

Statement of Standalone Unaudited Financial Results for the Quarter & Nine Months Ended December 31, 2019

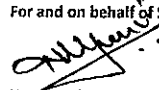
PART-I							
Sr. No.	Particulars	Unaudited Quarter Ended 31/12/2019	Unaudited Quarter Ended 30/09/2019	Unaudited Quarter Ended 31/12/2018	Unaudited Year to date 31/12/2019	Unaudited Year to date 31/12/2018	Audited Year Ended 31/03/2019
							(Rs. in Lakhs)
1	Income from operations						
	a) Revenue from operations	7,688.13	5,670.53	10,010.64	21,809.60	34,641.76	45,910.97
	b) Other income	841.98	1,794.24	(967.16)	2,846.74	7,704.90	7,539.42
	Total income from operations	8,530.12	7,464.77	9,043.48	24,656.34	42,346.66	53,450.39
2	Expenses						
	a) Cost of material consumed	1,966.67	1,270.56	3,507.00	5,876.61	12,332.29	15,027.60
	b) Purchase of stock-in-trade	-	-	-	-	4.05	29.74
	c) Changes in inventories of finished goods, work in progress and stock in trade	165.13	632.05	412.80	1,171.61	(1,786.06)	(163.08)
	d) Employee benefits expenses	1,511.35	1,650.78	1,912.49	5,121.98	6,005.57	8,037.40
	e) Finance Cost	24.49	(34.24)	(14.26)	107.47	125.42	337.54
	f) Depreciation and amortisation expenses	2,717.76	2,704.38	2,735.40	8,110.86	8,209.25	10,883.24
	g) Other expenses	5,077.91	4,579.24	7,266.53	16,104.76	20,163.71	25,958.93
	Total expenses	11,463.31	10,802.77	15,819.96	36,493.30	45,054.23	60,111.38
3	Profit from operations before exceptional Items (1-2)	(2,933.20)	(3,338.00)	(6,776.48)	(11,836.96)	(2,707.57)	(6,660.98)
4	Exceptional Items	611.14	2,40,532.40	(2,242.52)	2,37,448.86	10,305.38	16,935.56
5	Profit (+)/ Loss (-) before tax (3±4)	(3,544.34)	(2,43,870.40)	(4,533.96)	(2,49,285.82)	(13,012.96)	(23,596.54)
6	Tax Expense	-	-	-	-	-	-
7	Net Profit (+)/ Loss (-) for the period from Continuing Operations tax (5-6)	(3,544.34)	(2,43,870.40)	(4,533.96)	(2,49,285.82)	(13,012.96)	(23,596.54)
8	Net Profit (+)/ Loss (-) from Discontinuing Operations	-	-	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-	-	-
10	Net Profit (+)/ Loss (-) from Discontinuing Operations after tax	-	-	-	-	-	-
11	Net Profit (+)/ Loss (-) for the period (7+10)	(3,544.34)	(2,43,870.40)	(4,533.96)	(2,49,285.82)	(13,012.96)	(23,596.54)
12	Other Comprehensive Income						
	a (i) Items that will not be reclassified to Profit or Loss	37.70	197.78	(13.26)	248.44	15.11	401.41
	(ii) Income Tax relating to Items that will not be reclassified to Profit or Loss	-	-	-	-	-	-
	b (i) Items that will be reclassified to Profit or Loss	(176.53)	(185.29)	260.53	(555.83)	(44.05)	(351.90)
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
13	Total Comprehensive Income for the Period (11+12)	(3,683.17)	(2,43,857.91)	(4,286.69)	(2,49,593.21)	(13,041.90)	(23,547.03)
14	Paid-up equity share capital of Rs. 10/- each	33,134.70	33,134.70	33,134.70	33,134.70	33,134.70	33,134.70
15	Other Equity	-	-	-	(5,09,682.22)	-	(2,60,089.01)
16	i. Earning per share (EPS) (for Continuing Operations) (in Rs.) (not annualised)						
	a) Basic	B- (1.07)	B- (73.60)	B- (1.37)	B- (75.23)	B- (3.93)	B- (7.12)
	b) Diluted	D- (1.07)	D- (73.60)	D- (1.37)	D- (75.23)	D- (3.93)	D- (7.12)
	ii. Earning per share (EPS) (for Discontinued Operations) (in Rs.) (not annualised)						
	a) Basic	-	-	-	-	-	-
	b) Diluted	-	-	-	-	-	-
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations) (in Rs.) (not annualised)						
	a) Basic	B- (1.07)	B- (73.60)	B- (1.37)	B- (75.23)	B- (3.93)	B- (7.12)
	b) Diluted	D- (1.07)	D- (73.60)	D- (1.37)	D- (75.23)	D- (3.93)	D- (7.12)

