SPENTEX INDUSTRIES LIMITED
Manufacturer of Yarns

CLC™

May 29, 2017

BSE Limited
Corporate Relationship Deptt.
Ist, Floor, New Trading Ring, Rotunda Bldg.
P J Towers, Dalal Street
Mumbai 400 001

Stock Code. **521082**

National Stock Exchange Of India Ltd.
Exchange Plaza
Bandra Kurla Complex
Bandar (E), Mumbai-400051

Stock Code: **SPENTEX**

Dear Sir/Madam,

Sub: Outcome of the Board Meeting held on 29th May, 2017

This is to inform you that the Board of Directors of the Company at their meeting held on 29th May, 2017 has, *interalia*, approved the

1. Standalone as well as Consolidated Audited Financial Results for the quarter/year ended 31st March, 2017.
2. Re-constitution of Audit Committee due to resignation of director(s).

Please find enclosed herewith the Standalone and Consolidated Audited Financial Results along with Auditor's report for the financial year ended 31st March, 2017 and Statement of Assets & Liabilities as on 31st March, 2017 and Statement on Impact of Audit Qualifications on financial results.

Please take the above on record.

Thanking you,

Yours truly,
For **SPENTEX INDUSTRIES LIMITED**

COMPLIANCE OFFICER

Encl: as above.

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201301 (U.P.)
TEL. : 91 - 120 - 4241000, FAX : 91 - 11 - 4241007
E-MAIL : taxaid@vsnl.com

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SPENTEX INDUSTRIES LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of Spentex Industries Limited ("the company") for the quarter and year ended March 31, 2017 ("the Statement") being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related Financial Statements which are in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

3. **Basis for Qualified Opinion**

   a. *Note No. 4 of the standalone financial results which indicates that the Company has accumulated losses and its net worth has been fully eroded. Additionally, the Company has incurred a net cash loss during the current and previous year(s) and the Company's current liabilities exceeded its current assets as at the balance sheet date. Further, majority of the banks had categorized borrowings of the company as Non Performing Assets (NPA) during the previous year(s) and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the company. These conditions, along with other matters set forth in Note No. 4, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The company's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Company has been prepared on a going concern basis for the reasons stated in the said Note.*

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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.2,044.70 lakhs in Amit Spinning Industries Limited, subsidiary of the company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs.3,201.28 lakhs, interest accrued thereon Rs. 959.50 lakhs and other amounts outstanding of Rs.3,407.14 lakhs due from above subsidiary. Further, we are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of above subsidiary. Refer Note No. 5 to the standalone financial results for the year ended March 31, 2017.

c. The company has not charged to statement of profit & loss Rs.101.35 lakhs shown as claim receivables under the head "Other Non Current Assets" in the standalone financial statements. Refer Note No. 7 to the standalone financial results for the year ended March 31, 2017.

d. We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs.1,065.63 lakhs included under the head "Long Term Loans & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts. Refer Note No. 8 to the standalone financial results for the year ended March 31, 2017.

e. The company has not charged to statement of profit & loss interest expenses of Rs.6,007.18 lakhs, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till March 31, 2016 of Rs.3,603.48 lakhs has been reversed during the quarter and shown as extraordinary item in the standalone financial results. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss. Refer Note No. 10 to the standalone financial results for the year ended March 31, 2017.

f. We are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of Spentex Netherland B.V., subsidiary of the company. Refer Note No. 14 to the standalone financial results for the year ended March 31, 2017.

g. The Company has not provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process. Refer Note No. 15 to the standalone financial results for the year ended March 31, 2017.

We further report that, without considering the impact of paragraph (a), (b), (f)and (g) above the effect of which could not be determined, had the observation made by us in paragraph (c), (d) and (e) above been considered, the loss before tax for the year would have been Rs.17,624.51 lakhs (as against the reported figure of Rs.6,846.87 lakhs), Reserves and Surplus would have been negative Rs. 47,503.28 lakhs (as against negative reported figure of Rs.36,725.64 lakhs, Finance Costs would have been Rs.7,488.08 lakhs (as against the reported figure of Rs.1,480.90 lakhs), Extraordinary expenses(net) would have been Rs.3,406.67 lakhs (as against the negative reported figure of Rs. 196.81 lakhs), Other Non Current Assets would have been Rs. 970.73 lakhs (as against the reported figure of Rs.1,090.49 lakhs), Long Term Loans and Advances would have been Rs. 5,646.41 lakhs (as

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against the reported figure of Rs. 6,693.63 lakhs), Other Current Liabilities would have been Rs. 36,292.04 lakhs (as against the reported figure of Rs. 26,681.38 lakhs).

