

SPENTEX INDUSTRIES LIMITED

Manufacturer of Yarns



September 23, 2017

BSE Limited
Corporate Relationship Deptt.
1st, Floor, New Trading Ring, Rotunda Bldg.
P J Towers, Dalal Street
Mumbai 400 001

Stock Code. **521082**

National Stock Exchange Of India Ltd.
Exchange Plaza
Bandra Kurla Complex
Bandar (E), Mumbai-400051

Stock Code: **SPENTEX**

Dear Sir/Madam,

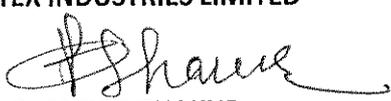
Sub: Submission of Result for the quarter ended 30th June, 2017

In compliance with Regulation 33 of SEBI (LODR) Regulations, 2015, please find enclosed herewith the Unaudited Financial Results for the quarter ended 30th June, 2017, as prepared in accordance with Indian Accounting Standards (IND-AS) as per SEBI's Circular dated 5th July, 2016.

Please take the same on your record.

Thanking you,

Yours truly,
For **SPENTEX INDUSTRIES LIMITED**


PRAKASH CHANDRA THAKUR
COMPANY SECRETARY

Encl: as above.

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201 301 (U.P.)
TEL. : +91 - 120 - 4241000, FAX : +91-120-4241007
E-MAIL : laxaid@vsnl.com

Limited Review Report

Review report to:

The Board of Directors
Spentex Industries Limited
A-60, Okhla Industrial Area, Phase-II,
New Delhi - 110 020.

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results ("the Statement") of Spentex Industries Limited ("the Company") for the quarter ended June 30, 2017 being submitted by the Company pursuant to the requirements of Regulation 33 of 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 the figures for the corresponding quarter ended June 30, 2016 including the reconciliation of net loss for the quarter under Ind AS of the corresponding quarter with net loss for the quarter reported under previous GAAP, as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim financial reporting (Ind AS 34)" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. 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. 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.



HEAD OFFICE : B-17, Maharani Bagh, New Delhi - 110065 Tel. : +91-11-41551155

4. a. Refer note No. 3 of the financial results for the quarter ended June 30, 2017, wherein, the management has represented that the financial results of the Company has complied with the Indian Accounting Standards (Ind AS) as referred in section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. However, we have not been provided the relevant information and documents in relation to such compliance. Therefore, we are unable to comment upon the adequacy of impact of Ind AS on the financial results of the Company with consequential impact on the segment information.
- b. Refer Note No. 9 of the standalone financial results for the quarter ended June 30, 2017, wherein, we are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.2,044.70 lakhs in Amit Spinning Industries Limited(ASIL), subsidiary of the Company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs.3,201.28 lakhs interest accrued thereon Rs.959.50 lakhs and other outstanding amounting to Rs.3,394.50 lakhs due from above subsidiary. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of ASIL.
- c. Note No. 10 of the standalone financial results for the quarter ended June 30, 2017, which indicates that the Company has accumulated losses and its net worth has been fully eroded. Additionally, the Company has incurred a net cash loss during the current quarter and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. Further majority of the banks have categorized borrowings of the Company as Non performing Assets (NPA) during previous year and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the Company. These conditions, along with other matters set forth in Note No. 10, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial results of the Company has been prepared on a going concern basis for the reasons stated in the said Note.
- d. The company has not charged to statement of profit & loss Rs.101.35 lakhs shown as claim receivables. Also Refer Note No. 11 to the standalone financial results for the quarter ended June 30, 2017.
- e. We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs.1,063.88 lakhs for which no provision has been made in the books of accounts. Also Refer Note No. 12 to the standalone financial results for the quarter ended June 30, 2017.
- f. The Company has not charged to statement of profit & loss interest expenses of Rs.1,319.62 lakhs and Rs. 9,610.67 lakhs for the quarter and previous year(s)



respectively, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss. Also Refer Note No. 14 to the standalone financial results for the quarter ended June 30, 2017.