Notes:

- The unaudited financial statements for the quarter and nine months ended December 31, 2019 of SEL Manufacturing Company Limited ("SEL" or "Company") are enclosed herewith. The information presented above is extracted from the unaudited financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT") by State Bank of India against SEL Manufacturing Company Limited ("Corporate Debtor"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("Code"), the NCLT vide its order ("Admission Order") dated April 11, 2018 ("Insolvency Commencement Date") had admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of the Corporate Debtor. Subsequently, the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional" or "RP").
- Subsequently, a petition was filed by Mr. Dhiraj Saluja, one of the promoters and directors of the Corporate Debtor, before the High Court ("Petition") wherein the High Court, vide its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("Withdrawal Order"). A copy of the Withdrawal Order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stands resumed.
- Prior to 6th September 2019, during the abeyance period, SEL was managed by the Board of Directors of SEL. As per the provisions of the IBC, on and from the CIRP Restoration Date till the completion of Resolution Process of SEL, the powers of the board of directors of SEL stands suspended and vests with the RP. As part of duties casted upon the Resolution Professional under the Code, the RP, has taken on record these financial results, in good faith and has authorised the directors of the Company to sign these financial results.
- The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.

- 6 The Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016" (as referred in Note No. 2 above). In view of this, the Company has stopped providing interest accrued and unpaid effective 1st April, 2016 in its books. The amount of such accrued and unpaid interest, calculated according to the CDR term, not provided for is estimated at Rs. 14,694.23 lakhs and at Rs. 42,883.14 lakhs for the quarter & nine months ended 31st December, 2019 respectively and the same has not been considered for preparation of the financial results for the quarter & nine months ended 31st December, 2019. Due to non provision of the interest expense, net loss for the quarter ended and nine months ended 31st December, 2019 is reduced by Rs. 14,694.23 lakhs and at Rs. 42,883.14 lakhs respectively. Further the Financial Liability is reduced and correspondingly the equity is increased by the same amount.
- 7 During the nine months ended, the Company has written back excess provision made on allowance for trade receivables and advances to suppliers aggregating to Rs. 3,888 lakhs, net of amount collected and provision made, in compliance of Ind AS 109. And the company has written down of inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803.54 Lacs for quarter ended 30th September, 2019, which is charged to charged profit & loss as exceptional item.
- 8 The company had given financial guarantee to the extent of INR 201,324 lakhs to the bankers of its subsidiary namely SEL Textiles Limited, to secure the credit facilities availed by it. The said guarantee has been invoked by the bankers before initiation of Corporate Insolvency Resolution Process of SEL Manufacturing Company Limited and hence said financial guarantee amounting INR 201,324 lakhs (consisting of principal outstanding and interest thereon upto 30th September, 2019 calculated as per terms of MRA with CDR lenders of subsidiary company) and has been duly recognized in financial statements as required by Ind AS 109. There was a corresponding amount of investment in Subsidiary recorded up to that extent, however, considering negative networth of SEL Textile Limited, during the quarter and six months ended 30th September, 2019 a provision for impairment has been recorded for INR 201,324 lakhs.
- 9 The Company was implementing a Spinning project which got stuck due to non-disbursement of credit facilities by the banks. However, post Corporate Insolvency Resolution Process (CIRP) the Company impairment testing has been conducted and considering the technical assessment and management estimates, INR 12,587.60 lakhs value of Capital work in progress has been impaired as per Ind AS 36. During the quarter and six months ended 30th September, 2019, a provision for impairment has been recorded for and the same does have an impact on the losses of the company.
- 10 With reference to interest subsidy receivable, the subsidies are to be released by the Ministry of Textiles and MP Government and the Company is not hopeful of receiving the same. During the quarter and six months ended 30th September, 2019, a provision for impairment has been recorded for INR 26,621.40 lakhs and the same does have an impact on the losses of the company.
- 11 During the quarter ended 31st December 2019, Central Bureau of Investigation carried out search & seizure action at the registered office of the Company and the residence of the erstwhile Directors of the Company on 5th November 2019 from 09.30 AM to 09.00 PM, under section 165 of the Criminal Procedure Code on the Company and its directors. The consequential proceedings are in progress. Pending these proceedings, no provision has been made in the books for additional liability (amount presently not ascertainable) for penalty, if any.
- 12 Subsequent to the period ended 30th September, 2019, the Company has received notice dated February 13, 2020 on February 26, 2020 from the Ministry of Corporate Affairs further ordering the investigation of books of accounts and papers under section 210(1)(c) of the Companies Act, 2013 and the erstwhile Directors of the Company under section 217(5) of the Companies Act, 2013 have been issued summons to appear before the authorities.
- 13 Subsequent to the period ended 30th September, 2019, the Company has received summon dated March 4, 2020 on March 12, 2020 from the Directorate General of GST Intelligence under section 14 of the Central Excise Act, 1944 to give evidence truthfully on such matters concerning the enquiry as may be asked and produce the documents and records for examination.
- 14 Resolution plan received for SEL Manufacturing Company Limited, from consortium of Arr Ess Industries Private Limited & Leading Edge Commercial FZ, has been approved by Committee of Creditors on 06 Oct 2020, under provisions of Insolvency & Bankruptcy Code and related Regulations.
- 15 Figures relating to the previous period have been regrouped/rearranged, wherever necessary to make them comparable with those of the current period.

