

# 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

Date: October 31, 2020

To,

**BSE Limited**  
Department of Corporate Services  
25th Floor  
P J Towers  
Dalal Street  
Mumbai – 400001  
**Scrip Code: 532886 /SELMCL**

**National Stock Exchange of India Limited**  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400051  
**Symbol: SELMCL**

Dear Sir/Madam

**Sub: UNAUDITED QUARTERLY RESULTS:**

**Symbol: SELMCL Series: EQ ISIN No: INE105I01012**

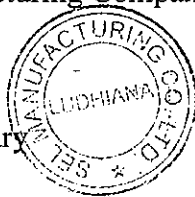
Further to our letter dated 23.10.2020, we are pleased to enclose herewith a copy of Companies Unaudited Financial Results (i.e. standalone and consolidated) for the quarter and half year period ended 30.09.2019 respectively. These results have been considered/ signed on 31.10.2020 at 03.00 p.m..

We hope you will find these in order.

Thanking you,

Yours faithfully,  
For SEL Manufacturing Company Limited

  
Rahul Kapoor  
Company Secretary



Encl.: As above

*(SEL Manufacturing Company Limited is under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016, vide order of the Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT"), dated 11<sup>th</sup> April 2018. Its affairs, business and assets are being managed by the Resolution Professional, Mr. Navneet Gupta, appointed by the Hon'ble NCLT vide order dated 25<sup>th</sup> April 2018, which was published on the website of the NCLT.)*

**Statement of Standalone Unaudited Financial Results for the Quarter & Six Months Ended September 30, 2019**

PART-I		(Rs. In Lakhs)					
Sr. No.	Particulars	Unaudited Quarter Ended 30/09/2019	Unaudited Quarter Ended 30/06/2019	Unaudited Quarter Ended 30/09/2018	Unaudited Year to date 30/09/2019	Unaudited Year to date 30/09/2018	Audited Year Ended 31/03/2019
1	Income from operations						
	a) Revenue from operations	5,670.53	8,450.93	11,988.14	14,121.46	24,631.12	45,910.97
	b) Other income	1,794.24	210.52	8,411.64	2,004.76	8,672.06	7,539.42
	<b>Total income from operations</b>	<b>7,464.77</b>	<b>8,661.45</b>	<b>20,399.78</b>	<b>16,126.22</b>	<b>33,303.18</b>	<b>53,450.39</b>
2	Expenses						
	a) Cost of material consumed	1,270.56	2,639.38	4,696.80	3,909.94	8,825.29	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	632.05	374.43	(720.94)	1,006.48	(2,198.86)	(163.08)
	d) Employee benefits expenses	1,650.78	1,959.85	2,029.03	3,610.63	4,093.08	8,037.40
	e) Finance Cost	(34.24)	117.22	45.79	82.98	139.68	337.54
	f) Depreciation and amortisation expenses	2,704.38	2,688.73	2,730.92	5,393.11	5,473.85	10,883.24
	g) Other expenses	4,579.24	6,447.61	6,008.98	11,026.85	12,897.19	25,958.93
	<b>Total expenses</b>	<b>10,802.76</b>	<b>14,227.22</b>	<b>14,790.58</b>	<b>25,029.98</b>	<b>29,234.27</b>	<b>60,111.38</b>
3	<b>Profit from operations before exceptional items (1-2)</b>	<b>(3,337.99)</b>	<b>(5,565.77)</b>	<b>5,609.20</b>	<b>(8,903.76)</b>	<b>4,068.91</b>	<b>(6,660.98)</b>
4	Exceptional Items	2,40,532.40	(3,694.68)	11,521.33	2,36,837.72	12,547.91	16,935.56
5	<b>Profit (+)/ Loss (-) before tax (3±4)</b>	<b>(2,43,870.39)</b>	<b>(1,871.09)</b>	<b>(5,912.13)</b>	<b>(2,45,741.48)</b>	<b>(8,479.00)</b>	<b>(23,596.54)</b>
6	Tax Expense	-	-	-	-	-	-
7	<b>Net Profit (+)/ Loss (-) for the period from Continuing Operations tax (5-6)</b>	<b>(2,43,870.39)</b>	<b>(1,871.09)</b>	<b>(5,912.13)</b>	<b>(2,45,741.48)</b>	<b>(8,479.00)</b>	<b>(23,596.54)</b>
8	Net Profit (+)/ Loss (-) from Discontinuing Operations	-	-	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-	-	-
10	<b>Net Profit (+)/ Loss (-) from Discontinuing Operations after tax (7+8+9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11	<b>Net Profit (+)/ Loss (-) for the period (7+10)</b>	<b>(2,43,870.39)</b>	<b>(1,871.09)</b>	<b>(5,912.13)</b>	<b>(2,45,741.48)</b>	<b>(8,479.00)</b>	<b>(23,596.54)</b>
12	Other Comprehensive Income						
	a (i) Items that will not be reclassified to Profit or Loss	197.78	12.96	(2.26)	210.74	28.37	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	(185.29)	(194.01)	(145.95)	(379.30)	(304.58)	(351.90)
	(ii) Income Tax relating to Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
13	<b>Total Comprehensive Income for the Period (11+12)</b>	<b>(2,43,857.90)</b>	<b>(2,052.14)</b>	<b>(6,060.34)</b>	<b>(2,45,910.04)</b>	<b>(8,755.21)</b>	<b>(23,547.03)</b>
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	-	-	-	(5,05,999.05)	-	(2,60,089.01)
16	i. Earning per share (EPS) (for Continuing Operations) (in Rs.) (not annualised)						
	a) Basic	B- (73.60)	B- (0.56)	B- (1.78)	B- (74.16)	B- (2.56)	B- (7.12)
	b) Diluted	D- (73.60)	D- (0.56)	D- (1.78)	D- (74.16)	D- (2.56)	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- (73.60)	B- (0.56)	B- (1.78)	B- (74.16)	B- (2.56)	B- (7.12)
	b) Diluted	D- (73.60)	D- (0.56)	D- (1.78)	D- (74.16)	D- (2.56)	D- (7.12)

