

SGCO & Co.LLP

Chartered Accountants

Limited Review Report on the Unaudited Financial Results of TREND ELECTRONICS LIMITED for the quarter and nine months ended 31st December, 2019 Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Resolution Professional
TREND ELECTRONICS LIMITED

1. We have been appointed as Statutory Auditors of TREND ELECTRONICS LIMITED ("the Company") by the Committee of Creditors on 27th April, 2021, subsequently approved by us as on 14th May, 2021 and based on the recommendation of the Resolution Professional and subject to the approval of shareholders at the ensuing Annual General Meeting of the Company we shall hold office till the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2021.
2. Financial Statements for the year ended 31st March, 2020 have been audited by previous auditor, M/s S Z Deshmukh & Co., Chartered Accountants on which they have issued a Disclaimer of opinion vide report dated 14th January, 2021. Accordingly, the financial results for the quarter/period ended 31st December, 2019 have been extracted from the books of accounts audited by previous auditor.
3. We have reviewed the accompanying statement of unaudited Financial Results of TREND ELECTRONICS LIMITED ("the Company") for the quarter and nine months ended 31st December, 2019 ("the statement"). This statement is the responsibility of the Company's Management and has been approved by the Resolution Professional. Our responsibility is to issue a report on the statement based on our review.
4. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India being current statutory auditor appointed by the Committee of Creditors. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
5. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
6. We are unable to comment on necessary adjustments / disclosures in these financial results in relation to following items in view of non-availability of necessary information/ documentations/ satisfactory explanations relevant to the review for the relevant period:

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- a. As mentioned in Note No. 4(a) of the financial results, the Company has carrying value of investments of Rs. 5.27 Crores, has given advances of Rs.265.97 Crores and has trade receivables of Rs. 21.58 Crores aggregating to Rs. 292.82 Crores in group/ affiliate companies, which have been also admitted to Corporate Insolvency Resolution Process (CIRP).

In view of the referral of these group/affiliate companies to National Company Law Tribunal and consequent admission thereof under the Insolvency and Bankruptcy Code,2016, we are unable to conclude the extent of realisability of aforesaid investments, advances and trade receivables from these group / affiliate companies pending the completion of resolution process of these entities. Further we are unable to determine the consequential effect of the above, on the financial results.

- b. As mentioned in Note No 4(b) to the financial results, the Company has not assessed impairment of fixed assets, not ascertained net realisable value of inventory, and not ascertained the realisable value of investments; though as explained to us, valuers have been appointed for valuation of assets including inventory and investments. As informed to us, the valuation reports are confidential as per Insolvency and Bankruptcy Code, 2016. In the absence of management evaluation, we are unable to determine the consequential impact of the same on the financial results.
- c. As mentioned in Note No. 4(c) to the financial results, the balance confirmations have not been received in respect of secured and unsecured loans, balances with banks, trade receivables, trade and other payables and loans and advances. The Company continues the process of obtaining confirmations and reconciliation of the balances of trade receivables, trade and other payables and loans and advances. In the absence of sufficient and appropriate evidence in relation to unconfirmed balances, we are unable to determine whether any adjustments are required to the said balances and the consequential impact of the same on the financial results.
- d. As mentioned in Note No. 4(d) to the financial statements, pursuant to commencement of Corporate Insolvency Resolution Process (CIRP) of the Company under Insolvency and Bankruptcy Code, 2016, there are various claims submitted by the financial creditors, operational creditors, and employees to the Resolution Professional (RP). Such claims can be submitted to the RP till the approval of the resolution plan by Committee of Creditors (COC). The overall obligations and liabilities including interest on loans and the principal amount of loans shall be determined during the CIRP. Pending final outcome of the CIRP, no accounting impact in the books of account has been made in respect of excess, short, or non-receipts of claims for operational and financial creditors. Accordingly, we are unable to obtain sufficient and appropriate evidence with respect to completeness of the amount of liabilities in the financial results.
- e. As mentioned in Note No. 4(e) to the financial results, the Company has not charged the depreciation on Property Plant and Equipment (PPE) for the period, due to non-



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availability of information we are unable to determine the impact on the Loss of the Company for the year and the completeness of the disclosures in the notes to the financial results of the Company.