4. **Emphasis of Matter**

Without qualifying our opinion, we draw attention to:

a. Note No. 7 of the standalone financial results regarding balance recoverable of Rs.184.11 lakhs included under the head "Long Term Loans & Advances" of the standalone financial statements which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertion given by the management as to the recoverability of the said amounts.

b. Note No. 9 of the standalone financial results, wherein, the Company has not allotted shares against the share application amount of Rs. 1,109.50 lakhs which was brought in by the promoters in more than one installment under restructuring scheme approved by the Bankers. However, the company has not complied with the provisions of Section 42 of the Companies Act, 2013 for the reasons stated in the said Note.

c. Note No. 12 of the standalone financial results regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

d. Note No. 13 of the standalone financial results requiring deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2017-18 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the company has not complied with the requirement of the said circular.

Our opinion is not modified in respect of these matters.

5. **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the basis for qualified opinion paragraph*, the Statement;

I. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

II. gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net loss and other financial information of the company for the year ended March 31, 2017.

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6. The Statement includes the results for the quarter ended March 31, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For and on behalf of
J.C. Bhalla and Co.
Chartered Accountants
FRN : 001111N

J.C. BHALLA & CO. Chartered Accountants

Akhil Bhalla
Partner
Membership No.505002

Place : Noida (U.P.)
Date : May 29, 2017

Spentex Industries Limited

Regd. Off : A-60, OKHLA INDUSTRIAL AREA, PHASE - II, NEW DELHI - 110020.
Email: secretarial@clcindia.com; CIN - L74899DL1991PLC138153

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2017

(Rs. in Lakhs except EPS and Shares)

	Particulars	Standalone				
		Quarter ended			Year ended	
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
		Audited	Unaudited	Audited	Audited	Audited
1 a)	Net Sales / Income from operations (Net of excise duty)	19,564.28	15,930.28	22,097.69	77,523.84	78,845.80
b)	Other Operating Income	155.91	127.24	284.45	620.34	1,061.79
	Total Income from operations (net)	**19,720.19**	**16,057.52**	**22,382.14**	**78,144.18**	**79,907.60**
2	Expenditure:					
a)	Consumption of raw materials (including consumption of stores, spares and packing materials)	14,245.94	12,504.97	15,019.14	59,244.39	55,790.76
b)	Purchase of traded goods	12.67	104.42	113.87	246.45	512.47
c)	Changes in inventories of finished goods, work in progress and stock in trade	837.17	(410.61)	1,341.80	(228.03)	743.20
d)	Employees benefits expenses	2,205.97	2,326.42	2,181.99	9,279.55	8,390.20
e)	Depreciation and amortisation expenses	264.32	266.61	281.28	1,080.82	1,124.63
f)	Power and fuel cost	2,371.37	2,277.17	2,212.74	9,152.83	9,329.80
g)	Other expenditure	2,332.06	976.03	1,387.69	5,416.31	5,321.97
	Total Expenses	**22,269.52**	**18,045.01**	**22,538.51**	**84,192.31**	**81,213.03**
3	**Profit / (Loss) from Operations before Other Income, Finance Cost & Exceptional Items (1-2)**	**(2,549.33)**	**(1,987.49)**	**(156.37)**	**(6,048.13)**	**(1,305.44)**
4	Other Income	485.87	99.56	205.44	1,051.85	915.30
5	**Profit / (Loss) before Finance Cost & Exceptional Items (3+4)**	**(2,063.46)**	**(1,887.93)**	**49.07**	**(4,996.28)**	**(390.14)**
6	Finance Cost (Refer note 10)	(5,085.77)	2,033.59	1,992.80	1,480.90	7,700.98
7	**Profit / (Loss) after Finance Cost but before Exceptional Items (5-6)**	**3,022.31**	**(3,921.53)**	**(1,943.73)**	**(6,477.18)**	**(8,091.12)**
8	Exceptional Items(Refer notes 6)	566.50	-	-	566.50	-
9	**Profit / (Loss) from Ordinary Activities before tax (7-8)**	**2,455.81**	**(3,921.53)**	**(1,943.73)**	**(7,043.68)**	**(8,091.12)**
10	Tax expense	-	-	-	-	-
11	**Net Profit / (Loss) from Ordinary Activities after tax**	**2,455.81**	**(3,921.53)**	**(1,943.73)**	**(7,043.68)**	**(8,091.12)**
12	Extraordinary Items (net) (Refer Note 6, 10 & 11)	(196.81)	-	-	(196.81)	-
13	**Net Profit / (Loss) for the period (after Extra ordinary activities)**	**2,652.62**	**(3,921.53)**	**(1,943.73)**	**(6,846.87)**	**(8,091.12)**
14	Paid up Equity Share Capital (Face Value Rs. 10/- each) (no's in Lakhs)	**897.72**	**897.72**	**897.72**	**897.72**	**897.72**
15	Reserves excluding Revaluation Reserves as per balance sheet of previous year				(36,725.64)	(29,878.77)
	Earnings Per Share (EPS) (not annualized) (Rs.)					
a)	Basic EPS before Extraordinary items for the period and for the previous year	2.74	(4.37)	(2.17)	(7.85)	(9.01)
	Diluted EPS before Extraordinary items for the period and for the previous year	2.74	(4.37)	(2.17)	(7.85)	(9.01)
b)	Basic EPS after Extraordinary items for the period and for the previous year	2.95	(4.37)	(2.17)	(7.63)	(9.01)
	Diluted EPS after Extraordinary items for the period and for the previous year	2.95	(4.37)	(2.17)	(7.63)	(9.01)