**Notes:**

- The unaudited financial statements for the quarter and six months ended September 30, 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" or the "Company"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder, as amended from time to time ("Code"), the NCLT vide its order ("Admission Order") dated April 11, 2018 ("Insolvency Commencement Date") had admitted the application for the initiation of the corporate insolvency resolution process ("CIRP") of the Corporate Debtor. Subsequently, the NCLT vide its order dated April 25, 2018 ("IRP Order") appointed Mr. Navneet Kumar Gupta as the interim resolution professional of the Corporate Debtor ("IRP"). Due to legal interventions, CIRP was in 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. These financial results for the period ended 30th September 2019, contains opening balances as of and prior to 11th September 2019, which have not been authenticated by the RP since these were pertaining to the period during which the CIRP was kept in abeyance.
- 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. 14,409.91 lakhs and at Rs. 28,188.91 lakhs for the quarter & six months ended 30th September, 2019 respectively and the same has not been considered for preparation of the financial results for the quarter & six months ended 30th September, 2019. Due to non provision of the interest expense, net loss for the quarter ended and six months ended 30th September, 2019 is reduced by Rs. 14,409.91 lakhs and Rs. 28,188.91 lakhs respectively. Further the Financial Liability is reduced and correspondingly the equity is increased by the same amount.
- 7 During the six months ended, the Company has written back excess provision made on allowance for trade receivables and advances to suppliers aggregating to Rs. 4499 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, 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. A provision for impairment has been recorded for and the same does have an impact on current period 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. A provision for impairment has been recorded for INR 26,621.40 lakhs and the same does have an impact on current period losses of the company.
- 11 Subsequent to the period ended 30th September 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 & Six Months Ended September 30, 2019**

