

# Spentex Industries Limited



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## STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED SEPTEMBER 30, 2014

## REPORTING OF SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

PART-I Statement of Standalone Unaudited Results for the quarter and six months ended 30/09/2014

(Rs. in Lacs except EPS)

(Rs. in Lacs except EPS)

S. No.	Particulars	Quarter ended			Six Months ended		Previous Year ended	S. No.	Particulars	Quarter ended			Half Year ended	Previous Year ended	
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014			30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	a) Net Sales / Income from operations (Net of excise duty)	22,407.87	26,584.64	30,766.21	48,992.51	58,463.19	114,289.73	1	Segment Revenue						
	b) Other Operating Income	739.90	32.70	243.24	772.60	538.24	716.85								
	<b>Total Income (a + b)</b>	<b>23,147.77</b>	<b>26,617.34</b>	<b>31,009.45</b>	<b>49,765.11</b>	<b>59,001.43</b>	<b>115,006.58</b>								
2	Expenditure :														
	a) Consumption of raw materials (including consumption of stores, spares and packing materials)	16,890.77	19,049.08	22,121.34	35,939.85	40,346.65	82,319.14	a) Textile - Manufacturing	21,573.46	25,982.15	29,799.42	47,555.61	57,225.23	110,961.20	
	b) Purchase of traded goods	290.68	249.32	68.33	540.00	395.26	1,310.79	b) Textile - Trading	4,013.45	1,775.01	3,587.07	5,788.46	5,406.47	10,602.88	
	c) Changes in inventories of finished goods, work in progress and stock in trade	(696.24)	247.98	(640.79)	(448.26)	150.64	(2,611.08)	<b>Total</b>	<b>25,586.90</b>	<b>27,757.17</b>	<b>33,386.49</b>	<b>53,344.07</b>	<b>62,631.70</b>	<b>121,564.08</b>	
	d) Employees benefits expenses	2,068.30	2,032.82	2,026.04	4,101.12	3,868.30	7,723.27	Less : Inter segment revenue	2,439.13	1,139.84	2,377.04	3,578.96	3,630.27	6,557.50	
	e) Depreciation and amortisation expenses	239.28	417.80	456.54	657.08	946.67	1,833.53	<b>Total Income</b>	<b>23,147.77</b>	<b>26,617.34</b>	<b>31,009.45</b>	<b>49,765.11</b>	<b>59,001.43</b>	<b>115,006.58</b>	
	f) Power and fuel cost	2,332.78	2,308.33	2,485.14	4,641.11	4,764.37	9,643.88	2	Segment Results Profit (+) / Loss (-) before tax and interest from each Segment						
	g) Other expenditure	1,403.78	1,899.83	2,740.30	3,303.61	4,585.50	8,464.59	a) Textile - Manufacturing	500.35	544.39	1,885.79	1,044.74	4,360.37	6,688.74	
	<b>Total Expenses</b>	<b>22,529.35</b>	<b>26,205.16</b>	<b>29,256.90</b>	<b>48,734.51</b>	<b>55,057.39</b>	<b>108,684.12</b>	b) Textile - Trading	649.38	610.64	1,066.29	1,260.02	1,215.23	2,673.47	
3	<b>Profit / (Loss) from Operations before Other Income, Finance Cost, Prior Period &amp; Exceptional Items (1-2)</b>	<b>618.42</b>	<b>412.18</b>	<b>1,752.55</b>	<b>1,030.60</b>	<b>3,944.04</b>	<b>6,322.46</b>	<b>TOTAL</b>	<b>1,149.73</b>	<b>1,155.03</b>	<b>2,952.08</b>	<b>2,304.76</b>	<b>5,575.60</b>	<b>9,362.21</b>	