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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 29th May 2017.

2 The Statutory Auditors have carried out audit of the Standalone and consolidated Financial Results of the Company for the year ended 31st March, 2017.

3 In accordance with Accounting Standard 17 on Segment Reporting notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies 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 As on March 31, 2012, the accumulated losses of the Company had exceeded its net worth. Accordingly company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 had filed a reference with Board for Industrial and Financial Restructuring (BIFR). However, SICA has since been repealed w.e.f.1st December,2016. The operations of the company in the last few years have been adversely impacted due to demand and supply gap, high power tariffs, lack of adequate working capital, declining off take in internal market and overall subdued sentiment in the export market due to the tariff disadvantage created by Free Trade Agreements (FTAs) of our competitors with the big buying nations. In the current financial year cotton prices have gone up significantly and the increase is not fully absorbed in the yarn prices leading to a huge disparity between spot cotton prices and yarn prices impacting the margins. As the company is in advanced discussion with its secured creditors to settle the dues, the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis.

5 The Auditors, in their limited review report have mentioned regarding diminution in the value of company's long term Investment of Rs. 2,044.70 lakhs and recoverability of Rs. 7,567.92 lakhs (previous year Rs. 7,562.68 lakhs) 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 had declared ASIL as Sick under Section 3(1) (o) of SICA 1985 and appointed Operating Agency under Section 17(3) of SICA 1985. SICA has been since repealed w.e.f. 1st December,2016.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.

6 The Company has an investment of Rs. 5,610.11 lakhs and Rs. 93.24 lakhs in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has Rs. 566.50 lakhs as export receivable from STTL and advances recoverable of Rs. 950.71 lakhs in SNBV as on March 31st, 2017. 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) stands 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 of Investment Dispute(ICSID). Since ICSID has given its award against claimant SNBV in Dec. 2016 dismissing all its claims and counter claims and STTL has been liquidated as per bankruptcy laws of Republic of Uzbekistan, investment made by SNBV in its subsidiary STTL has turned to unrecoverable, resulting investment made and advance recoverable by Spentex Industries Ltd.(SIL) in its subsidiary SNBV and investment made directly by SIL in its step down subsidiary STTL as well as other recoverables from STTL as mentioned above have also become doubtful for recovery. In view of the above the management has decided to make provision for the aforesaid amounts during the current financial year subject to necessary statutory approvals. The amount of Rs. 566.50 Lakhs towards export receivable has been shown as exceptional item and the balance amounts as mentioned above has been shown as extra ordinary items in the statement of Profit & Loss.

7 Advance balances amount aggregating to Rs. 184.11 lakhs 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 Rs.101.35 lakhs 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 Rs. 1,065.63 lakhs 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 Rs. 1,109.50 lakhs 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 banks and due to this reason, the majority of lenders stopped charging interest from us on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss account interest expenses of Rs.6,007.18 lakhs and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 3,603.48 Lakhs has been reversed during the quarter and disclosed under extra ordinary items.

