Spentex Industries Limited

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

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

Rs. In lacs (except EPS and Shares)

S. No.	Particulars	Standalone			
		Quarter ended			Year ended
		30.06.2016	31.03.2016	30.06.2015	31.03.2016
		Unaudited	Audited	Unaudited	Audited
1 a)	Net Sales / Income from operations (Net of excise duty)	21,104.14	22,097.69	19,029.21	78,717.48
b)	Other Operating Income	183.63	284.45	243.78	1,061.79
	Total Income (a + b)	**21,287.77**	**22,382.14**	**19,272.99**	**79,779.27**
2	Expenditure:				
a)	Consumption of raw materials (including consumption of stores, spares and packing materials)	15,412.32	15,019.14	14,068.21	55,731.44
b)	Purchase of traded goods	352.37	113.87	97.11	446.84
c)	Changes in inventories of finished goods, work in progress and stock in trade	(221.66)	1,341.80	(688.40)	739.84
d)	Employees benefits expenses	2,336.50	2,181.99	2,048.82	8,390.20
e)	Depreciation and amortisation expenses	273.38	281.28	280.61	1,124.63
f)	Power and fuel cost	2,265.47	2,212.74	2,613.50	9,329.80
g)	Other expenditure	1,102.50	1,387.69	1,315.65	5,322.92
	Total Expenses	**21,520.87**	**22,538.51**	**19,735.50**	**81,085.67**
3	**Profit / (Loss) from Operations before Other Income, Finance Cost & Exceptional Items (1-2)**	**(233.10)**	**(156.37)**	**(462.51)**	**(1,306.40)**
4	Other Income	271.11	205.44	286.55	916.25
5	**Profit / (Loss) before Finance Cost & Exceptional Items (3+4)**	**38.01**	**49.07**	**(175.95)**	**(390.15)**
6	Finance Cost	2,539.41	1,992.80	1,874.13	7,700.98
7	**Profit / (Loss) after Finance Cost but before Exceptional Items (5-6)**	**(2,501.40)**	**(1,943.73)**	**(2,050.09)**	**(8,091.13)**
8	Exceptional Items	-	-	-	-
9	**Profit / (Loss) from Ordinary Activities before tax (7-8)**	**(2,501.40)**	**(1,943.73)**	**(2,050.09)**	**(8,091.13)**
10	Tax expense	-	-	-	-
11	**Net Profit / (Loss) from Ordinary Activities after tax (9-10)**	**(2,501.40)**	**(1,943.73)**	**(2,050.09)**	**(8,091.13)**
12	Extraordinary Items (net of tax expense)		-	-	
13	**Net Profit / (Loss) for the period (11-12)**	**(2,501.40)**	**(1,943.73)**	**(2,050.09)**	**(8,091.13)**
14	Paid up Equity Share Capital (Face Value Rs. 10/- each)	**8,977.20**	**8,977.20**	**8,977.20**	**8,977.20**
15	Reserves excluding Revaluation Reserves as per balance sheet of previous year	-	-	-	(29,878.77)
16	**Earnings Per Share (EPS) (not annualized) (Rs.)**				
	Basic & Diluted EPS for the period and for the previous year	(2.79)	(2.17)	(2.28)	(9.01)

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 11th August, 2016.

2 The Statutory Auditors have carried out limited review of the Standalone Financial Results of the Company for the quarter ended 30th June, 2016.

3 In accordance with Accounting Standard 17 on Segment Reporting notified under the Companies (Accounting Statndards) Rules, 2006 (as amended) in accordance with section 133 of the Comapanies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014, for standalone financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.

4 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 ₹ 7,481.87 lacs (Previous quarter ₹ 7,321.99 lacs) 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 has declared ASIL as Sick under Section 3(1) (o) of SICA 1985 and appointed Operating Agency under Section 17(3) of SICA 1985. 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.

5	The accumulated losses of the Company had exceeded its net worth during the year 2011-12. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with the Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, greater decline in cotton prices globally as compared to India, higher power cost in Maharashtra, certain policies and shortage of working capital. In spite of the unfavorable market scenario and financial constraints, the units of the company continue to operate at satisfactory capacity utilization levels and are generating positive Earnings before Interest Depreciation Tax and Amortization (EBIDTA). The company's accounts have become Non performing assets (NPA) with majority of the dealing banks and the company is also in receipt of NPA cum recall notice. The company has submitted / in process of submitting restructuring proposal proposing various alternatives to the banks which is currently under discussions. With strong management focus on strategic initiatives for cost rationalization, optimum product mix and efficient plant operations, the management believes that accumulated losses would reasonably be paired, in due course. The financial statements, as such have been prepared on a going concern basis.
6	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 trade receivable from STTL and advances recoverable of ₹ 950.71 lacs in SNBV as on March 31st, 2016. 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 company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. 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). 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 for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.
7	Advance balance amounting to ₹ 184.11 lacs due from a party 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 this stage.
8	Advance balances aggregating to ₹ 536.56 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.
9	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 .
10	The company's accounts had 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.
11	The outstanding balance as on 30th June, 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.
12	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.
13	The figures for the quarter ended March 31, 2016 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial year ending on March 31st.
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 : August 11, 2016

REPORTING OF SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED				
				(₹ in Lacs)
Particulars	**Quarter ended**			**Year ended**
	30.06.2016	**31.03.2016**	**30.06.2015**	**31.03.2016**
1. Segment Revenue	**Unaudited**	**Audited**	**Unaudited**	**Audited**
a) Textile- Manufacturing	22,087.06	21,529.63	19,102.04	78,495.32
b) Textile Trading	400.02	1,589.19	403.53	3,672.56
Total	**22,487.08**	**23,118.83**	**19,505.57**	**82,167.88**
Less : Inter segment revenue	1,199.31	736.69	232.58	2,388.61
Total Income	**21,287.77**	**22,382.14**	**19,272.99**	**79,779.27**
2. Segment Results				
Profit (+) / Loss (-) before tax and interest from each Segment				
a) Textile- Manufacturing	162.82	356.51	523.40	607.04
b) Textile Trading	40.73	355.11	39.40	1,842.56
TOTAL	**203.55**	**711.62**	**562.79**	**2,449.61**
Less :				
i) Finance cost	2,323.62	1,992.81	1,874.13	7,700.98
ii) Other unallocable expenditure net off	529.60	656.32	805.50	3,193.18
iii) Other unallocable income	148.27	(6.22)	66.75	353.42
Profit/ (Loss) before tax	**(2,501.40)**	**(1,943.73)**	**(2,050.09)**	**(8,091.13)**
3. Capital Employed				
(Segment Assets - Segment Liabilities)				
a) Textile- Manufacturing	(23,226.06)	(20,396.49)	(18,441.58)	(20,396.49)
b) Textile Trading	2,128.33	1,892.42	1,935.28	1,892.42
Unallocated	(1,195.92)	(1,288.00)	2,755.29	(1,288.00)
TOTAL	**(22,293.64)**	**(19,792.05)**	**(13,751.01)**	**(19,792.05)**