

Spentex Industries Limited

Regd. Off : A-60, OKHLA INDUSTRIAL AREA, PHASE - II, NEW DELHI - 110020.

Email: secretarial@clcindia.com; CIN - L74899DL1991PLC138153

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in Lakhs except EPS and Shares)

	Particulars	Consolidated	
		Year ended	
		31.03.2017	31.03.2016
		₹	₹
1	a) Net Sales / Income from operations (Net of excise duty)	77,539.68	78,845.43
	b) Other Operating Income	620.34	1,061.79
	Total Income (a + b)	78,160.02	79,907.22
2	Expenditure:		
	a) Consumption of raw materials (including consumption of stores, spares and packing materials)	59,258.29	55,799.83
	b) Purchase of traded goods	261.16	512.47
	c) Changes in inventories of finished goods, work in progress and stock in trade	(228.03)	774.91
	d) Employees benefits expenses	9,680.77	8,959.92
	e) Depreciation and amortisation expenses	1,377.65	1,471.24
	f) Power and fuel cost	9,154.72	9,333.68
	g) Other expenditure	6,465.46	5,558.77
	Total Expenses	85,970.03	82,410.82
3	Profit / (Loss) from Operations before Other Income, Finance Cost, & Exceptional Items (1-2)	(7,810.00)	(2,503.61)
4	Other Income	1,052.61	919.68
5	Profit / (Loss) before Finance Cost, Exceptional Items (3+4)	(6,757.39)	(1,583.93)
6	Finance Cost (Refer note 10)	2,643.30	8,893.29
7	Profit / (Loss) after Finance cost but before Exceptional Items (5-6)	(9,400.69)	(10,477.22)
8	Exceptional Items(Refer notes 6)	566.50	-
9	Profit / (Loss) from Ordinary Activities before tax (7-8)	(9,967.19)	(10,477.22)
10	Tax expense		-
11	Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(9,967.19)	(10,477.22)
12	Extraordinary Items (net) (Refer Note 6, 10 & 11)	20,956.76	
13	Net Profit / (Loss) for the period (12-13)	(30,923.95)	(10,477.22)
14	Paid up Equity Share Capital (Face Value Rs. 10/- each) (no's in Lakhs)	897.72	897.72
15	Reserves excluding Revaluation Reserves as per balance sheet of previous year	(0.89)	(58,670.22)
16	Earnings Per Share (EPS) (not annualized) (Rs.)		
	a) Basic EPS before Extraordinary items for the period and for the previous year	(11.10)	(11.67)
	Diluted EPS before Extraordinary items for the period and for the previous year	(11.10)	(11.67)
	b) Basic EPS after Extraordinary items for the period and for the previous year	(34.45)	(11.67)
	Diluted EPS after Extraordinary items for the period and for the previous year	(34.45)	(11.67)

Notes:

1	The above financial results have been reviewed by the Audit Committee and were approved by the Board of Directors in their meeting held on 29th May 2017.
2	The Statutory Auditors have carried out audit of the Standalone and consolidated Financial Results of the Company for the year ended 31st March, 2017.
3	In accordance with Accounting Standard 17 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 rule 7 of Companies (Accounts) Rules, 2014, for standalone and consolidated financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading. Accordingly segment disclosure has been done.
4	The accumulated losses of the group had exceeded its net worth. Accordingly the companies in the group 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 group 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. In the current financial 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 group is in advanced discussion with its secured creditors to settle the dues, the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis.
5	The subsidiary i.e. Schoeller Litvino k.s. was under the control of secured creditors and its financial statements are not available, therefore consolidation is not possible.
6	The group had an investment of Rs. 23,837.96 lakhs and recoverables of Rs. 4,966.04 Lakhs in its step down subsidiary Spentex Tashkent Toytepa LLC (STTL). During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its investment. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by the holding company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stands extinguished. Spentex Netherland B.V. (SNBV) which had made around 99% investment in the equity of STTL, had filed request for Arbitration against GOU for Claim through its lawyer before International Center for Settlement of Investment Dispute (ICSID). Since ICSID has given its award against claimant SNBV in Dec. 2016 dismissing all its claims and counter claims and STTL has been liquidated as per bankruptcy laws of Republic of Uzbekistan, investment made by SNBV in its subsidiary STTL has turned to unrecoverable, resulting investment made and amount recoverable by the group in its step down subsidiary STTL as mentioned above have also become doubtful for recovery. In view of the above, the management has decided to make provision for the aforesaid amounts during the current year subject to pending necessary statutory approvals. Out of the aforesaid amounts, the provision against the amount of Rs. 566.50 Lakhs has been shown as exceptional item and the balance amounts has been shown as extra ordinary items in the statement of Profit & Loss.
7	Advance balances amount aggregating to Rs. 184.11 lakhs respectively due from certain parties where payments are not forthcoming. Against the above, the holding company has filed a suit for recovery. In addition to above for Rs. 101.35 lakhs dues from Government Authorities, the holding 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 this stage.
8	Advance balances aggregating to Rs. 1,065.63 lakhs are due from certain parties where payments are not forthcoming. The Holding 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.
9	The Holding 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.
10	The accounts of the group companies 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 group on their outstanding debts amount from the dates on which their accounts become NPA. The companies in the group are 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 group has not charged to the consolidated statement of profit and loss account interest expenses of Rs. 6,264.96 lakhs and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 4,044.02 Lakhs has been reversed during the quarter and disclosed under extra ordinary items.

11	<p>ICICI bank has assigned all its rights, title and interest in relation to the loans / financial assistance provided to the holding company in favour of Edelweiss Assets Reconstruction Company Ltd. (EARC) in June 2016. The company has made an agreement with EARC in February 2017 for restructuring of its crystallized dues and funded interest term loan amounting to Rs. 3,562 Lakhs payable as per terms and conditions set out in the said agreement. The company has reversed the difference of loan liability as well as provision of interest on loan of ICICI bank outstanding in its books of accounts as on date of settlement agreement with EARC and the above mentioned settlement amount payable to EARC in terms of the settlement. The total loan liability amount of Rs.2,445.08 Lakhs have been reversed and interest provision amount of Rs.802.32 Lakhs have been written back and disclosed under extraordinary items in the statement of Profit & Loss for the current financial year.</p>
12	<p>The outstanding balance as on 31st March, 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.</p>
13	<p>The Holding 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.</p>
14	<p>The Holding Company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.</p>
15	<p>The subsidiary company has advanced an amount of Rs.2,777.24 Lakhs as Inter Corporate Deposits and Capital Advances without any repayment schedule and interest free. The management is, however, hopeful of recovering the same in full.</p>
16	<p>Previous period figures have been regrouped / recasted / rearranged wherever necessary, to conform to the current period presentation.</p>
<p>BY ORDER OF THE BOARD OF DIRECTORS, FOR SPENTEX INDUSTRIES LIMITED Sd/- AJAY KUMAR CHOUDHARY CHAIRMAN Place : New Delhi Date : May 29, 2017</p>	