- g. we are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of Spentex Netherland B.V., subsidiary of the Company. Also Refer Note No. 17 to the standalone financial results for the quarter ended June 30, 2017.*

We further report that, without considering the impact of paragraphs (a), (b), (c) and (g) above the effect of which could not be determined, had the observation made by us in paragraphs (d), (e) and (f) above been considered, the loss before tax for the quarter ended June 30, 2017 would have been Rs.13,564.44 lakhs (as against the reported figure of Rs.1,468.92 lakhs).

5. Without qualifying our limited review report, we draw attention to:
- a. Note No. 11 to the standalone unaudited financial results for the quarter ended June 30, 2017 regarding balance recoverable of Rs.184.11 lakhs which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertion given by the management as to the recoverability of the said amounts.
 - b. Note No. 13 to the standalone unaudited financial results for the quarter ended June 30, 2017, wherein, the Company has not allotted shares against share application amount of Rs.1,109.50 lakhs which was brought in by the promoters in more than one installment under the restructuring scheme approved by the Bankers of the Company. However, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013 for the reason stated in the said note.
 - c. Note No. 15 to the standalone unaudited financial results for the quarter ended June 30, 2017, regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustment, if any.
 - d. The Company is required to deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2017-18 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the Company has not complied with the requirement of the said circular.
6. Based on our review conducted as above *subject to the adjustment that may be required to the financial results in view of our remarks stated in paragraph 4 above*, nothing has come to our attention that causes us to believe that the accompanying



Statement of unaudited Standalone Financial Results, prepared in accordance with applicable Accounting Standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulations 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CPD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



For J C Bhalla & Company
Chartered Accountants
Firm Registration No.001111N

A handwritten signature in black ink, appearing to read "Akhil Bhalla".

(Akhil Bhalla)
Partner

Membership No.505002

Place : New Delhi
Date : September 23, 2017

Spentex Industries Limited

Regd. Off: A-60, OKHLA INDUSTRIAL AREA, PHASE - II, NEW DELHI - 110020.
CIN : L74899DL1991PLC138153; Email : secretarial@eleindia.com

Rs. in Lakhs, except per share data

Particulars		Standalone Financial results for the	
		Quarter ended 30th June, 2017 Unaudited	Quarter ended 30th June, 2016 Unaudited
I	Revenue From Operations (Including Excise Duty)	14,123.02	21,351.85
II	Other Income	86.79	271.11
III	Total Income (I+II)	14,209.81	21,622.96
IV	Expenditure:		
	Cost of materials consumed (including consumption of stores, spares and packing materials)	9,073.00	14,712.73
	Purchase of Stock in Trade	2.08	352.37
	Changes in inventories of finished goods, Stock- in Trade and work in progress	916.39	(221.66)
	Excise Duty on sale of goods	23.93	64.08
	Employees benefits expenses	2,115.33	2,329.81
	Finance Cost	228.03	2,539.41
	Depreciation and amortisation expenses	262.48	273.38
	Other expenditure	3,088.44	4,067.56
	Total Expenses (IV)	15,709.67	24,117.68
V	Profit/(Loss) before exceptional Items and Tax (III-IV)	(1,499.86)	(2,494.71)
VI	Exceptional Items		
VII	Profit/(Loss) before tax (V-VI)	(1,499.86)	(2,494.71)
VIII	Tax expense		
IX	Profit/(Loss) for the period from continuing operation (VII-VIII)	(1,499.86)	(2,494.71)
X	Other Comprehensive Income		
	Items that will be reclassified to profit or loss		
	Items that will not be reclassified to profit or loss		
	Changes in fair value of FVTOCI equity instruments	0.02	0.01
	Actuarial (gain)/loss on remeasurement of defined benefit plan	30.92	(6.69)
	Other comprehensive income for the period (net of tax)	30.94	(6.68)
XI	Total comprehensive income for the period (IX+X)	(1,468.92)	(2,501.39)
	Paid up Equity Share Capital (of Rs. 10 each)	8,977.20	8,977.20
	Earnings/(Loss) Per Share (Rs.10 each) from continuing operation (not annualized) (Rs.)		
	(a) Basic	(1.64)	(2.79)
	(a) Diluted	(1.64)	(2.79)