4	Other Income	232.87	313.48	307.53	546.35	335.06	652.60	Less :							
5	<b>Profit / (Loss) before Finance Cost, Prior Period &amp; Exceptional Items (3+4)</b>	<b>851.29</b>	<b>725.66</b>	<b>2,060.08</b>	<b>1,576.95</b>	<b>4,279.10</b>	<b>6,975.06</b>	i) Interest	2,010.06	1,954.88	1,938.97	3,964.93	4,004.88	8,104.40	
6	Finance Cost	2,010.06	1,954.87	1,938.97	3,964.93	4,004.88	8,104.40	ii) Other unallocable expenditure net off	597.31	607.63	623.91	1,204.95	1,224.26	2,540.18	
7	<b>Profit / (Loss) after Finance cost but before Prior Period &amp; Exceptional Items (5-6)</b>	<b>(1,158.77)</b>	<b>(1,229.21)</b>	<b>121.11</b>	<b>(2,387.98)</b>	<b>274.22</b>	<b>(1,129.34)</b>	iii) Other unallocable income	298.86	178.28	(268.08)	477.14	(72.23)	96.00	
8	Prior Period Items (Net of Income)	-	-	-	-	-	57.03	<b>Total Profit / (Loss) before Tax</b>	<b>(1,158.77)</b>	<b>(1,229.21)</b>	<b>121.10</b>	<b>(2,387.98)</b>	<b>274.22</b>	<b>(1,186.37)</b>	
9	<b>Profit / (Loss) after Finance Cost &amp; Prior period items but before Exceptional Items (7-8)</b>	<b>(1,158.77)</b>	<b>(1,229.21)</b>	<b>121.11</b>	<b>(2,387.98)</b>	<b>274.22</b>	<b>(1,186.37)</b>	3	Capital Employed (Segment Assets - Segment Liabilities)						
10	Exceptional Items	-	-	-	-	-	-	a) Textile - Manufacturing	22,017.98	23,203.32	26,060.90	22,017.98	26,060.90	26,328.49	
11	<b>Profit / (Loss) from Ordinary Activities before tax (9-10)</b>	<b>(1,158.77)</b>	<b>(1,229.21)</b>	<b>121.11</b>	<b>(2,387.98)</b>	<b>274.22</b>	<b>(1,186.37)</b>	b) Textile - Trading	1,320.30	1,184.57	1,350.29	1,320.30	1,350.29	1,023.90	
12	Tax expense	-	-	-	-	-	-	Unallocated	(31,998.60)	(31,889.14)	(32,359.95)	(31,998.60)	(32,359.95)	(33,761.74)	
13	<b>Net Profit / (Loss) from Ordinary Activities after tax (11-12)</b>	<b>(1,158.77)</b>	<b>(1,229.21)</b>	<b>121.11</b>	<b>(2,387.98)</b>	<b>274.22</b>	<b>(1,186.37)</b>	<b>TOTAL</b>	<b>(8,660.32)</b>	<b>(7,501.24)</b>	<b>(4,948.76)</b>	<b>(8,660.33)</b>	<b>(4,948.76)</b>	<b>(6,409.33)</b>	
14	Extraordinary Items (net of tax expense)	-	137.00	-	137.00	-	-								
15	<b>Net Profit / (Loss) for the period (13-14)</b>	<b>(1,158.77)</b>	<b>(1,092.21)</b>	<b>121.11</b>	<b>(2,250.98)</b>	<b>274.22</b>	<b>(1,186.37)</b>								
16	Paid up Equity Share Capital (Face Value Rs. 10/- each)	8,977.20	8,977.20	8,977.20	8,977.20	8,977.20	8,977.20								
17	Reserves excluding Revaluation Reserves as per balance sheet of previous year	-	-	-	-	-	(15,386.54)								
18	<b>Earnings Per Share (EPS) (not annualized) (Rs.)</b>														
	a) Basic & Diluted EPS before Extraordinary items for the period and for the previous year	(1.29)	(1.37)	0.14	(2.66)	0.31	(1.32)								
	b) Basic & Diluted EPS after Extraordinary items for the period and for the previous year	(1.29)	(1.22)	0.14	(2.51)	0.31	(1.32)								

