

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

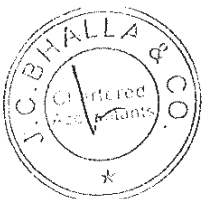
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To

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 quarter ended June 30, 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.1,667.72 lacs due from 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 quarter ended June 30, 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 quarter ended June 30, 2014.*
- c. *The Company is in the process of evaluating the estimated useful lives of its tangible assets in accordance with the provisions of Schedule II of the Companies Act, 2013 and accordingly, continue to recognize the depreciation charge based on evaluation performed prior implementation of such Act. Pending conclusion of such assessment and our review of*

For SPENTEX INDUSTRIES LTD.



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Company Secretary

the basis thereof, we are unable to comment on the appropriateness of the depreciation charge for the quarter ended June 30, 2014, in accordance with the provisions of Companies Act, 2013. Also Refer Note No. 7 to the unaudited standalone financial results for the quarter ended June 30, 2014.

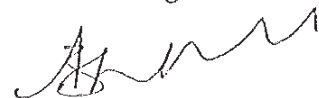
- d. The Company has not charged to statement of profit and loss Rs.101.35 lacs and Rs.26.95 lacs shown as claim receivable and export incentive respectively. Also Refer Note No.9 to the unaudited standalone financial results for the quarter ended June 30, 2014.

We further report that, without considering the impact of paragraph 3(a), (b) and (c) above the effect of which could not be determined, had the observation made by us in paragraph 3(d) above been considered, the loss before tax for the quarter would have been Rs 1,220.51 lacs (as against the reported figure of Rs.1,092.21 lacs).

4. Without qualifying our limited review report, we draw attention to:

- a. Note No. 5 to the unaudited standalone financial results for the quarter ended June 30, 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 quarter ended June 30, 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
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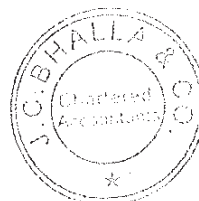


(Akhil Bhalla)

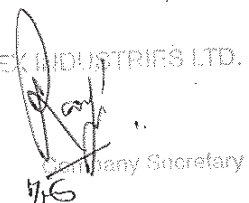
Partner

Membership No.505002

Place : New Delhi
Date : August 13, 2014



For SPENDEX INDUSTRIES LTD.



Company Secretary