

# J. C. BHALLA & CO.

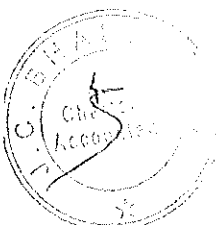
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201 301 (U.P.)  
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E-MAIL : taxaid@vsnl.com

To

The Board of Directors  
Spentex Industries Limited  
A-60, Okhla Industrial Area, Phase-II  
New Delhi - 110 020.

1. We have reviewed the accompanying statement of Standalone unaudited financial results of Spentex Industries Limited ("the Company") for the nine months ended December 31, 2014 except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" which has been traced from disclosures made by the management and have not been reviewed by us. The Company's management is responsible for preparation and presentation of Financial Results in accordance with Clause 41 of the Listing Agreement with Stock Exchanges and these results have been approved by the Board of Directors. Our responsibility is to express a conclusion 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. a. *We are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.2,044.70 lacs in Amit Spinning Industries Limited (ASIL), a subsidiary of the company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs.3,201.28 lacs, interest accrued thereon amounting to Rs.959.50 lacs and other amount outstanding to Rs.2,063.39 lacs due from the ASIL. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of ASIL. Also Refer Note No. 4 to the unaudited standalone financial results for the nine months ended December 31, 2014.*
- b. *We are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.5,610.11 lacs and Rs.93.24 lacs in Spentex Netherland B.V.(SNBV) and Spentex Tashkent Toytepa LLC(STTL) respectively, subsidiary/step down subsidiary of the company. Uncertainties exist in relation to the recoverability of Rs.950.71 lacs and Rs.700.12 lacs due from SNBV and STTL respectively. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of SNBV. Also Refer Note No. 6 to the unaudited standalone financial results for the nine months ended December 31, 2014.*
- c. *The Company has not charged to statement of profit and loss Rs.101.35 lacs and Rs.26.95 lacs shown as claim receivable and export incentive respectively. Also Refer Note No. 9 to the unaudited standalone financial results for the nine months ended December 31, 2014.*



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Company Secretary  
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*We further report that, without considering the impact of paragraph 3(a) and (b) above the effect of which could not be determined, had the observation made by us in paragraph 3(c) above been considered, the loss before tax for the nine months would have been Rs. 4,321.69 lacs (as against the reported figure of Rs. 4,193.39 lacs).*

4. Without qualifying our limited review report, we draw attention to:
- a. Note No. 5 to the unaudited standalone financial results for the nine months ended December 31, 2014 regarding preparation of these accounts on a going concern basis due to reasons indicated therein.
  - b. Note No. 9 to the unaudited standalone financial results for the nine months ended December 31, 2014 regarding amounts recoverable relating to certain trade receivable, advance balances and export incentive recoverable Rs. 63.71 lacs, Rs. 273.14 lacs and Rs. 178.69 lacs respectively which have been considered good by the management in view of the reasons stated therein.
5. Based on our review conducted as above *subject to the adjustment that may be required to the financial results in view of our remarks stated in paragraph 3 above*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with applicable accounting standards [Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, which as per General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs continue to apply under Section 133 of the Companies Act, 2013] and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

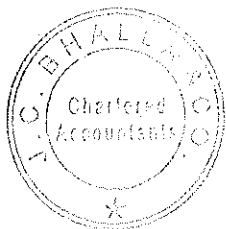
For J C Bhalla & Company  
Chartered Accountants  
Firm Regn.No.001111N



(Akhil Bhalla)  
Partner

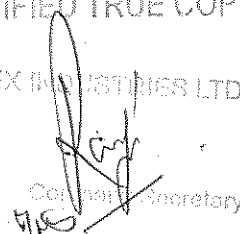
Membership No.505002

Place : New Delhi  
Date : March 02, 2015



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For SPENTEX INDUSTRIES LTD.



Secretary

# Spentex Industries Limited

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

## STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31ST DEC., 2014

### PART I Statement of Standalone unaudited financial results for the quarter and nine month ended 31/12/2014

(Figures in Lacs except EPS)