- f. As mentioned in Note No 4(f) to the financial statements, the Company has not submitted its financial results for the quarter/period ended March 31, 2018, and subsequent periods till date as required under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Consequently, we are unable to comment on the monetary impact, if any of these non-compliances on the financial statements in addition to the fact that the equity shares of the Company are suspended from trading on the BSE Limited
- g. As mentioned in Note No 4(g) to the financial statements, the Company has carried forward the Deferred Tax Asset of Rs. 13.46 Crores even though there is no reasonable certainty of its realisation.
- h. Material uncertainty relating to Going Concern:

As mentioned in Note No. 4(h) to the financial results, the Company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, and there is considerable decline in level of operations of the Company and net worth of the Company as on the reporting date is negative and it continues to incur losses. The Company is a co-obligor and has received demand notices in respect of borrowings of other obligors/borrowers. Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP. Accordingly, the financial results are continued to be prepared on going concern basis. However, there exists a material uncertainty about the ability of the Company to continue as a "Going Concern". The same is dependent upon the resolution plan to be approved by NCLT. The appropriateness of the preparation of financial results ongoing concern basis is critically dependent upon CIRP as specified in the Code. Necessary adjustments required on the carrying amount of assets and liabilities are not ascertainable at this stage.

- i. The Company has not recognised the impact and has not complied with the disclosure requirements of Indian Accounting Standards (Ind-AS) including Ind AS 109- "Financial Instruments", Ind AS 36 - Impairment of Assets, Ind AS -2 Inventories, Ind AS - 16 Property, Plant and Equipment.
- j. Attention is drawn to the fact that the Company has sold inventory of around Rs. 100 crores (approximately) as scrap having releasable value of approx. Rs.1.75 Crores during the quarter ended 31st March, 2020. However, NRV effect of the same have not been given in this quarter / period.



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7. Our review indicates that, because of the significance of the matters described in the paragraph 6, the Statement of unaudited financial results has not been prepared in all material respect in accordance with Ind AS , and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S G C O & Co LLP

Chartered Accountants

Firm Reg. No. 112081W / W100184


Suresh Murarka

Partner

Mem. No. 44739

UDIN: 21044739AAAAOJ3607



Place: Mumbai

Date: 10th August, 2021

TREND ELECTRONICS LIMITED

Registered Office: 20 K.M. Stone, Aurangabad - Beed Road,

Village Bhalgaon, Aurangabad - 431 210

CIN No. L99999MH1989PLC052233

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2019

[Rs. in Crore]

Particulars	Quarter ended			Nine Months ended		Year ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income						
a) Revenue from Operations	12.00	6.32	27.99	28.27	175.05	181.48
b) Other Income	-	0.29	0.14	0.29	0.40	0.71
Total Income	12.00	6.61	28.13	28.56	175.45	182.19
2. Expenses						
a) Cost of Materials Consumed	10.83	5.59	18.97	23.27	138.31	165.98
b) Purchases of Stock-in-Trade	-	-	-	-	-	-
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	0.04	0.14	(0.70)	0.34	27.37	2.30
d) Excise Duty	-	-	-	-	-	-
e) Employee Benefits Expense	2.28	2.54	4.39	7.64	14.62	18.26
f) Finance Costs	38.11	46.02	29.74	110.18	93.02	145.21
g) Depreciation and Amortisation	-	-	5.04	-	15.11	20.15
h) Other Expenses	0.79	1.28	2.35	2.70	10.00	22.68
Total Expenses	52.05	55.57	59.79	144.13	298.43	374.58
3. Profit/(Loss) before exceptional items and tax	(40.05)	(48.96)	(31.66)	(115.57)	(122.98)	(192.39)
4. Exceptional Items	-	-	-	-	-	-
5. Profit/(Loss) before Tax	(40.05)	(48.96)	(31.66)	(115.57)	(122.98)	(192.39)
6. Tax Expense						
a) Current Tax	-	-	-	-	-	-
b) Deferred Tax	-	-	-	-	-	-
7. Net Profit/(Loss) for the Period	(40.05)	(48.96)	(31.66)	(115.57)	(122.98)	(192.39)
8. Other Comprehensive Income/(Loss)						
a) Items that will not be reclassified to profit or loss	-	-	-	-	-	(4.22)
b) Income tax relating to Items that will not be reclassified to profit or loss	-	-	-	-	-	-
Total Other Comprehensive Income/(Loss) (Net of Tax)	-	-	-	-	-	(4.22)
9. Total Comprehensive Income/(Loss) for the period (7+8)	(40.05)	(48.96)	(31.66)	(115.57)	(122.98)	(196.61)
10. Paid-up Equity Share Capital (Face value Rs.10/- each)	7.50	7.50	7.50	7.50	7.50	7.50
11. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	(268.61)
12. Earnings per Share (Face value of Rs. 10/- each) (Not annualised)						
a) Basic	(53.40)	(65.28)	(42.21)	(154.09)	(163.97)	(256.52)
b) Diluted	(53.40)	(65.28)	(42.21)	(154.09)	(163.97)	(256.52)

Notes:

1. The above standalone financial results have been approved by the Resolution Professional on 10th August,2021

..Contd.