11 ICICI bank has assigned all its rights, title and interest in relation to the loans / financial assistance provided to the company in favour of Edelweiss Assets Reconstruction Company Ltd. (EARC) in June 2016. The company has made an agreement with EARC in February 2017 for restructuring of its crystallized dues and funded interest term loan amounting to Rs. 3,562.00 Lakhs payable as per terms and conditions set out in the said agreement. The company has reversed the difference of loan liability as well as provision of interest on loan of ICICI bank outstanding in its books of accounts as on date of settlement agreement with EARC and the above mentioned settlement amount payable to EARC in terms of the settlement. The total loan liability amount of Rs. 2,445.08 Lakhs have been reversed and interest provision amount of Rs. 802.32 Lakhs have been written back and disclosed under extraordinary items in the statement of Profit & Loss for the current financial year.

12 The outstanding balance as on 31st March, 2017 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 2017-18 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.
14	The company has given corporate guarantee on behalf of its subsidiary Spentex Netherland BV (SNBV) toward loan taken by SNBV amounting to Rs. 15,182.31 Lakhs is subsisting. The amount has been shown as contingent liability. Note No 29 of standalone financial statements refers.
15	The company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.
16	The figures for the quarter ended March 31, 2017 and for the corresponding 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.
17	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** Ajay Kumar **AJAY KUMAR CHOUDHARY** CHAIRMAN Place : New Delhi Date : May 29, 2017

SPENTEX INDUSTRIES LIMITED * New Delhi

REPORTING OF SEGMENT - WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	Quarter ended			Year ended	Year ended
	31.03.2017 Audited	31.12.2016 Unaudited	31.03.2016 Audited	31.03.2017 Audited	31.03.2016 Audited
1. Segment Revenue					
a) Textile- Manufacturing	19,923.28	16,375.37	22,580.60	80,133.72	81,184.20
b) Textile Trading	63.26	73.99	85.96	318.66	659.72
Total	**19,986.54**	**16,449.36**	**22,666.56**	**80,452.38**	**81,843.92**
Less : Inter segment revenue	266.34	391.84	284.41	2,308.20	1,936.33
Total Income	**19,720.19**	**16,057.51**	**22,382.14**	**78,144.18**	**79,907.60**
2. Segment Results					
Profit (+) / Loss (-) before tax and interest from each Segment					
a) Textile- Manufacturing	(2,442.25)	(1,115.43)	968.73	(3,218.86)	2,571.91
b) Textile Trading	0.43	(40.97)	(36.75)	37.83	98.05
TOTAL	**(2,441.82)**	**(1,156.40)**	**931.98**	**(3,181.03)**	**2,669.96**
Less :					
i) Finance cost	(5,085.77)	2,033.59	1,992.80	1,480.90	7,700.98
ii) Other unallocable expenditure net off	(12.37)	762.75	656.29	2,410.55	3,193.14
iii) Other unallocable income	365.98	31.21	(226.61)	595.30	133.05
Total Profit / (Loss) from Ordinary Activities before tax	**3,022.31**	**(3,921.53)**	**(1,943.73)**	**(6,477.18)**	**(8,091.12)**
Exceptional items	566.50	-	-	566.50	-
Extraordinary Items (Net)	(196.81)	-	-	(196.81)	-
Profit/ (Loss) before tax	**2,652.62**	**(3,921.53)**	**(1,943.73)**	**(6,846.87)**	**(8,091.12)**
3. Segment Assets					
a) Textile- Manufacturing	35,194.76	39,359.57	38,402.76	35,194.76	38,402.76
b) Textile Trading	94.91	138.28	258.88	94.91	258.88
Unallocated	7,836.48	13,650.93	13,747.29	7,836.48	13,747.29
TOTAL	**43,126.15**	**53,148.79**	**52,408.93**	**43,126.15**	**52,408.93**
4. Segment Liabilities					
a) Textile- Manufacturing	15,515.81	16,837.71	10,059.19	15,515.81	10,059.19
b) Textile Trading	481.11	455.78	290.70	481.11	290.70
Unallocated	53,768.17	65,146.86	61,851.10	53,768.17	61,851.10
TOTAL	**69,765.09**	**82,440.35**	**72,200.99**	**69,765.09**	**72,200.99**

SPENTEX INDUSTRIES LIMITED New Delhi

SPENTEX INDUSTRIES LIMITED

STANDALONE STATEMENT OF ASSETS & LIABILITIES AS AT 31ST MARCH 2017

(Figures in lakhs `)