Notes:

- 1 The above financial results have been reviewed by the Audit Committee and were approved by Directors in their meeting held on 23rd September, 2017.
- 2 The Statutory Auditors have carried out limited review of the Standalone Financial Results and Segment reports of the Company for the quarter ended 30th June, 2017.
- 3 The Company has adopted Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with effect from 1st April, 2017. Accordingly, the financial results for the quarter ended 30th June, 2017 are in compliance with Ind AS and the results for the comparative quarters ended 30th June, 2016 have been restated to comply with Ind-AS to make them comparable.
- 4 Revenue from operations has been presented in accordance with Ind AS 18. Excise duty has been presented as an expense.
- 5 In accordance with Ind AS 108 "Operating Segment" on Segment Reporting notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, for standalone financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.
- 6 The re-measurement cost of net defined benefit liability arising primarily due to change in actuarial assumptions has been recognized in Other Comprehensive Income (OCI) under Ind AS instead of Statement of Profit and Loss under previous GAAP. The Company has valued certain equity instruments at fair value (other than investment in subsidiaries). The impact of the change in fair value as on the date of transition (i.e. April, 2016) is recognised in opening equity and changes thereafter are recognised in Other Comprehensive Income.
- 7 The figures of previous comparative quarter ended 30th June, 2016 have been re grouped/recasted/rearranged wherever considered necessary to make them comparable with those of the current quarter.
- 8 The Ind AS compliant financial results for the quarters ended 30th June, 2016 have not been audited or reviewed by the auditors and are compiled by the management after exercising necessary due diligence to ensure a true and fair view of the Company's affairs.
- 9 The Auditors, in their limited review report have mentioned regarding diminution in the value of company's long term Investment of Rs. 2,044.70 lakhs and recoverability of Rs. 7,555.28 lakhs (Previous quarter Rs. 7,567.92 lakhs) in Amit Spinning Industries Limited (ASIL), subsidiary of the Company. ASIL registered losses during the quarter as well as earlier financials years and eroded its net worth due to sluggish market demand and higher power cost in Maharashtra. ASIL had filed a reference with Board for Industrial and Financial Restructuring (BIFR) under section 15(1) and 15(2) of Sick Industrial Companies (Special Provisions) Act (SICA), 1985. BIFR had declared ASIL as Sick under Section 3(1) (o) of SICA 1985 and appointed Operating Agency under Section 17(3) of SICA 1985. SICA has been since repealed w.e.f. 1st December, 2016. Accordingly, the Company has filed its petition before National Company Law Tribunal (NCLT) for resolution of its debts and approval of resolution plan and NCLT (by its order dated 1st August, 2017) has appointed Mr. Parveen Bansal as a Interim Resolution Professional (IRP) under Insolvency & Bankruptcy Code 2016 to settle the debts with lenders and to submit the revival scheme before NCLT. The company believes that the diminution in value of investment is temporary in nature considering the strength of management's plan of revival and reorganization of business. The management believes that losses incurred in the past would reasonably be made good which will also place the subsidiary in a position to repay the liabilities in due course and hence no adjustment is required in the books of accounts.
- 10 As on March 31, 2012, the accumulated losses of the Company had exceeded its net worth. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 had filed a reference with Board for Industrial and Financial Restructuring (BIFR), however, SICA has since been repealed w.e.f. 1st December, 2016. The operations of the company in the last few years have been adversely impacted due to demand and supply gap, high power tariffs, lack of adequate working capital, declining off take in internal market and overall subdued sentiment in the export market due to the tariff disadvantage created by Free Trade Agreements (FTAs) of our competitors with the big buying nations. During the previous year cotton prices have gone up significantly and the increase is not fully absorbed in the yarn prices leading to a huge disparity between spot cotton prices and yarn prices impacting the margins. As the company is in advanced discussion with its secured creditors to settle the dues, the management believes that the accumulated losses would reasonably be paid in due course and the financial statements as such have been prepared on a going concern basis.
- 11 Advance balances amount aggregating to Rs. 184.11 lakhs due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for Rs. 101.35 lakhs dues from Government Authorities, company had filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.
- 12 Advance balances aggregating to Rs. 1,063.88 lakhs are due from certain parties where payments are not forthcoming. The company is making appropriate concerted efforts including negotiations with these parties to recover the same and expect to reduce the outstanding dues significantly. The management is of the view that ultimately there would be no losses against these outstanding balances and hence no provision is considered necessary at this stage.