For and on behalf of SEL Manufacturing Co. Ltd.


Navneet Gupta
Executive Director & CFO

Date: 31.10.2020
Place: Ludhiana

Statement of Consolidated Unaudited Financial Results for the Quarter & Nine Months Ended December 31, 2019

PART-I							(Rs. in Lakhs)	
Sr. No.	Particulars	Unaudited Quarter Ended 31/12/2019	Unaudited Quarter Ended 30/09/2019	Unaudited Quarter Ended 31/12/2018	Unaudited Year to date 31/12/2019	Unaudited Year to date 31/12/2018	Audited Year Ended 31/03/2019	
1	Income from operations							
	a) Revenue from operations	9,173.74	6,317.28	12,768.99	25,850.13	45,818.29	60,672.87	
	b) Other income	1,043.38	2,343.50	(1,845.23)	3,606.26	9,533.18	9,168.72	
	Total income from operations	10,217.12	8,660.77	10,923.76	29,456.38	55,351.47	69,841.59	
2	Expenses							
	a) Cost of material consumed	2,583.73	1,346.13	3,659.94	6,781.27	15,806.33	19,395.57	
	b) Purchase of stock-in-trade	-	-	214.79	-	218.84	281.92	
	c) Changes in Inventories of finished goods, work in progress and stock in trade	(31.25)	648.77	564.03	1,845.04	(1,179.20)	1,248.15	
	d) Employee benefits expenses	1,982.60	2,126.37	2,558.66	6,676.56	8,797.64	11,460.88	
	e) Finance Cost	25.82	(18.05)	(9.41)	223.11	163.56	684.27	
	f) Depreciation and amortisation expenses	3,658.73	3,475.98	3,676.32	10,933.25	11,034.67	14,630.76	
	g) Other expenses	5,944.95	5,127.38	9,578.39	18,412.56	27,051.01	34,502.78	
	Total expenses	14,164.59	12,706.59	20,242.72	44,871.80	61,892.84	82,204.33	
3	Profit from operations before exceptional items (1-2)	(3,947.47)	(4,045.82)	(9,318.96)	(15,415.41)	(6,541.37)	(12,362.74)	
4	Exceptional Items	1,076.80	39,649.53	(2,775.68)	36,522.26	17,605.28	24,884.24	
5	Profit (+)/ Loss (-) before tax (3+4)	(5,024.27)	(43,695.35)	(6,543.28)	(51,937.68)	(24,146.65)	(37,246.98)	
6	Tax Expense	-	-	-	-	-	(0.03)	
7	Net Profit (+)/ Loss (-) for the period from Continuing Operations	(5,024.27)	(43,695.35)	(6,543.28)	(51,937.68)	(24,146.65)	(37,246.94)	
8	Net Profit (+)/ Loss (-) from Discontinuing Operations	-	-	-	-	-	-	
9	Tax Expense of Discontinuing Operations	-	-	-	-	-	-	
10	Net Profit (+)/ Loss (-) from Discontinuing Operations after Tax	-	-	-	-	-	-	