PART-I		(Rs. in Lakhs)					
Sr. No.	Particulars	Unaudited Quarter Ended 30/09/2019	Unaudited Quarter Ended 30/06/2019	Unaudited Quarter Ended 30/09/2018	Unaudited Year to date 30/09/2019	Unaudited Year to date 30/09/2018	Audited Year Ended 31/03/2019
1	Income from operations						
	a) Revenue from operations	6,317.28	10,359.11	14,509.06	16,676.39	33,049.30	60,672.87
	b) Other income	2,343.50	219.38	10,901.03	2,562.88	11,378.41	9,168.72
	<b>Total income from operations</b>	<b>8,660.77</b>	<b>10,578.49</b>	<b>25,410.09</b>	<b>19,239.26</b>	<b>44,427.71</b>	<b>69,841.59</b>
2	Expenses						
	a) Cost of material consumed	1,346.13	2,851.40	5,422.24	4,197.53	12,146.39	19,395.57
	b) Purchase of stock-in-trade	-	-	-	-	4.05	281.92
	c) Changes in inventories of finished goods, work in progress and stock in trade	648.77	1,227.52	422.63	1,876.29	(1,743.23)	1,248.15
	d) Employee benefits expenses	2,126.37	2,567.59	3,033.36	4,693.96	6,238.98	11,460.88
	e) Finance Cost	(18.05)	215.34	48.51	197.29	172.97	684.27
	f) Depreciation and amortisation expenses	3,475.98	3,798.54	3,671.85	7,274.52	7,358.35	14,630.76
	g) Other expenses	5,127.38	7,340.22	7,713.02	12,467.60	17,472.62	34,502.78
	<b>Total expenses</b>	<b>12,706.60</b>	<b>18,000.61</b>	<b>20,311.61</b>	<b>30,707.21</b>	<b>41,650.13</b>	<b>82,204.33</b>
3	<b>Profit from operations before exceptional items (1-2)</b>	<b>(4,045.82)</b>	<b>(7,422.12)</b>	<b>5,098.48</b>	<b>(11,467.94)</b>	<b>2,777.58</b>	<b>(12,362.74)</b>
4	Exceptional Items	39,649.53	(4,204.07)	14,432.03	35,445.46	20,380.95	24,884.24
5	<b>Profit (+)/ Loss (-) before tax (3+4)</b>	<b>(43,695.36)</b>	<b>(3,218.05)</b>	<b>(9,333.55)</b>	<b>(46,913.41)</b>	<b>(17,603.38)</b>	<b>(37,246.94)</b>
6	Tax Expense	-	-	-	-	-	(0.03)
7	<b>Net Profit (+)/ Loss (-) for the period from Continuing Operations</b>	<b>(43,695.36)</b>	<b>(3,218.05)</b>	<b>(9,333.55)</b>	<b>(46,913.41)</b>	<b>(17,603.38)</b>	<b>(37,246.94)</b>
8	Net Profit (+)/ Loss (-) from Discontinuing Operations	-	-	-	-	-	-
9	Tax Expense of Discontinuing Operations	-	-	-	-	-	-
10	<b>Net Profit (+)/ Loss (-) from Discontinuing Operations at</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11	<b>Net Profit (+)/ Loss (-) for the period (7+10)</b>	<b>(43,695.36)</b>	<b>(3,218.05)</b>	<b>(9,333.55)</b>	<b>(46,913.41)</b>	<b>(17,603.38)</b>	<b>(37,246.94)</b>
12	<b>Profit/(Loss) attributable to</b>						
	(1) Owners of the Company	(43,694.51)	(3,217.89)	(9,328.02)	(46,914.10)	(17,600.95)	(37,249.45)
	(2) Non-Controlling Interests	(0.85)	(0.16)	(5.53)	0.69	(2.42)	2.50
	<b>Profit/(Loss) for the period</b>	<b>(43,695.36)</b>	<b>(3,218.05)</b>	<b>(9,333.55)</b>	<b>(46,913.41)</b>	<b>(17,603.38)</b>	<b>(37,246.94)</b>
13	<b>Other Comprehensive Income</b>						
	a (i) Items that will not be reclassified to Profit or Loss	191.17	22.67	12.99	213.84	59.31	496.51
	(ii) Income Tax relating to Items that will not be reclassified	-	-	-	-	-	-
	b (i) Items that will be reclassified to Profit or Loss	(437.16)	(230.90)	(200.28)	(668.06)	(400.56)	(801.13)
	(ii) Income Tax relating to Items that will be reclassified	-	-	-	-	-	-
14	<b>Total Comprehensive Income for the Period (11+13)</b>	<b>(43,941.35)</b>	<b>(3,426.28)</b>	<b>(9,520.84)</b>	<b>(47,367.63)</b>	<b>(17,944.63)</b>	<b>(37,551.56)</b>
	<b>Total Comprehensive Income attributable to</b>						
	(1) Owners of the Company	(43,940.49)	(3,426.12)	(9,515.31)	(47,368.32)	(17,942.21)	(37,554.07)
	(2) Non-Controlling Interests	(0.85)	(0.16)	(5.53)	0.69	(2.42)	2.50
	<b>Total Comprehensive Income</b>	<b>(43,941.35)</b>	<b>(3,426.28)</b>	<b>(9,520.84)</b>	<b>(47,367.63)</b>	<b>(17,944.63)</b>	<b>(37,551.56)</b>
15	<b>Paid-up equity share capital of Rs. 10/- each</b>	<b>33,134.70</b>	<b>33,134.70</b>	<b>33,134.70</b>	<b>33,134.70</b>	<b>33,134.70</b>	<b>33,134.70</b>
16	Other Equity	-	-	-	(3,56,910.07)	-	(3,09,367.55)
17	<b>i. Earning per share (EPS) (for Continuing Operations)</b> (in Rs.) (not annualised)						
	a) Basic	B- (13.19)	B- (0.97)	B- (2.82)	B- (14.16)	B- (5.31)	B- (11.24)
	b) Diluted	D- (13.19)	D- (0.97)	D- (2.82)	D- (14.16)	D- (5.31)	D- (11.24)
	<b>ii. Earning per share (EPS) (for Discontinued Operations)</b> (in Rs.) (not annualised)						
	a) Basic	-	-	-	-	-	-
	b) Diluted	-	-	-	-	-	-
	<b>iii. Earning per Share (EPS) (for Discontinued &amp; Continuing Operations)</b> (in Rs.) (not annualised)						
	a) Basic	B- (13.19)	B- (0.97)	B- (2.82)	B- (14.16)	B- (5.31)	B- (11.24)
	b) Diluted	D- (13.19)	D- (0.97)	D- (2.82)	D- (14.16)	D- (5.31)	D- (11.24)

