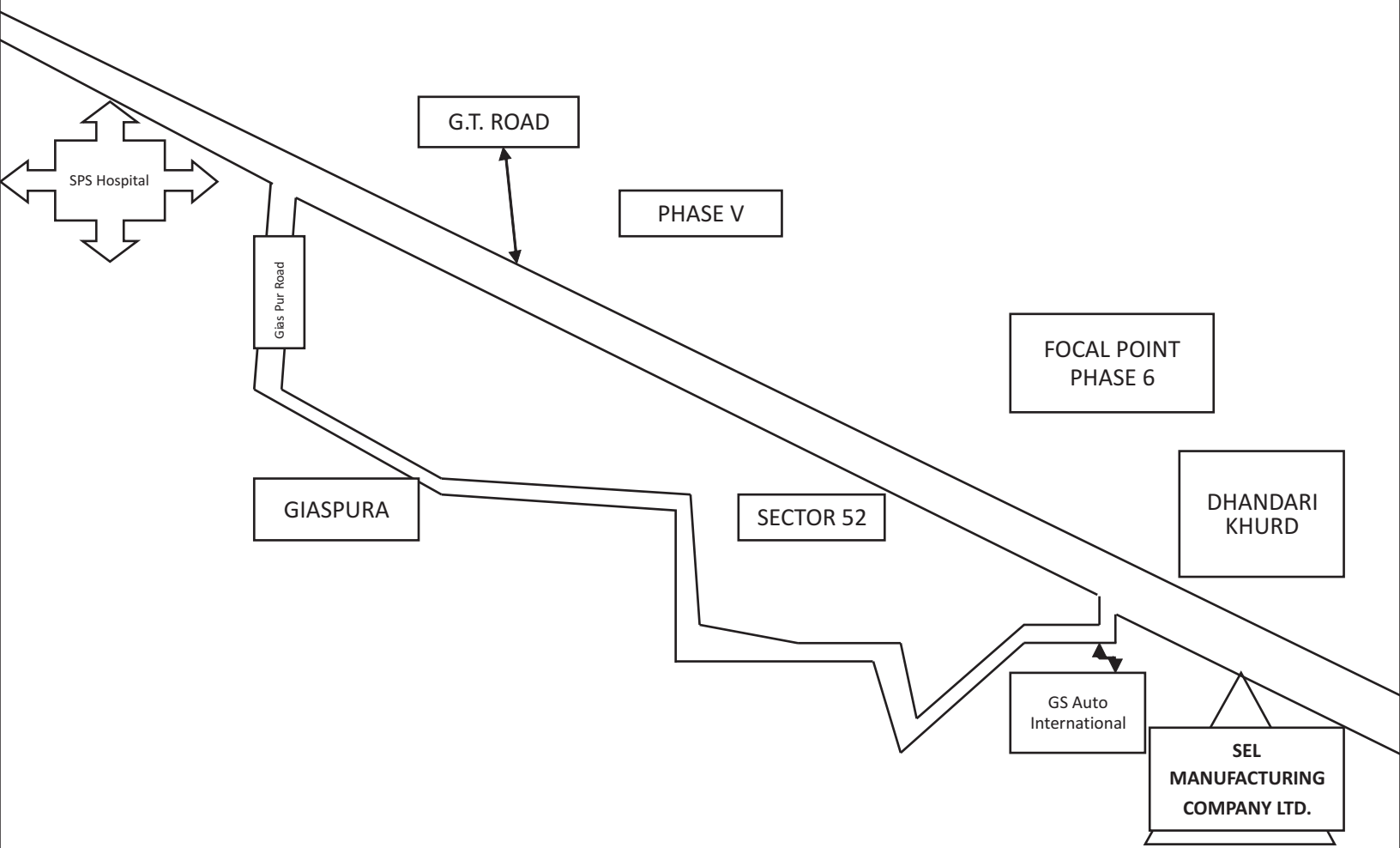
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ROUTE MAP TO THE VENUE OF THE 17TH ANNUAL GENERAL MEETING

Venue: SEL MANUFACTURING COMPANY LIMITED

274, DHANDARI KHURD, G.T. ROAD, LUDHIANA -141014 (PUNJAB)



If undelivered, please return to :
SEL MANUFACTURING COMPANY LIMITED
274, Dhandari Khurd, G.T. Road,
Ludhiana 141014
Punjab, (India)