11	Net Profit (+)/ Loss (-) for the period (7+10)	(5,024.27)	(43,695.35)	(6,543.28)	(51,937.68)	(24,146.65)	(37,246.94)	
12	Profit/(Loss) attributable to							
	(1) Owners of the Company	(5,025.65)	(43,695.88)	(6,538.44)	(51,936.98)	(24,144.23)	(37,249.45)	
	(2) Non-Controlling Interests	1.38	(0.85)	(4.84)	(0.69)	(2.42)	2.50	
	Profit/(Loss) for the period	(5,024.27)	(43,695.35)	(6,543.28)	(51,937.68)	(24,146.65)	(37,246.94)	
13	Other Comprehensive Income							
	a (i) Items that will not be reclassified to Profit or Loss	50.87	191.17	408.63	264.72	467.94	496.51	
	(ii) Income Tax relating to Items that will not be reclassified to Profit or Loss	-	-	-	-	-	-	
	b (i) Items that will be reclassified to Profit or Loss	(260.71)	(437.16)	(200.28)	(928.77)	(600.85)	(801.13)	
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-	-	
14	Total Comprehensive Income for the Period (11+13)	(5,234.11)	(43,941.34)	(6,334.93)	(52,601.73)	(24,279.56)	(37,551.56)	
	Total Comprehensive Income attributable to							
	(1) Owners of the Company	(5,235.49)	(43,940.49)	(6,330.09)	(52,601.04)	(24,277.14)	(37,554.07)	
	(2) Non-Controlling Interests	1.38	(0.85)	(4.84)	(0.69)	(2.42)	2.50	
	Total Comprehensive Income	(5,234.11)	(43,941.34)	(6,334.93)	(52,601.73)	(24,279.56)	(37,551.56)	
15	Paid-up equity share capital of Rs. 10/- each	33,134.70	33,134.70	33,134.70	33,134.70	33,134.70	33,134.70	
16	Other Equity	-	-	-	(3,62,138.38)	-	(3,09,367.55)	
17	i. Earning per share (EPS) (for Continuing Operations) (in Rs.) (not annualised)							
	a) Basic	B- (1.52)	B- (13.19)	B- (1.97)	B- (15.67)	B- (7.29)	B- (11.24)	
	b) Diluted	D- (1.52)	D- (13.19)	D- (1.97)	D- (15.67)	D- (7.29)	D- (11.24)	
	ii. Earning per share (EPS) (for Discontinued Operations) (in Rs.) (not annualised)							
	a) Basic	-	-	-	-	-	-	
	b) Diluted	-	-	-	-	-	-	
	iii. Earning per Share (EPS) (for Discontinued & Continuing Operations) (in Rs.) (not annualised)							
	a) Basic	B- (1.52)	B- (13.19)	B- (1.97)	B- (15.67)	B- (7.29)	B- (11.24)	
	b) Diluted	D- (1.52)	D- (13.19)	D- (1.97)	D- (15.67)	D- (7.29)	D- (11.24)	

Notes:

- The unaudited financial statements for the quarter and nine months ended December 31, 2019 of SEL Manufacturing Company Limited ("SEL" or "Company") are enclosed herewith. The information presented above is extracted from the unaudited financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- Pursuant to an application filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT") by State Bank of India against SEL Manufacturing Company Limited ("Corporate Debtor"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("Code"), the NCLT vide its order ("Admission Order") dated April 11, 2018 ("Insolvency Commencement Date") had admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of the Corporate Debtor. Subsequently, the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional" or "RP").
- Subsequently, a petition was filed by Mr. Dhiraj Saluja, one of the promoters and directors of the Corporate Debtor, before the High Court ("Petition") wherein the High Court, vide its interim order dated June 22, 2018, directed the CIRP of the Corporate Debtor to be kept in abeyance and directed the earlier board of directors of the Corporate Debtor to operate their bank accounts and bank operations as before the initiation of the CIRP of the Corporate Debtor to protect the interest of the bank consortium. This Petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, dismissed the Transferred Case as withdrawn ("Withdrawal Order"). A copy of the Withdrawal Order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication Date, the CIRP of the Corporate Debtor stands resumed.

- 4 Prior to 6th September 2019, during the abeyance period, SEL was managed by the Board of Directors of SEL. As per the provisions of the IBC, on and from the CIRP Restoration Date till the completion of Resolution Process of SEL, the powers of the board of directors of SEL stands suspended and vests with the RP. As part of duties casted upon the Resolution Professional under the Code, the RP, has taken on record these financial results, in good faith and has authorised the directors of the Company to sign these financial results.
- 5 The Company has only one Reportable Segment i.e. Textiles, hence Segment Reporting is not applicable.
- 6 The secured 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 and both the companies are in active discussion/negotiation with their lenders to restructure their debts at a sustainable level including waiver of unpaid interest. In case of the Holding Company the Corporate Insolvency Resolution Process has been initiated under "Insolvency and Bankruptcy Code, 2016". In view of the above, the Holding Company & one of its subsidiary has stopped providing interest accrued and unpaid effective 1 April 2016 in its books. The amount of such accrued and unpaid interest, calculated according to the CDR term, not provided for is estimated at Rs. 20,970.66 lakhs and at Rs. 60,531.57 lakhs for the quarter & nine months ended 31st December, 2019 respectively and the same has not been considered for preparation of the financial results for the quarter & nine months ended 31st December, 2019. Due to non provision of the interest expense, net loss for the quarter ended & nine months ended 31st December, 2019 is reduced by Rs. 20,970.66 lakhs and at Rs. 60,531.57 lakhs respectively. Further the Financial Liability is reduced and correspondingly the equity is increased by the same amount.
- 7 During the nine months ended, the Company has written back excess provision made on allowance for trade receivables and advances to suppliers aggregating to Rs. 3,490.28 lakhs, net of amount collected and provision made, in compliance of Ind AS 109. And the company has written down of inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803.54 Lacs for quarter ended 30th September, 2019, which is charged to charged profit & loss as exceptional item.
- 8 The Company was implementing a Spinning project which got stuck due to non-disbursement of credit facilities by the banks. However, post Corporate Insolvency Resolution Process (CIRP) the Company impairment testing has been conducted and considering the technical assessment and management estimates, INR 12,587.60 lakhs value of Capital work in progress has been impaired as per Ind AS 36. During the quarter and six months ended 30th September, 2019, a provision for impairment has been recorded for and the same does have an impact on the losses of the company.
- 9 With reference to interest subsidy receivable, the subsidies are to be released by the Ministry of Textiles and MP Government and the Company is not hopeful of receiving the same. During the quarter and six months ended 30th September, 2019, a provision for impairment has been recorded for INR 26,621.40 lakhs and the same does have an impact on the losses of the company.
- 10 During the quarter ended 31st December 2019, Central Bureau of Investigation carried out search & seizure action at the registered office of the Company and the residence of the erstwhile Directors of the Company on 5th November 2019 from 09.30 AM to 09.00 PM, under section 165 of the Criminal Procedure Code on the Company and its directors. The consequential proceedings are in progress. Pending these proceedings, no provision has been made in the books for additional liability (amount presently not ascertainable) for penalty, if any.
- 11 Subsequent to the period ended 30th September, 2019, the Company has received notice dated February 13, 2020 on February 26, 2020 from the Ministry of Corporate Affairs further ordering the investigation of books of accounts and papers under section 210(1)(c) of the Companies Act, 2013 and the erstwhile Directors of the Company under section 217(S) of the Companies Act, 2013 have been issued summons to appear before the authorities.
- 12 Subsequent to the period ended 30th September, 2019, the Company has received summon dated March 4, 2020 on March 12, 2020 from the Directorate General of GST Intelligence under section 14 of the Central Excise Act, 1944 to give evidence truthfully on such matters concerning the enquiry as may be asked and produce the documents and records for examination.
- 13 Resolution plan received for SEL Manufacturing Company Limited, from consortium of Arr Ess Industries Private Limited & Leading Edge Commercial FZ, has been approved by Committee of Creditors on 06 Oct 2020, under provisions of Insolvency & Bankruptcy Code and related Regulations.
- 14 Figures relating to the previous period have been regrouped/rearranged, wherever necessary to make them comparable with those of the current period.

