

## Spentex Industries Limited

Regd. Off : A-60, OKHLA INDUSTRIAL AREA, PHASE - II, NEW DELHI - 110020.  
**CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016**

(Rs in Lakh except EPS)

	Particulars	Year ended	
		31.03.2016	31.03.2015
1	a) Net Sales / Income from operations (Net of excise duty)	78,704.45	88,837.35
	b) Other Operating Income	1,064.54	2,255.92
	<b>Total Income (a + b)</b>	<b>79,768.99</b>	<b>91,093.27</b>
2	Expenditure:		
	a) Consumption of raw materials (including consumption of stores, spares and packing materials)	55,704.65	60,637.41
	b) Purchase of traded goods	446.84	1,446.49
	c) Changes in inventories of finished goods, work in progress and stock in trade	771.56	4,615.73
	d) Employees benefits expenses	8,959.92	9,015.83
	e) Depreciation and amortisation expenses	1,471.24	1,512.27
	f) Power and fuel cost	9,333.68	9,514.02
	g) Other expenditure	5,582.93	5,644.35
	<b>Total Expenses</b>	<b>82,270.81</b>	<b>92,386.10</b>
3	<b>Profit / (Loss) from Operations before Other Income, Finance Cost, Prior Period &amp; Exceptional Items (1-2)</b>	<b>(2,501.81)</b>	<b>(1,292.83)</b>
4	Other Income	917.88	1,669.83
5	<b>Profit / (Loss) before Finance Cost, Prior Period &amp; Exceptional Items (3+4)</b>	<b>(1,583.93)</b>	<b>377.01</b>
6	Finance Cost	8,893.29	9,034.70
7	<b>Profit / (Loss) after Finance cost but before Prior Period &amp; Exceptional Items (5-6)</b>	<b>(10,477.21)</b>	<b>(8,657.69)</b>
8	Prior Period Items (Net of Income)		-
9	<b>Profit / (Loss) after Finance Cost &amp; Prior period items but before Exceptional Items (7-8)</b>	<b>(10,477.21)</b>	<b>(8,657.69)</b>
10	Exceptional Items		
11	<b>Profit / (Loss) from Ordinary Activities before tax (9-10)</b>	<b>(10,477.21)</b>	<b>(8,657.69)</b>
12	Tax expense		60.18
13	<b>Net Profit / (Loss) from Ordinary Activities after tax (11-12)</b>	<b>(10,477.21)</b>	<b>(8,717.87)</b>
14	Extraordinary Items (net of tax expense)		137.18
15	<b>Net Profit / (Loss) for the period (13-14)</b>	<b>(10,477.21)</b>	<b>(8,580.70)</b>
16	Paid up Equity Share Capital (Face Value Rs. 10/- each)	8,977.20	8,977.20
17	Reserves excluding Revaluation Reserves as per balance sheet of previous year		(47,600.43)
18	<b>Earnings Per Share (EPS) (not annualized) (Rs.)</b>		
	a) Basic EPS before Extraordinary items for the period and for the previous year	(11.67)	(9.71)
	Diluted EPS before Extraordinary items for the period and for the previous year	(11.67)	(9.71)
	b) Basic EPS after Extraordinary items for the period and for the previous year	(11.67)	(9.56)
	Diluted EPS after Extraordinary items for the period and for the previous year	(11.67)	(9.56)

**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 27th May, 2016.
- 2 The Statutory Auditors have carried out audit of the Standalone and Consolidated Financial Results of the Company for the year ended 31st March, 2016.
- 3 In accordance with Accounting Standard 17 on Segment Reporting notified under section 211(3C) of the Companies Act, 1956, for consolidated financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.
- 4 The company has not consolidated the Financial Statements of its subsidiaries namely Spentex Tashkent Toytepa LLC (STTL) and Schoeller Litvinov K.S since these are de-facto under the control of Bankers/Secured Creditors and their Financial Statements are not available, therefore the closing balances of current year and previous year do not include the figures of the above stated subsidiaries.

- 5 The accumulated losses of the group had exceeded its net worth. The 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 earlier financial years due to sluggish market demand, decline in cotton prices globally as compared to India, and higher power cost in Maharashtra. The units of the company have been operating at high capacity utilization levels and generating positive earning before interest depreciation tax and amortisation (EBIDTA). With strategic management focus on cost containment and efficient plant operations, the management believes that losses incurred in the past would reasonably be made good, in due course. The consolidated financial statements of the group, as such have been prepared on a going concern basis.
- 6 The company has an investment of ` 23,837.96 Lacs and recoverable ` 5,099.66 Lacs in step down subsidiary Spentex Tashkent Toytepa, LLC (STTL). During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable and insolvency proceedings have been initiated against it. 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 company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. Since investment agreement entered between GOU and company, Treaties entered between countries were breached, Company has initiated Arbitration proceeding against GOU for protection of investment and dues & compensation dispute Claim in International Centre for Settlement of Investment Dispute (ICSID). Spentex (Netherlands) B.V., subsidiary of the company, appointed various experts to assess losses suffered by the company. Based on the draft report and claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts.
- 7 The auditors of one of the subsidiaries, Amit Spinning Industries Limited, have qualified in their audit report with respect to recoverability of dues from MSEB amounting to ₹ 152.76 Lacs. This matter will be dealt with appropriately in due course.
- 8 Advance balances aggregating to ₹ 184.11 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.
- 9 Advance balances aggregating to ₹ 559.83 lacs 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.
- 10 The Company has not allotted shares against amount of ₹ 1,109.50 lacs 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 .
- 11 The company's accounts have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.
- 12 The outstanding balance as on 31st March, 2016 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.
- 13 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 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.
- 14 Previous period figures have been regrouped / recasted / rearranged wherever necessary, to conform to the current period presentation.

BY ORDER OF THE BOARD OF DIRECTORS,  
**FOR SPENTEX INDUSTRIES LIMITED**

Sd/-

**MUKUND CHOUDHARY**  
MANAGING DIRECTOR

Place : New Delhi

Date : May 27, 2016