Particulars	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES		
(1) Shareholder's funds		
a) Share capital	8,977.20	8,977.20
b) Reserves & surplus	(36,725.64)	(29,878.77)
	(27,748.44)	**(20,901.57)**
(2) Share application money pending allotment	**1,109.50**	**1,109.50**
(3) Non-current liabilities		
a) Long-term borrowings	4,266.93	2,557.36
b) Other long term liabilities	21.66	64.02
c) Long-term provisions	932.35	807.67
	5,220.94	**3,429.05**
(4) Current liabilities		
a) Short-term borrowings	29,231.01	29,675.13
b) Trade payables	8,414.15	5,260.37
c) Other current liabilities	26,681.38	33,655.92
d) Short-term provisions	217.60	180.53
	64,544.14	**68,771.95**
Total	**43,126.15**	**52,408.93**
ASSETS		
(1) Non-current assets		
a) Fixed assets		
(i) Tangible assets	17,350.12	18,339.67
(ii) Intangible assets	-	-
(iii) Capital work in progress	23.38	14.03
b) Non-current investment	2,045.08	7,748.93
c) Long-term loans and advances	6,693.63	7,290.23
d) Other non-current assets	1,090.49	1,806.96
	27,202.71	**35,199.83**
(2) Current Assets		
a) Inventories	5,556.38	4,522.47
b) Trade receivables	4,157.18	4,541.21
c) Cash and bank balances	115.25	506.44
d) Short-term loans and advances	5,479.09	5,811.52
e) Other current assets	615.55	1,827.45
	15,923.44	**17,209.10**
Total	**43,126.15**	**52,408.93**

SPENTEX INDUSTRIES LIMITED New Delhi

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Standalone Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Adjusted figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1.	Total income (Incl. Other Income and Net of excise duty)	79,196.03	79,196.03
	2.	Total Expenditure(including finance cost)	85,673.21	91,680.39
	3.	Net Profit/(Loss)	(6,846.87)	(17,624.51)
	4.	Earning Per Share	(7.63)	(19.63)
	5.	Total Assets	43,126.15	41,959.17
	6.	Total Liabilities	70,874.58	80,485.24
	7.	Net Worth	(27,748.44)	(38,526.08)
	8.	Any other financial item(s) (as felt appropriate by the management)	—	—

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

1. The Company has accumulated losses and its net worth has been fully eroded. Additionally, the Company has incurred a net cash loss during the current and previous year(s) and the Company's current liabilities exceeded its current assets as at the balance sheet date. Further, majority of the banks had categorized borrowings of the company as Non Performing Assets (NPA) during the previous year(s) and have sent recall notices u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 to the company. These conditions, along with other matters set forth in Note No. 4, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The company's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

2. The Auditors 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 lakhs in Amit Spinning Industries Limited, subsidiary of the Company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs. 3,201.28 lakhs, interest accrued thereon Rs. 959.50 lakhs and other amounts outstanding of Rs. 3,407.14 lakhs due from above subsidiary. Further, Auditors are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of above subsidiary.

3. The Company has not charged to statement of profit & loss Rs. 101.35 lakhs shown as claim receivables under the head "Other Non Current Assets" in the standalone financial statements.

4. Auditors are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs. 1,065.63 lakhs included under the head "Long Term Loans & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts."
5. The company has not charged to statement of profit & loss interest expenses of Rs. 6,007.18 lakhs, related penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 3,603.48 lakhs has been reversed during the quarter and shown as extraordinary item in the standalone financial results. Therefore, Auditors are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss.
6. Auditors are unable to determine the amount of liability that may arise on account of corporate guarantee given on behalf of Spentex Netherland B.V., subsidiary of the company.
7. The company has not provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and Auditors have been further informed that the collation of information is under process.

b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion

Qualified Opinion

c. Frequency of qualification: Whether appeared first time/repetitive/since how long continuing

1. Qualification No. 1 is being appeared first time
2. Qualification No. 2 is appearing since the Financial Year 2008-09.
3. Qualifications No. 3 & 6 are appearing since the Financial Year 2013-14.
4. Qualifications No. 4: Amount is being modified from Rs. 559.83 lakhs to Rs. 1,065.63 lakhs during the year.
5. Qualifications No. 5 & 7 is being appeared first time.