For and on behalf of SEL Manufacturing Co. Ltd.


Navneet Gupta
Executive Director & CFO

Date: 31.10.2020
Place: Ludhiana

Independent Auditor's Review Report on Quarterly and Year to date Unaudited Standalone Financial Results of SEL Manufacturing Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Resolution Professional (RP) of
SEL Manufacturing Company Limited,

1. We have reviewed the accompanying Statement of unaudited standalone financial results of SEL Manufacturing Company Limited (the company) for the quarter ended December 31, 2019 and year to date from April 01, 2019 to December 31, 2019 ("the Statement") attached herewith,, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The Company has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code'). The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers are being exercised by the Resolution Professional appointed by the NCLT under the provisions of the Code. As per the order dated September 6, 2019 of the Hon'ble Supreme Court, the Corporate Insolvency Resolution Process of the company has been restored and as per Section 20 of the Code, the management and operations of the company are being managed by Resolution Professional Mr. Navneet Kumar Gupta.
3. This Statement, which is the responsibility of the Company's Management and has been signed by Director of the Company and taken on record by the Resolution Professional has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (INDAS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is



substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

1. *The company has not provided the provision of interest amounting to Rs 14,694.23 lacs and Rs 42,883.14 lacs for the quarter and nine months ended December 31, 2019 on NPA classified bank borrowings which is not in compliance with the requirements of para 27 of the INDAS-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 INDAS-109, Financial Instruments.*
2. *Note No. 9 of the unaudited standalone financial results, the company has provided for impairment of Capital work in progress by Rs.12587.60 Lacs as per INDAS-36 during the quarter ended September 30, 2019. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However the said valuation Reports are not provided to us considering the confidentiality of the same. Hence we are unable to justify its reasonableness.*

We further report that, except for the effects, if any, of the matter stated in paragraph (2) above which is not ascertainable, had the impact of our observations made in para (1) above been considered, the net loss and borrowings for the quarter and Nine months ended December 31, 2019 would have been increased by Rs. 14,694.23 lacs and Rs 42,883.14 lacs respectively and the equity would have been reduced by the same amount. The financial impact of matter stated in paragraph (2) of the Basis for Qualified Opinion can't be measured reliably for the Nine Months Ended December 31, 2019.

Qualified Opinion

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

Material Uncertainty Related to Going Concern

Notes no. 2 and 3 of the unaudited standalone financial results, stating thereto that the terms and conditions of the sanctioned CDR package w.r.t. interest and principal repayment were not complied with. Consequently, State Bank of India, in its capacity as financial creditor had filed a



petition under Insolvency and Bankruptcy Code, 2016 (IBC) against the company with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) which was admitted on 11th April 2018 and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC. Subsequently the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional"). The company has filed an appeal against the admission of petition and appointment of IRP with NCLAT. This petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September 6, 2019 as prayed for, dismissed the transferred case as withdrawn ("Withdrawal Order"). A copy of Withdrawal order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication date, the CIRP of the Corporate Debtor stands resumed. The company has incurred net loss of Rs. 3,544.34 lacs and Rs. 2,49,285.82 lacs for the quarter and nine months ended December 31, 2019.