**Notes:**

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- 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. These financial results for the period ended 30th September 2019, contains opening balances as of and prior to 11th September 2019, which have not been authenticated by the RP since these were pertaining to the period during which the CIRP was kept in abeyance.
- 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. 20,371.91 lakhs and at Rs. 39,560.91 lakhs for the quarter & six months ended 30th September, 2019 respectively and the same has not been considered for preparation of the financial results for the quarter & six months ended 30th September, 2019. Due to non provision of the interest expense, net loss for the quarter ended and six months ended 30th September, 2019 is reduced by Rs. 20,371.91 lakhs and Rs. 39,560.91 lakhs respectively. Further the Financial Liability is reduced and correspondingly the equity is increased by the same amount.
- 7 During the six months ended, the Company has written back excess provision made on allowance for trade receivables and advances to suppliers aggregating to Rs. 4,567 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. A provision for impairment has been recorded for and the same does have an impact on current period 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. A provision for impairment has been recorded for INR 26,621.40 lakhs and the same does have an impact on current period losses of the company.
- 10 Subsequent to the period ended 30th September 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

## SEL MANUFACTURING COMPANY LIMITED

Cash Flow Statement for the Half Year Ended 30th September, 2019

		(Rs. in Lakhs)		
Particulars	Details	30.09.2019	Details	30.09.2018
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes as per Statement of Profit & Loss		(2,45,741.48)		(8,479.00)
Adjustments for Non Cash Items:				
-Depreciation/Amortization	5,393.11		5,473.85	
-Provision for Diminution in Value of Investments	2,02,127.55		-	
-Provision for Doubtful Debts	(6,020.94)		12,526.96	
-Impairment of Capital Work in Progress	12,587.60		-	
-Allowances for Loans & Advances	28,143.51		20.95	
-Interest Cost	13.63		97.68	
-Interest Income	(55.18)		(30.01)	
-Dividend Income	-		(0.37)	
-Share of (Profit)/Loss from Firm	(33.26)		0.98	
	-	2,42,156.02	-	18,090.04
Adjustments for Changes in Working Capital:				
-Increase/ (Decrease) in Trade Payables	105.08		(292.08)	
-Increase/ (Decrease) in Other Current Liabilities	105.64		(189.28)	
-Increase/ (Decrease) in Other Financial Liabilities	(15,836.44)		18,220.60	
-Increase/ (Decrease) in Current Provisions	104.21		34.60	
-(Increase)/ Decrease in Trade Receivables	2,553.80		(9,159.07)	
-(Increase)/ Decrease in Other Current Assets	(27,137.21)		55.58	
-(Increase)/ Decrease in Current Assets Tax (Net)	(203.61)		(3.97)	
-(Increase)/ Decrease in Bank Balance other than Cash	-		63.64	
-(Increase)/ Decrease in Other Financial Assets	26,797.69		844.62	
-(Increase)/ Decrease in Inventories	2,043.23	(11,467.62)	(1,520.58)	8,054.06
Cash Generation from Operations		(15,053.08)		17,665.10
-Taxes Paid		-		-
Net Cash from Operating Activities		(15,053.08)		17,665.10
<b>B Cash Flows from Investing Activities</b>				
-Purchase of Plant, Property & Equipments	(0.14)		(7.07)	
-(Increase)/Decrease in Capital Work in Process	106.82		25.69	
-Interest Income	55.18		30.01	
-Share of (Profit)/Loss from Firm	33.26		(0.98)	
-Dividend Income	-		0.37	
-(Increase)/Decrease of Non Current Investments	(822.81)		1.69	