PART II Select information for the quarter and half year ended 30/09/2014

A. PARTICULARS OF SHAREHOLDING						
1	Public Shareholding					
	Number of Shares	39,441,475	39,441,475	39,441,475	39,441,475	39,441,475
	Percentage of Shareholding	43.94%	43.94%	43.94%	43.94%	43.94%
2	Promoters and promoter group Shareholding					
	a) Pledged / Encumbered					
	- Number of Shares	45,223,058	45,223,058	45,223,058	45,223,058	45,223,058
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	89.85%	89.85%	89.85%	89.85%	89.85%
	- Percentage of Shares (as a % of the total share capital of the Company)	50.38%	50.38%	50.38%	50.38%	50.38%
	b) Non - Encumbered					
	- Number of Shares	5,107,502	5,107,502	5,107,502	5,107,502	5,107,502
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	10.15%	10.15%	10.15%	10.15%	10.15%
	- Percentage of Shares (as a % of the total share capital of the Company)	5.68%	5.68%	5.68%	5.68%	5.68%
B. INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter		Nil			
	Received during the quarter		1			
	Disposed of during the quarter		1			
	Remaining unresolved at the end of the quarter		Nil			

### NOTES:

- The above financial results have been reviewed by the Audit Committee and were approved by the Board of Directors in their meeting held on 14th Nov., 2014.
- The Statutory Auditors have carried out limited review of the Unaudited Standalone Financial Results of the Company for the quarter and half year ended 30th Sep., 2014.
- In accordance with Accounting Standard 17 on Segment Reporting notified under section 211(3C) of the Companies Act, 1956, for standalone financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.
- The Auditors, in their limited review report have mentioned regarding diminution in the value of company's long term Investment of ₹ 2,044.70 lacs and recoverability of ₹ 6177.53 lacs ( Previous quarter ₹ 5,828.50 lacs) in Amit Spinning Industries Limited (ASIL), subsidiary of the Company. Due to economic slow down, ASIL had registered losses during the Qtr. as well as earlier financial years and eroded its net worth. The Company believes that the diminution in value of said Investment is temporary in nature and considering improvement in the global textile market, ASIL will be able to make good its losses in a foreseeable period of time which will also place this subsidiary in a position to repay the liabilities in due course and hence no adjustment is required in the books of accounts.
- As on March 31, 2012, the accumulated losses of the Company in standalone had exceeded its net worth. Accordingly company in compliance with the provisions of section 15 (1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The Company's operations were adversely affected in 2011-12 due to adverse Govt. policies and high volatility of Raw Material prices. Further, considering the change in scenario, recent performance and trends of the company as well as overall industry outlook, the management believes that losses incurred in the past would reasonably be made good, in due course. The financial statements, as such have been prepared on a going concern basis on the strength of management's plan of revival including reorganization of business.
- The Company has an investment of ₹ 5,610.11 lacs and ₹ 93.24 lacs in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ₹ 700.12 lacs as export receivable from STTL and advances recoverable of ₹ 950.71 lacs in SNBV as on Sep 30, 2014. 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 . 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 Investment Dispute(ICSID). As per the schedule prescribed in the procedural order issued by ICSID, SNBV has filed the memorial on Jurisdictions and Merits on 30th June, 2014. Based on the claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU 14 for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.
- During the quarter, the company has revised the Depreciation rates based on the useful lives of its various fixed assets as per Part-C of Schedule-II to the Companies Act-2013. As a result, depreciation for the quarter and half year ended 30th September, 2014 is lower by ₹ 176.75 lacs.
- Extraordinary items represents write back of ₹ 137.00 lacs due to loan waiver from lender.
- Trade receivables, advance balances and export incentive receivables amount aggregating to ₹ 63.71 lacs , ₹ 273.16 lacs , ₹ 178.69 lacs respectively 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 ₹ 128.30 lacs 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.
- Previous period figures have been regrouped / recasted / rearranged wherever necessary, to conform to the current period presentation.