

SPENTEX INDUSTRIES LIMITED

Manufacturer of Yarns



February 12, 2018

BSE Limited

Stock Code. 521082

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

National Stock Exchange Of India Ltd.

Stock Code: SPENTEX

Exchange Plaza
Bandra Kurla Complex
Bandar (E), Mumbai-400051

Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on 12th February, 2018

This is to inform you that the Board of Directors of the Company at their meeting held on 12th February, 2018 has, *interalia*, approved the Unaudited Financial Results for the quarter and nine months ended 31st December, 2017.

Please find enclosed herewith the Unaudited Financial results for the quarter and nine months ended 31st December, 2017 alongwith Auditors' Limited Review Report in compliance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take the same on record.

Thanking you,

Yours truly,
FOR SPENTEX INDUSTRIES LIMITED.

BHARAT KAPOOR
MANAGER - SECRETARIAL

Encl: as above.

Review Report on Quarterly Standalone Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To

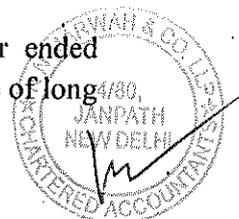
The Board of Directors

Spentex Industries Limited

A-60, Okhla Industrial Area, Phase –II,

New Delhi-110020

1. We have reviewed the accompanying statement of unaudited financial results (“The Statement”) of **Spentex Industries Limited** (“The Company”) for the quarter ended December 31, 2017 pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by SEBI circular no. CIR/CFD/FAC/62/2016 dated 5th July 2016. Attention is drawn to the fact that amounts for the corresponding quarter ending 31st December, 2016 including the reconciliation of net profit under Ind AS of the said quarter with net profit reported under previous GAAP, as included in the statement have not been subject to limited review or audit. This statement is the responsibility of the Company’s Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. 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. 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. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3.
 - a. Refer note No. 8 of the Standalone financial results for the quarter ended December 31, 2017 wherein the company has made a provision for value of long



term investments amounting to Rs.2,044.70 Lakhs in Amit Spinning Industries Limited (ASIL), Subsidiary of the Company and written off recoverable amounting to Rs 7561.10.lakhs due from above subsidiarykeeping in view of ongoing proceedings of ASIL in National Company Law Tribunal under Insolvency and Bankruptcy code. Further we are unable to determine the amount of liability that may arise on account of Corporate Guarantee given on behalf of ASIL

- b. Note No 9 of the Standalone financial results for the quarter ended December 31, 2017, which indicates that the Company has accumulated losses and its net worth has been fully eroded. Further, majority of the banks have categorized borrowings of the Company as Non-Performing Assets (NPA) during previous years and have sent recall notices u/s 132(2) of Securitization and Reconstruction of Financial Assets and Enforcement of security Interest Act (SARFAESI), 2002 to the Company. These Conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern. 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 result of the Company has been prepared on the basis of for the reasons stated in the said notes.
- c. We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs.369.00 lakhs for which no provision has been made in the books of accounts. Also refer Note no 10 to the standalone financial results for the quarter ended December 31, 2017.
- d. The Company has not charged to statement of Profit and loss interest expense of Rs.1358.93 lakhs for the quarter and Rs 12,311.59 lakhs up to previous quarter respectively, and 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. Refer Note no 12 to the standalone financial results for the quarter ended December 31, 2017.

We further report that, without considering the impact of paragraphs (a), (b), and (c) above the effect of which, could not be determined and had the observation made by us in paragraphs (d) is considered, the loss before tax for the quarter ended December 31, 2017, would have been Rs.12761.07 lakhs as against the reported figure of Rs.11402.14 lakh.

4. Without qualifying our limited review report ,we draw attention to:



- (a) Note no 11 to the standalone unaudited financial results for the quarter ended December 31, 2017, wherein the Company has not allotted shares against share application amount of Rs.1109.50 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 provision of Section 42 of the Companies Act, 2013 for the reason stated in the said note.
- (b) Note no 13 to the standalone unaudited financial results for the quarter ended December 31, 2017, regarding balances of parties under the head trade receivable, trade payable and loans & advances which are subject to confirmation, reconciliation and consequential adjustments if any.
- (c) 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.
5. Based on our review conducted as above subject to the adjustments 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 the 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/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.