-(Increase)/ Decrease in Non Current Loans	-		(63.64)	
-Increase/(Decrease) in Non Current Provisions	(64.99)		22.09	
Net Cash Flows from Investing Activities		(692.67)		522.13
<b>C Cash Flows from Financing Activities</b>				
-Proceeds/(Repayment) of Non Current Borrowings	15,648.51		(23,888.89)	
-(Increase)/ Decrease in Other Financial Assets Non Current	(80.43)		513.97	
-Proceeds/(Repayment) of Current Financial Borrowings	85.82		5,822.69	
-Interest Cost	(13.63)		(97.68)	
Net Cash Flows from Financing Activities		15,640.28		(18,163.88)
Net increase/(Decrease) in Cash & Cash Equivalent		(105.47)		23.35
Cash & Cash Equivalents - Opening Balance		475.12		258.42
Cash & Cash Equivalents - Closing Balance		369.64		281.77

For and on the behalf of SEL Manufacturing Company Limited

  
 (Navneet Gupta)  
 Executive Director  
 DIN: 02122420

Place: Ludhiana  
 Date: 31.10.2020

**SEL MANUFACTURING COMPANY LIMITED**  
Consolidated Cash Flow Statement for the Half Year Ended 30th September, 2019

Particulars	Details	30.09.2019	Details	30.09.2018
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Taxes as per Statement of Profit & Loss		(46,914.10)		(17,605.80)
<b>Adjustments for Non Cash Items:</b>				
-Depreciation/Amortization	7,274.52		7,358.35	
-Provision for Doubtful Debts	(6,121.57)		20,356.21	
-Provision for Doubtful Debts Reversed	(174.21)		-	
-Impairment of Capital Work in Progress	12,587.60		-	
-Allowances for Loans & Advances	28,175.89		24.74	
-Interest Cost	118.18		127.01	
-Interest Income	(79.75)		(41.65)	
-Dividend Income	-		(0.37)	
-(Profit)/Loss on Sale of Fixed Assets	(15.54)		(202.06)	
		41,765.13		27,622.23
<b>Adjustments for Changes in Working Capital:</b>				
-Increase/ (Decrease) in Trade Payables	199.62		(150.35)	
-Increase/ (Decrease) in Other Current Liabilities	1,424.36		(568.29)	
-Increase/ (Decrease) in Other Financial Liabilities	31,365.07		21,817.88	
-Increase/ (Decrease) in Current Provisions	120.58		40.98	
-(Increase)/ Decrease in Trade Receivables	1,511.21		(11,827.28)	
-(Increase)/ Decrease in Other Current Assets	(269.86)		671.52	
-(Increase)/ Decrease in Current Assets Tax (Net)	(238.57)		(9.99)	
-(Increase)/ Decrease in Current Loans	176.55		844.16	
-(Increase)/ Decrease in Inventories	2,981.58	37,270.55	223.95	11,042.58
<b>Cash Generation from Operations</b>		32,121.58		21,058.01
-Taxes Paid		-		-
<b>Net Cash from Operating Activities</b>		32,121.58		21,058.01
<b>B Cash Flows from Investing Activities</b>				
-Purchase of Plant, Property & Equipments	(16.70)		(14.54)	
-(Increase)/Decrease in Capital Work in Progress	105.82		12.95	
-Proceeds from Sale of Fixed Assets	66.00		985.13	
-Interest Income	79.75		41.65	
-Dividend Income	-		0.37	
-(Increase)/ Decrease in Others Financial Assets Non Current	10.09		(84.73)	
-Increase/(Decrease)in Non Current Provisions	(68.75)		34.29	
<b>Net Cash Flows from Investing Activities</b>		177.21		975.12
<b>C Cash Flows from Financing Activities</b>				
-Increase/(Decrease) in Non Controlling Interest	0.69		3.42	
-Proceeds/(Repayment) of Non Current Borrowings	(31,580.39)		(28,391.81)	
-Increase/(Decrease)in Other Financial Liabilities Non Current	17.99		-	
-(Increase)/ Decrease in Other Non Current Assets	(80.43)		338.57	
-Repayment of Current Borrowings	(623.54)		6,137.66	
-Interest Cost	(118.18)		(127.01)	
<b>Net Cash used in Financing Activities</b>		(32,383.86)		(22,038.17)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>		(85.07)		(5.04)
Cash & Cash Equivalents - Opening Balance		539.31		416.53
Cash & Cash Equivalents - Closing Balance		454.24		411.49