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Village Bhalgaon, Aurangabad - 431 210
CIN No. L99999MH1989PLC052233

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2. Pursuant to an application filed before the Hon'able National Company Law Tribunal, Mumbai (Adjudicating Authority) under section 7 of the Insolvency and Bankruptcy Code, 2016 against Trend Electronics Limited ("Corporate Debtor" or "Trend"), the Adjudicating Authority had admitted the application of Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor vide an order dated September 25, 2018 and appointed Mr. Dushyant C. Dave as the Interim Resolution Professional. Subsequently, the Committee of Creditors (CoC) approved appointment of Mr. Dushyant C Dave as Resolution Professional (Erstwhile Resolution Professional).

Thereafter, separate applications were filed by State Bank of India (on behalf of Financial Creditors) and Mr. Venugopal Dhoot (one of the promoters of the Videocon Group) for the consolidation of the Corporate Debtor along with other group companies (collectively referred as Videocon Group entities). The adjudicating Authority has passed an order on August 8, 2019 approving consolidation of CIRP of 13 Videocon Group entities. Trend was kept out of Consolidation considering that business of Trend, viz., manufacturing set top boxes, is independent of other Videocon Group Entities businesses. The Adjudicating Authority appointed Mr. Divyesh Desai as the Interim Resolution Professional (IRP) of Trend effective from the date of consolidation order. Adjudicating Authority has granted a time 180 days, from order dated August 8, 2019, to the IRP to complete CIRP of Trend.

Subsequently, in the meeting of the Committee of Creditors held on September 6, 2019, approved the appointment of IRP as Resolution Professional (RP). Therefore, the Management and operations of the Company are being managed by RP, Mr. Divyesh Desai. On and from the date of publication of the aforesaid order, the powers of the board of directors of the Company stand vested in the RP.

Subsequently the adjudicating authority granted an extension of 90 days to complete CIRP of Trend Electronics Ltd. Due to COVID-19 pandemic, CIRP period of all companies undergoing CIRP is excluded for the period of lockdown in the state where registered office of the company is located.

3. The Company operates in one reportable business segment i.e. "Consumer electronics and components/parts thereof".
4. In respect of Auditor's Disclaimer in the audit report, the explanation of the Management is as under:
- The Company has carrying value of Investments of Rs. 5.27 crore, has given advances of Rs. 265.97 Crore and has trade receivables of Rs. 21.58 Crore aggregating to Rs. 292.82 crore in group / affiliate companies, which have been also admitted to Corporate Insolvency Resolution Process (CIRP). The actual amount of loss on these investments, advances and trade receivable are not ascertainable till the completion of resolution process of these group/affiliate companies.
 - The Company has not assessed impairment of fixed assets, not ascertained the net realisable value of inventory, and not ascertained the realisable value of investments. Valuers have been appointed for valuation of assets including inventory and investments. Valuation reports are confidential as per Insolvency and Bankruptcy Code, 2016. Hence, the impact of valuation reports on fixed assets, Inventory and Investments have not been given in the financial result.
 - The confirmations and reconciliation of balances of certain secured and unsecured loans, balances with banks, trade receivables, trade and other payables and loans and advances are pending. The RP has made public announcements inviting claims from all creditors of Trend and the same is disclosed to Committee of Creditors and all the Resolution Applicants.
 - Pursuant to commencement of CIRP of the Company under Insolvency and Bankruptcy Code, 2016, there are various claims submitted by the financial creditors, operational creditors and employees and other creditors to the RP. The overall obligations and liabilities including interest on loans and principal amount of loans shall be determined during the CIRP. Pending final outcome of the CIRP, no impact in the books of accounts has been made in respect of excess, short, or non receipts of claims for operational and financial creditors.
 - The Company has not been charged the Depreciation on Property, Plant and Equipments (PPE), due to unavailability of information.
 - The Company has not submitted its financial results for the quarter/period ended March 31, 2018, and subsequent periods till date as required under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - The Company has carried forward the Deferred Tax Asset of Rs. 13.46 crore as on December 31, 2019 even though there is no reasonable certainty of its realisation.
 - Material uncertainty relating to going concern:
The Company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 as amended, and there are persistent severe strains on the working capital and there is considerable decline in level of operations of the Company and net worth of the Company as on the reporting date is negative and it continues to incur losses. The Company has received invocation notices of corporate guarantees given by it and also the personal guarantees of promoter directors have been invoked. Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP. Accordingly, the standalone financial statements are continued to be prepared on going concern basis.
5. The figures of the previous period have been regrouped and reclassified to conform to the classification of current period, wherever considered necessary.

For and on behalf of the Board of
TREND ELECTRONICS LIMITED

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Divyesh N Desai

Resolution Professional

IBBI/IPA-001/IP-P00169/2017-18/10338

Place: Mumbai

Date : 10th August, 2021