Particulars	Standalone					
	Quarter ended			9 Months Ended		Year ended
	31.12.2014 Unaudited	30.09.2014 Unaudited	31.12.2013 Unaudited	31.12.2014 Unaudited	31.12.2013 Unaudited	31.03.2014 Audited
1 a) Net Sales / Income from operations (Net of excise duty)	19,872.06	22,407.87	28,161.58	68,864.57	86,624.77	114,289.73
b) Other Operating Income	7.88	739.90	110.25	780.48	648.48	716.85
Total Income (a + b)	19,879.94	23,147.77	28,271.83	69,645.05	87,273.25	115,006.58
2 Expenditure:						
a) Consumption of raw materials (including consumption of stores, spares and packing materials)	10,823.70	16,890.77	21,184.37	46,763.55	61,531.02	82,319.14
b) Purchase of traded goods	868.24	290.68	873.11	1,408.24	1,268.37	1,310.79
c) Changes in inventories of finished goods, work in progress and stock in trade	2,785.50	(696.24)	(1,763.56)	2,337.24	(1,612.92)	(2,611.08)
d) Employees benefits expenses	1,996.63	2,068.30	1,953.57	6,097.75	5,821.87	7,723.27
e) Depreciation and amortisation expenses	356.68	239.28	445.70	1,013.76	1,392.37	1,833.53
f) Power and fuel cost	1,828.68	2,332.78	2,588.49	6,469.79	7,352.86	9,643.88
g) Other expenditure	1,325.79	1,403.78	1,850.92	4,629.40	6,436.41	8,464.59
Total Expenses	19,985.22	22,529.35	27,132.60	68,719.73	82,189.98	108,684.12
3 Profit / (Loss) from Operations before Other Income, Finance Cost, Prior Period & Exceptional Items (1-2)	(105.27)	618.42	1,139.23	925.33	5,083.27	6,322.46
4 Other Income	141.03	232.87	78.58	687.38	413.64	652.60
5 Profit / (Loss) before Finance Cost, Prior Period & Exceptional Items (3+4)	35.76	851.29	1,217.81	1,612.71	5,496.91	6,975.06
6 Finance Cost	1,978.17	2,010.06	2,066.78	5,943.10	6,071.66	8,104.40
7 Profit / (Loss) after Finance cost but before Prior Period & Exceptional Items (5-6)	(1,942.41)	(1,158.77)	(848.97)	(4,330.39)	(574.75)	(1,129.34)
8 Prior Period Items (Net of Income)	-	-	-	-	-	57.03
9 Profit / (Loss) after Finance Cost & Prior period items but before Exceptional Items (7-8)	(1,942.41)	(1,158.77)	(848.97)	(4,330.39)	(574.75)	(1,186.37)
10 Exceptional Items	-	-	-	-	-	-
11 Profit / (Loss) from Ordinary Activities before tax (9-10)	(1,942.41)	(1,158.77)	(848.97)	(4,330.39)	(574.75)	(1,186.37)
12 Tax expense	-	-	-	-	-	-
13 Net Profit / (Loss) from Ordinary Activities after tax (11-12)	(1,942.41)	(1,158.77)	(848.97)	(4,330.39)	(574.75)	(1,186.37)
14 Extraordinary Items (net of tax expense)	-	-	-	137.00	-	-
15 Net Profit / (Loss) for the period (13-14)	(1,942.41)	(1,158.77)	(848.97)	(4,193.39)	(574.75)	(1,186.37)
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 Earnings Per Share (EPS) (not annualized) (Rs.)						
a) Basic EPS before Extraordinary items for the period and for the previous year	(2.16)	(1.29)	(0.95)	(4.82)	(0.64)	(1.32)
Diluted EPS before Extraordinary items for the period and for the previous year	(2.16)	(1.29)	(0.95)	(4.82)	(0.64)	(1.32)
b) Basic EPS after Extraordinary items for the period and for the previous year	(2.16)	(1.29)	(0.95)	(4.67)	(0.64)	(1.32)
Diluted EPS after Extraordinary items for the period and for the previous year	(2.16)	(1.29)	(0.95)	(4.67)	(0.64)	(1.32)

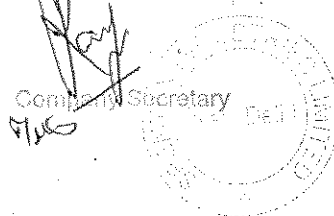
### PART II Select Information for the quarter and nine month ended 31/12/2014

#### 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	39,441,475
Percentage of Shareholding	43.94%	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	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%	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%	50.38%
b) Non - Encumbered						
- Number of Shares	5,107,502	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%	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%	5.68%

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For SPENTEX INDUSTRIES LTD.