For and on the behalf of SEL Manufacturing Company Limited

  
(Navneet Gupta)  
Executive Director  
DIN: 02122420

Place: Ludhiana  
Date: 31.10.2020

## STATEMENT OF ASSETS & LIABILITIES (STANDALONE)

PARTICULARS	(In Lakhs)	
	AS AT 30.09.2019	AS AT 31.03.2019
<b>ASSETS</b>		
<b>(1) Non Current Assets</b>		
(a) Property, Plant and Equipment	1,45,256.30	1,50,649.27
(b) Capital Work in Progress	4,246.00	16,940.42
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intangible Assets under Development	-	-
(g) Biological Assets Other Than Bearer Plants	-	-
(h) Financial Assets	-	-
(i) Investments	916.80	2,02,221.43
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	0.50	0.50
(i) Deferred Tax Assets (Net)	-	-
(j) Other Non-Current Assets	1,025.43	945.00
	<b>1,51,445.03</b>	<b>3,70,756.62</b>
<b>(2) Current Assets</b>		
(a) Inventories	3,855.57	5,898.79
(b) Financial Assets	-	-
(i) Current Investments	-	-
(ii) Trade Receivables	7,729.77	4,262.64
(iii) Cash & Cash Equivalents	369.64	475.12
(iv) Bank Balances other than (iii) above	32.59	32.59
(v) Loans	-	-
(vi) Others	585.09	27,382.78
(c) Current Tax Assets (Net)	1,646.80	1,443.20
(d) Other Current Assets	1,422.67	2,428.97
	<b>15,642.13</b>	<b>41,924.08</b>
<b>TOTAL ASSETS</b>	<b>1,67,087.16</b>	<b>4,12,680.70</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(5,05,999.05)	(2,60,089.01)
	<b>(4,72,864.35)</b>	<b>(2,26,954.31)</b>
<b>LIABILITIES</b>		
<b>(1) Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,38,681.35	1,58,498.35
(ii) Trade Payables	-	-
(iii) Other Financial Liabilities	-	-
(b) Provisions	71.13	136.12
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	<b>1,38,752.48</b>	<b>1,58,634.47</b>



<b>(2) Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	3,42,726.63	3,42,261.40
(ii) Trade Payables	6,948.58	6,843.50
(iii) Other Financial Liabilities	1,50,816.47	1,31,187.39
(b) Other Current Liabilities	222.47	116.84
(c) Provisions	484.88	591.41
(d) Current Tax Liabilities(Net)	-	-
	<b>5,01,199.03</b>	<b>4,81,000.54</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,67,087.16</b>	<b>4,12,680.70</b>
	(0)	0

For and on behalf of SEL Manufacturing Co. Ltd.