- 13 The Company has not allotted shares against amount of Rs. 1,109.50 lakhs which was brought in by the promoters in more than one installments under restructuring scheme approved by the bankers of the company. Due to pending necessary approvals and directions for allotment of shares, the Company has not complied with the provisions of Section 42 of the Companies Act, 2013 .
- 14 The Company's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the company on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advanced discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of Rs. 1,319.62 lakhs and related penal interest and other charges for the quarter, if any, in respect of delay in repayment of borrowings from the banks Further, interest expenses of Rs 9,610.67 lakhs till 31st March, 2017 has not been charged in Statement of Profit and Loss.
- 15 The outstanding balance as on 30th June, 2017 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation at the financial year end and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations
- 16 The company has applied to Securities & Exchange Board of India (SEBI) seeking exemption for maintaining at least 15% of the amount of its debenture maturing during the financial year 2017-18 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.
- 17 The company has given corporate guarantee to State Bank of India, Tokyo on behalf of its subsidiary Spentex Netherland BV (SNBV) toward loan taken by SNBV from the said bank amounting to Rs. 15182.31 Lakhs is subsisting.

Reconciliation of profit after tax for the quarter ended 30th June 2016 between Ind AS compliant results as reported above with results reported in previous year as per Indian GAAP are given below:-

		Quarter ended 30th June, 2016
		Rs. in Lakhs,
	Profit/(Loss) after tax as reported in previous year as per Indian GAAP	(2,501.40)
1	Revenue from operations	
	Regrouping from revenue from operation to Excise Duty on Sales as expense	64.08
2	Excise Duty on Sales Expense	(64.08)
3	Employee Benefit Expense	
	Actuarial (gain)/ loss on defined benefit plan transferred to other comprehensive income	6.69
	Profit/(Loss) after Tax reported as per Ind-AS	(2,494.71)
4	Other Comprehensive Income	(6.68)
	Total Comprehensive Income as per Ind AS	(2,501.39)

For & on behalf of the Board of Directors
Spentex Industries Limited

Mukund Choudhary
Managing Director
Place : New Delhi
Date : 23rd Sept, 2017



REPORTING OF SEGMENT - WISE REVENUE, RESULTS, ASSETS AND LIABILITIES		
Particulars	Quarter ended	Rs in Lakhs
	30.06.2017	Quarter ended 30.06.2016
1. Segment Revenue	Audited	Unaudited
a) Textile- Manufacturing	14,286.09	22,508.02
b) Textile Trading	13.06	43.14
Total	14,299.15	22,551.16
Less : Inter segment revenue	176.13	1,199.31
Total Income	14,123.02	21,351.85
2. Segment Results		
Profit (+) / Loss (-) before tax and interest from each Segment		
a) Textile- Manufacturing	(825.30)	203.46
b) Textile Trading	(2.58)	6.77
TOTAL	(827.87)	210.23
Less :		
i) Finance cost	228.03	2,539.41
ii) Other unallocable expenditure net off	457.51	313.79
iii) Other unallocable income	13.55	148.27
Profit/ (Loss) before tax	(1,499.86)	(2,494.71)
3. Segment Assets		
a) Textile- Manufacturing	30,353.56	41,245.53
b) Textile Trading	192.90	243.90
Unallocated	10,305.13	13,738.23
TOTAL	40,851.58	55,227.66
4. Segment Liabilities		
a) Textile- Manufacturing	13,587.42	14,561.38
b) Textile Trading	428.85	288.61
Unallocated	54,945.18	62,671.14
TOTAL	68,961.45	77,521.13