For R N Marwah & Co. LLP
(Chartered Accountants)
Registration No.001211N/N500019

Date: 12th February 2018
Place: New-Delhi



S. Narayanan

CA S.Narayanan
Partner
Membership No.086618

Spentex Industries Limited

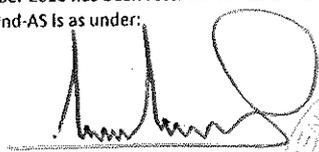
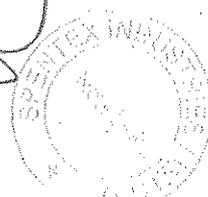
Regd. Off: A-60, OKHLA INDUSTRIAL AREA, PHASE - II, NEW DELHI - 110020.
CIN : L74899DL1991PLC138153; Email : secretarial@elcindia.com

Statement of unaudited Standalone Financial Results for the quarter and nine month ended 31st December 2017

(Rs. in Lacs, except per share data, and unless otherwise stated)

S.No.	Particulars	Standalone Financial Results				
		Quarter Ended			Nine Month Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
I	Revenue from operations	9,844.61	13,835.57	16,091.80	37,803.20	58,552.69
II	Other Income	51.88	23.27	99.55	161.95	565.98
III	Total Income (I+II)	9,896.49	13,858.84	16,191.35	37,965.14	59,118.67
IV	Expenses					
	Cost of raw material and components consumed	6,277.05	9,325.46	12,504.97	24,675.51	44,998.44
	Purchase of Traded Goods	7.15	8.52	104.42	17.75	233.77
	Changes in inventories of finished goods, work-in-progress and traded goods	693.94	(426.81)	(410.61)	1,183.51	(1,065.20)
	Excise Duty	-	-	34.28	23.93	128.70
	Employee benefits expense	1,764.43	1,950.10	2,333.25	5,768.02	7,094.08
	Finance Costs	274.14	272.13	2,033.59	774.30	6,566.67
	Depreciation and amortization expense	239.59	285.40	266.61	787.47	816.50
	Expenses of exceptional nature	9,602.64	-	-	9,602.64	-
	Other expenses	2,408.82	2,944.03	3,229.36	8,441.28	9,837.68
	Total expenses (IV)	21,267.77	14,358.83	20,095.87	51,274.43	68,610.64
V	Profit before exceptional Items (III-IV)	(11,371.28)	(499.99)	(3,904.52)	(13,309.29)	(9,491.97)
VI	Exceptional Items	-	-	-	-	-
VII	Profit/(loss) before, extraordinary, and tax (V-VI)	(11,371.28)	(499.99)	(3,904.52)	(13,309.29)	(9,491.97)
VIII	Tax Expenses	-	-	-	-	-
	(1) Current Tax	-	-	-	-	-
	(2) Mat Credit Entitlement	-	-	-	-	-
	(3) Deferred Tax	-	-	-	-	-
	Total Tax Expenses	(11,371.28)	(499.99)	(3,904.52)	(13,309.29)	(9,491.97)
IX	Profit for the period (VII-VIII)	(11,371.28)	(499.99)	(3,904.52)	(13,309.29)	(9,491.97)
X	Other comprehensive Income	-	-	-	-	-
A	Items that will be reclassified to profit or loss	-	-	-	-	-
B	Items that will not be reclassified to profit or loss	-	-	-	-	-
	Changes in fair value of FVTOCI equity Instruments	0.06	0.02	0.00	0.09	0.03
	Actuarial (gain)/loss on remeasurement of defined benefit plan	30.92	30.92	(6.83)	92.76	(20.50)
	Other comprehensive income for the period (net of tax)	30.87	30.90	(6.83)	92.67	(20.53)
XI	Total comprehensive income for the period (IX+X)	(11,402.14)	(530.89)	(3,897.69)	(13,401.96)	(9,471.44)
	Earnings per share (of INR 10 each) (not annualised):					
	(a) Basic	(12.67)	0.56	(4.34)	(14.83)	10.58
	(a) Diluted	(12.67)	0.56	(4.34)	(14.83)	10.58

- The above Standalone Un-audited Financial Results for the third quarter ended 31st, December 2017 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 12th February, 2018. The financial results are prepared in accordance with the Indian Accounting Standard (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015 (as amended).
- The Company adopted Indian Accounting Standards (Ind-AS) from 01 April 2017 with the transition date of 01 April 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind-AS) 34- Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Consequently, erstwhile Indian Generally Accepted Accounting Principles (IGAAP) results for the quarter and nine months ended 31st December 2016 has been restated to make them comparable. Reconciliation of net profit as reported under erstwhile IGAAP and as restated now under Ind-AS is as under:

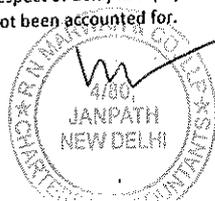



Particulars	Nine Month ended 31-12-2016	Quarter ended 31-12-2016
Net Profit as per previous GAPP	(9,499.49)	(3,921.53)
Ind-As adjustments: Add/ (less)		0.00
Change in Fair Value of Equity Investment (FVTOCI)	0.03	(6.83)
Actuarial (gain)/loss on employees defined benefits plan	(20.50)	(23.84)
Provision for impairments of trade receivables based on ECL Model	(28.02)	
Net Profit as per Ind-AS	(9,491.97)	(3,904.52)
Other comprehensive income net of income tax	(20.53)	(6.83)
Total comprehensive income as reported under Ind-AS	(9,471.44)	(3,897.69)

- 3 Results for the quarter ended 31st December, 2017 has been subjected to limited review by the Statutory Auditors. The Ind- AS compliant corresponding figures of quarter ended 31st December, 2016 have not been subjected to limited review or audit by the Statutory Auditors. The Company has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- 4 The format for the unaudited quarterly results as prescribed in SEBI's Circular No. CIR/CFD/CMD/15/2015 dated 30th November 2015 has been modified to comply with the requirements of SEBI's Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, Ind AS and Schedule III to the Companies Act, 2013 applicable to the Company that is required to comply with Ind-AS.
- 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 is in the business of Manufacture of Yarn and there is only single segment

Entitywise disclosure	Domestic	Overseas	Total
Revenue from operations			
Quarter ended on 31st December, 2017	6,013.00	3,832.00	9,845.00
Quarter ended on 30 September, 2017	10,440.00	3,396.00	13,836.00
Quarter ended on 31st December, 2016	9,923.81	6,133.71	16,057.52
Nine Months ended 31st December, 2017	25,608.60	12,194.60	37,803.20
Nine Months ended 31st December, 2016	36,107.00	22,317.00	58,424.00

- 6 Previous period figures have been regrouped / rearranged wherever necessary, to make them comparable.
- 7 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.
- 8 Expenses of exceptional nature comprise of provision for diminution in the value of investment in the subsidiary Amit Spinning Industries Limited (ASIL) Rs. 2044.70 lacs and write off of Rs. 7561.10 lakhs recoverable from the subsidiary ASIL. The same has been so accounted for keeping in view the ongoing proceedings of Amit Spinning Industries Limited (ASIL) in National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC), 2016. The company ASIL has filed its petition before NCLT and Resolution professional has been appointed as per IBC, 2016.
- 9 As on March 31, 2012, the accumulated losses of the Company had exceeded its net worth. The Quarterly results of the company has been prepared on going concern basis as the management believe that the accumulated losses would be wiped off and the profitability improved and the networth will turn positive.
- 10 Advance balances aggregating to Rs. 369.00 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.
- 11 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.
- 12 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. In view of the above, the company has not charged to statement of profit and loss account interest expenses of Rs. 1,358.93 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, liability for interest expenses of Rs. 12,311.59 lakhs till 30th September, 2017 has not been accounted for.



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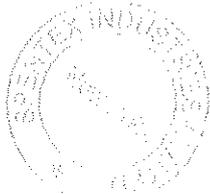
- 13 The outstanding balance as on 31st December, 2017 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation at the financial year end and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations.
- 14 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 Affairs, which is still awaited.
- 15 Revenue from operations includes excess provision written back during the quarter of Rs. 72.66 lacs (previous quarter Rs. 630.58 Lacs). Further, revenue for the current period is not comparable with previous period since the same is net of Goods and Service Tax (GST) whereas excise duty forms part of expenses in previous periods. The comparative revenue from operations of the company is given below:

'Rs. in Lacs

	Quarter Ended			Nine months Ended	
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
Revenue from operations	9,844.61	13,835.57	16,091.80	37,803.20	58,552.69
Less: Excise duty on sales	-	-	34.28	23.93	128.70
Revenue from operations (net of excise duty)	9,844.61	13,835.57	16,057.52	37,779.27	58,423.99

For & on behalf of Board of Directors
Spentex Industries Limited

Mukund Choudhary
Managing Director
DIN: 00051529
Place : New Delhi
Dated: 12th February, 2018



As per detailed Review
Report of Chartered
S. Narayan