  
**Navneet Gupta**  
 Executive Director & CFO

**Date: 31.10.2020**  
**Place: Ludhiana**

## STATEMENT OF ASSETS & LIABILITIES (CONSOLIDATED)

PARTICULARS	(In Lakhs)	
	AS AT 30.09.2019	AS AT 31.03.2019
<b>ASSETS</b>		
<b>(1) Non Current Assets</b>		
(a) Property, Plant and Equipment	2,08,212.06	2,15,520.33
(b) Capital Work in Progress	43,246.36	55,940.78
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intangible Assets under Development	-	-
(g) Biological Assets Other Than Bearer Plants	-	-
(h) Financial Assets	-	-
(i) Investments	4,280.67	4,280.56
(ii) Trade Receivable	-	-
(iii) Loans	-	-
(iv) Others	8.75	18.84
(i) Deferred Tax Assets (Net)	-	-
(j) Other Non-Current Assets	4,134.40	4,053.97
	<b>2,59,882.24</b>	<b>2,79,814.50</b>
<b>(2) Current Assets</b>		
(a) Inventories	4,290.80	7,272.38
(b) Financial Assets		
(i) Current Investments	-	-
(ii) Trade Receivables	10,511.66	5,901.30
(iii) Cash & Cash Equivalents	454.24	539.31
(iv) Bank Balances other than (iii) above	32.74	32.74
(v) Loans	-	-
(vi) Others	6,923.99	33,721.95
(c) Current Tax Assets (Net)	2,117.55	1,878.98
(d) Other Current Assets	2,602.58	3,887.21
	<b>26,933.55</b>	<b>53,233.87</b>
<b>TOTAL ASSETS</b>	<b>2,86,815.79</b>	<b>3,33,048.36</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	33,134.70	33,134.70
(b) Other Equity	(3,56,910.07)	(3,09,367.55)
Equity attributable to owners of the Company	<b>(3,23,775.37)</b>	<b>(2,76,232.85)</b>
Non-Controlling Interest	19.00	18.31
Total Equity	<b>(3,23,756.37)</b>	<b>(2,76,214.54)</b>
<b>LIABILITIES</b>		
<b>(1) Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,88,582.79	2,19,495.12
(ii) Trade Payables	-	-
(iii) Other Financial Liabilities	17.99	-
(b) Provisions	104.72	173.47
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	-
	<b>1,88,705.51</b>	<b>2,19,668.59</b>

<b>(2) Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,76,508.87	1,77,132.41
(ii) Trade Payables	12,210.96	12,011.34
(iii) Other Financial Liabilities	2,30,922.39	1,99,557.32
(b) Other Current Liabilities	1,609.00	184.64
(c) Provisions	615.43	708.59
(d) Current Tax Liabilities(Net)	-	-
	<b>4,21,866.66</b>	<b>3,89,594.31</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,86,815.79</b>	<b>3,33,048.36</b>

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 September 30, 2019 and year to date from April 01, 2019 to September 30, 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. Attention is drawn to the fact that We have not reviewed the figures for net cash inflows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited standalone financial results which have been taken on record by the Resolution Professional (RP)
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. July 5, July 5, 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 the 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 14409.91 lacs and Rs 28,188.91 lacs for the quarter and six months ended September 30, 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 six months ended September 30, 2019 would have been increased by Rs. 14409.91 lacs and Rs 28,188.91 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.*

#### **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 date 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. 2,43,857.39 lacs and Rs. 2,45,741.48 lacs for the quarter and six months ended September 30, 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. 4499 Lacs net of amount collected and provision made in compliance of IND AS-109 for the six months ended on September 30, 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

UIN: 20094604 AAAA BN 9245

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 September 30, 2019 and year to date from April 01, 2019 to September 30, 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 read with SEBI Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016. Attention is drawn to the fact that We have not reviewed the consolidated figures for the net cash inflows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited consolidated financial results which have been taken on Record by the Resolution Professional.
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. Navneet Kumar Gupta.
3. This Statement, which is the responsibility of the Parent's Management and has been signed by the 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/44/20 19 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 20,371.91 lacs and Rs 39560.91 lacs for the quarter and six months ended September 30, 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 30th September, 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 six months ended September 30, 2019 would have been increased by Rs. 20,371.91 lacs and Rs 39560.91 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.

#### **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. 43,695.36 lacs and Rs. 46,913.41 lacs for the quarter and six months ended September 30, 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 consolidated financial results, the Group has written back excess provision made on allowance for Trade Receivables and Loans and Advances aggregating to Rs. 4,567 Lacs net of amount collected and provision made in compliance of INDAS-109 for the six months ended on September 30, 2019.
2. Note no 7 of the unaudited consolidated financial results, the parent 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. The 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.
4. 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 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.

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

#### Other Matter

We draw attention to the following matter:

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. 733.34 lacs and 2736.54 lacs for the quarter and six months ended September 30, 2019. The consolidated financial results also include the group's share of net loss of Rs. 2674.35 lacs for the six months ended September 30, 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: 20094604AAAA08938