However subsequently, the Resolution Plan submitted by the consortium of ArrEss Industries Private Limited & Leading Edge Commercial FZE had been approved by the members of the Committee of Creditors ("CoC") considering the company as a going concern on October 6, 2020.

Emphasis of Matter

We draw attention to the following matters:

1. Note No. 7 of the unaudited standalone financial results, the Company has written back excess provision made on allowance for Trade Receivables and Loans and Advances aggregating to Rs. 3888 Lacs net of amount collected and provision made in compliance of IND AS-109 for the Nine months ended on December 31, 2019.
2. Note no. 7 of the unaudited standalone financial results the company has written down inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803.54 Lacs for quarter ended September 30, 2019. The same has been charged to Statement of profit & loss as exceptional item.
3. Note No. 10 of the unaudited standalone financial results, the company has provided for allowance for interest subsidy receivable amounting to Rs. 26,621 Lacs for the quarter ended on September 30, 2019 which consists of interest subsidy (i) under TUFS from Ministry of Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the financial years 2013-14 to 2016-17.
4. Contingency relating to export incentives obligation refundable in respect of allowance for foreign trade receivables amounting Rs. 3,855 lacs (as per audited standalone financial statements as at March 31, 2019) which is further subject to interest and penalties.
5. Note No. 8 of the unaudited standalone financial results, the company has made a provision for impairment of Rs. 201,324 Lacs (considering negative Net worth of SEL Textiles Limited) for the



quarter ended September 30, 2019 relating to amount recorded as receivable from subsidiary namely SEL Textiles Limited (SEL Textiles) on account of invocation of financial guarantee (given by the Company to lenders of SEL Textiles to secure the credit facilities availed SEL Textiles) by the lenders of SEL Textile Limited.

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

**FOR MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS**

FRN: 015848N



Manik Malhotra
(CA. MANIK MALHOTRA)

PARTNER

M.No. 094604

UDIN:-20094604 AAAABP7018

**PLACE: LUDHIANA
DATED: 31.10.2020**

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of SEL Manufacturing Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Resolution Professional (RP) of
SEL Manufacturing Company Limited,

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of SEL Manufacturing Company Limited (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended December 31, 2019 and year to date from April 01, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Parent has been under the corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code'). The powers of the Board of Directors stand suspended as per Section 17 of the Code and such powers are being exercised by the Resolution Professional appointed by the NCLT under the provisions of the Code. As per the order dated September 6, 2019 of the Hon'ble Supreme Court, the Corporate Insolvency Resolution Process of the company has been restored and as per Section 20 of the Code, the management and operations of the parent company are being managed by the Resolution Professional Mr. Navreet Kumar Gupta.
3. This Statement, which is the responsibility of the Parent's Management and has been signed by Director of the Company and taken on record by the Resolution Professional, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (INDAS-34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is



substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMDI/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

The Statement includes the financial results of following entities:

1. SEL Manufacturing Company Limited. (Parent Company)
2. SEL Textiles Limited (Subsidiary Company)
3. SEL Aviation Private Limited (Subsidiary Company)
4. SE Exports (Subsidiary Firm)

Basis for Qualified Opinion

1. *The Group has not provided the provision of interest amounting to Rs 20,970.66 lacs and Rs 60,531.57 lacs for the quarter and nine months ended December 31, 2019 on NPA classified bank borrowings which is not in compliance with the requirements of para 27 of the INDAS-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 INDAS-109, Financial Instruments.*
2. *Note No. 8 of the unaudited Consolidated financial results, the Parent company has provided for impairment of Capital work in progress by Rs.12587.60 Lacs as per INDAS-36 during the quarter ended September 30, 2019. As per representation given by Resolution Professional, the impairment of Capital WIP is done on the basis of valuation report as at the Insolvency Commencement Date. However the said valuation Reports are not provided to us considering the confidentiality of the same. Hence we are unable to justify its reasonableness.*

We further report that, except for the effects, if any, of the matter stated in paragraph (2) above which is not ascertainable, had the impact of our observations made in para (1) above been considered, the net loss and borrowings for the quarter and nine months ended December 31, 2019 would have been increased by Rs. 20,970.66 lacs and Rs 60,531.57 lacs respectively and the equity would have been reduced by the same amount. The financial impact of matter stated in paragraph 2 of the Basis for Qualified Opinion can't be measured reliably for nine months ended December 31, 2019.