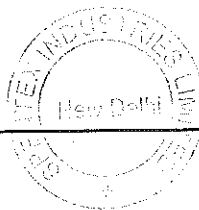


**B. INVESTOR COMPLAINTS**

Pending at the beginning of the quarter		NH
Received during the quarter		2
Disposed of during the quarter		2
Remaining unresolved at the end of the quarter		NH

Note:

- 1 The above financial results have been circulated to members of Audit Committee, obtained consent of Committee and were approved by the Results Approval Committee of Board of Directors in their meeting held on 02nd March, 2015.
- 2 The Statutory Auditors have carried out limited review of the Unaudited Standalone Financial Results of the Company for the quarter ended 31st December, 2014.
- 3 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.
- 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 ` 6,224.17 lacs ( Previous quarter ` 6,177.53 lacs) in Armit 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.
- 5 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.
- 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 export receivable from STTL and advances recoverable of ` 950.71 lacs in SNBV as on Dec. 31st, 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. 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). 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 for indemnify the further losses caused to company directly or indirectly on account of Investment made in Uzbekistan.
- 7 During the nine month ended 31st December, 2014, 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 nine month ended 31st December, 2014 is lower by ` 231.43 lacs.
- 8 Extraordinary items represents write back of ` 137.00 lacs due to loan waiver from lender.
- 9 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.
- 10 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 LIMITEDKAPIL CHOUDHARY  
DY. MANAGING DIRECTOR  
Places : New Delhi  
Date : 02nd March, 2015

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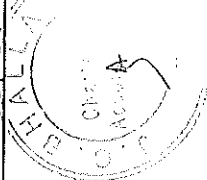
For SPENTEX INDUSTRIES LTD.

Company Secretary

REPORTING OF SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED									
Particulars	Quarter ended			9 months Ended			Year ended		
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014	(` in Lacs)
	Unaudited			Unaudited			Audited		
<b>1. Segment Revenue</b>									
a) Textile- Manufacturing	19,904.28	21,573.46	26,833.88	67,459.89	84,059.11	110,961.20			
b) Textile Trading	903.37	4,013.45	3,108.63	6,691.83	8,515.11	10,602.88			
<b>Total</b>	<b>20,807.65</b>	<b>25,586.91</b>	<b>29,942.52</b>	<b>74,151.72</b>	<b>92,574.22</b>	<b>121,564.08</b>			
Less : Inter segment revenue	927.71	2,439.14	1,670.69	4,506.66	5,300.96	6,557.50			
<b>Total Income</b>	<b>19,879.94</b>	<b>23,147.77</b>	<b>28,271.83</b>	<b>69,645.05</b>	<b>87,273.26</b>	<b>115,006.58</b>			
<b>2. Segment Results</b>									
Profit (+) / Loss (-) before tax and interest from each Segment									
a) Textile- Manufacturing	1,843.60	500.35	676.77	2,888.34	5,037.14	6,688.74			
b) Textile Trading	(1,014.31)	649.38	1,025.50	245.71	2,240.73	2,673.47			
c) Other- Trading									
<b>TOTAL</b>	<b>829.29</b>	<b>1,149.73</b>	<b>1,702.27</b>	<b>3,134.05</b>	<b>7,277.87</b>	<b>9,362.21</b>			
Less :									
i) Interest	1,978.17	2,010.06	2,066.78	5,943.10	6,071.66	8,104.40			
ii) Other unallocable expenditure net off	678.82	597.31	558.58	1,883.77	1,782.84	2,540.18			
iii) Other unallocable income	(114.71)	298.86	74.11	362.43	1.88	96.00			
<b>Profit/ (Loss) before tax</b>	<b>(1,942.41)</b>	<b>(1,158.77)</b>	<b>(848.99)</b>	<b>*(4330.39)</b>	<b>(574.75)</b>	<b>(1,186.37)</b>			
<b>3. Capital Employed</b>									
( Segment Assets - Segment Liabilities )									
a) Textile- Manufacturing	19,559.31	22,017.98	23,534.77	19,559.31	23,534.77	26,328.49			
b) Textile Trading	632.59	1,320.30	1,656.45	632.59	1,656.45	1,023.90			
Unallocated	(30,794.62)	(31,998.60)	(30,856.10)	(30,794.62)	(30,856.10)	(33,761.74)			
<b>TOTAL</b>	<b>(10,602.72)</b>	<b>(8,660.32)</b>	<b>(5,664.87)</b>	<b>(10,602.72)</b>	<b>(5,664.88)</b>	<b>(6,409.33)</b>			
<b>* Excluding extraordinary income of Rs. 137.00 lac.</b>									

For SPENTEX INDUSTRIES LTD.

Company Secretary



*Handwritten signature: Rajat Choudhary*