Qualified Opinion

Based on our review conducted as above, nothing except the above observation has come to our attention that causes us to believe that the accompanying statement of Consolidated unaudited financial results read with notes thereon, prepared in accordance with the aforesaid Indian Accounting Standards (INDAS) Prescribed under section 133 of the Companies Act, 2013 read



with Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material Uncertainty Related to Going Concern

Notes no. 2 and 3 of the consolidated unaudited financial results, stating thereto that the terms and conditions of the sanctioned CDR package w.r.t interest and principal repayment were not complied with. Consequently, State Bank of India, in its capacity as financial creditor had filed a petition under Insolvency and Bankruptcy Code, 2016 (IBC) against the parent company with Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) which was admitted on 11th April 2018 and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC. Subsequently the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in abeyance from May 01, 2018 to May 21, 2018. Subsequently, in the first meeting of the committee of creditors of the Corporate Debtor held on June 15, 2018 IRP was confirmed as the resolution professional of the Corporate Debtor ("Resolution Professional"). The company has filed an appeal against the admission of petition and appointment of IRP with NCLAT. This petition was transferred to the Hon'ble Supreme Court ("Transferred Case"). The Hon'ble Supreme Court vide its order dated September, 6, 2019 as prayed for, dismissed the transferred case as withdrawn ("Withdrawal Order"). A copy of Withdrawal order was published on September 11, 2019 ("Publication Date"). Accordingly, on and from the Publication date, the CIRP of the Corporate Debtor stands resumed. The Group has incurred net loss of Rs. 5,024.28 lacs and Rs. 51,937.68 lacs for the quarter and nine months ended December 31, 2019

However subsequently, the Resolution Plan submitted by the consortium of ArrEss Industries Private Limited & Leading Edge Commercial FZE has been approved by the members of the Committee of Creditors ("CoC") considering the company as a going concern on October 6, 2020.

Emphasis of Matter

We draw attention to the following matters:

1. Note No. 7 of the unaudited consolidated financial results, the Group has written back excess provision made on allowance for Trade Receivables and Loans and Advances aggregating to Rs 3,490.28 Lacs net of amount collected and provision made in compliance of IND AS-109 for the Nine months ended on December 31, 2019.
2. Note no. 7 of the unaudited consolidated financial results the company has written down inventories of Finished Goods identified as non-moving, slow moving, obsolete and damaged inventory to net realizable value by Rs 803.54 Lacs for quarter ended September 30, 2019. The same has been charged to Statement of profit & loss as exceptional item.
3. Note No. 9 of the unaudited Consolidated financial results, the parent company has provided for allowance for interest subsidy receivable amounting to Rs. 26,621.40 Lacs for the quarter ended



on September 30, 2019 which consists of interest subsidy (i) under TUFs from Ministry of Textiles and (ii) Subsidy under Textile Policy of Government of Madhya Pradesh for the financial years 2013-14 to 2016-17.

4. Contingency relating to export incentives obligation refundable in respect of allowance for foreign trade receivables amounting Rs. 4,921 lacs (as per audited Consolidated financial statements as at March 31, 2019) which is further subject to interest and penalties.

Our conclusion is not modified in respects of the matters reported in para (1 to 4) of Emphasis of matters.

Other Matters

We draw attention to the following matter:

1. We did not review the interim financial results of three subsidiaries included in the consolidated financial results whose interim financial results reflect revenues from operations of Rs. 1526.51 lacs and 4,263.05 lacs for the quarter and nine months ended December 31, 2019. The consolidated financial results also include the group's share of net loss of Rs. 3936.86 lacs for the nine months ended 31st December, 2019.

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

PLACE: LUDHIANA
DATED: 31-10-2020

FOR MALHOTRA MANIK & ASSOCIATES
CHARTERED ACCOUNTANTS

FRN: 015848N



Manik Malhotra

(CA. MANIK MALHOTRA)

PARTNER

M.No. 094604

UDIN: 20094604AAAABQ1462