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Qualification No. 3

Rs. 101.35 lakhs is due from Government Authorities against which the company has 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. 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.

Qualification No. 4

The company is making 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.

Qualification No. 5

The Company's accounts had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the Company on their outstanding debts amount from the dates on which their accounts become NPA. The company is in advance

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	discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the company has not charged to statement of profit and loss interest expenses of Rs.6,007.18 lakhs and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 3,603.48 Lakhs has been reversed during the quarter and disclosed under extra ordinary items.
	e. For Audit Qualification(s), where the impact is not quantified by the auditor: **(i) Management's estimation on the impact of audit qualification:** Management is unable to estimate the impact of audit qualification no 1,2,6 & 7.
	(ii) If management is unable to estimate the impact, reason for the same: **<u>Qualification No. 1</u>** The company is in advanced discussion with its secured creditors to settle the dues and the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis. **<u>Qualification No. 2</u>** 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. **<u>Qualification No. 6</u>** The company has given corporate guarantee on behalf of its subsidiary Spentex Netherland B V (SNBV) toward loan taken by SNBV amounting to Rs. 15,182.31 Lakhs is subsisting. The amount has been shown as contingent liability. **<u>Qualification No. 7</u>** The company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.
	(iii) Auditor's Comments on (i) and (ii) above: In the absence of certainty as regards the management's assertion, we are unable to offer further comments on the qualifications 1,2,6 & 7.

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III.	**Signatories:**	
	• Ajay Kumar Choudhary Chairman	Ajay Kumar
	• Krishan Gopal Goel Chief Financial Officer	
	• Kamal Kapur Audit Committee Chairman	Kamal Kapur
	• M/s J C Bhalla & Co. Statutory Auditors	
Place: New Delhi Date: 29th May, 2017		

SPENTEX INDUSTRIES LIMITED
New Delhi

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201301 (U.P.)
TEL. : 91 - 120 - 4241000, FAX : 91 - 11 - 4241007
E-MAIL : taxaid@vsnl.com

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SPENTEX INDUSTRIES LIMITED

1. We have audited the accompanying statement of consolidated financial results of Spentex Industries Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the year ended March 31, 2017 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared on the basis of the related Consolidated Financial Statements which are in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluation the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

3. **Basis for Qualified Opinion**

   a. *Note No. 4 of the consolidated financial results which indicates that the Group has accumulated losses and its net worth has been fully eroded. Additionally, the Group has incurred a net cash loss during the current and previous year(s) and the Group's current liabilities exceeded its current assets as at the balance sheet date. Further, majority of the banks have categorized borrowings of the Group as Non Performing Assets (NPA) during the year. These conditions, along with other matters set forth in Note No.4, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The group's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.*

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b. *The Group has not considered the financial statements of a step down subsidiary Schoeller Litvino k. s. in preparing the consolidated financial statements for the reason stated therein. This is in contrary to the Accounting Standard 21 "Consolidated Financial Statements" in respect of Section 133 of the Act. Further, 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.1,981.34 lakhs and recoverability of Rs. 179.70 lakhs in and from above subsidiary. Refer Note No.5 to the consolidated financial results for the year ended March 31, 2017.*

c. *The Group has not charged to consolidated statement of profit & loss Rs. 101.35 lakhs shown as claim receivables under the head "Other Non Current Assets" in the consolidated financial statements. Refer Note No. 7 to the consolidated financial results for the year ended March 31, 2017.*

d. *We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs. 1,065.63 lakhs included under the head "Long Term Loans & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts. Refer Note No. 8 to the consolidated financial results for the year ended March 31, 2017.*

e. *The Group has not charged to statement of profit & loss interest expenses of Rs.6,264.96 lakhs, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till March 31, 2016 of Rs.4,044.02 lakhs has been reversed during the quarter and shown as extraordinary item in the consolidated financial results. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss. Refer Note No. 10 to the consolidated financial results for the year ended March 31, 2017.*

f. *The Holding Company has not provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and we have been further informed that the collation of information is under process. Refer Note No. 14 to the consolidated financial results for the year ended March 31, 2017.*

We further report that, without considering the impact of paragraph (a), (b) and (f) above the effect of which could not be determined, had the observation made by us in paragraph (c), (d) and (e) above been considered, the loss before tax for the year would have been Rs.42,399.91 lakhs (as against the reported figure of Rs. 30,923.95lakhs), Reserves and Surplus would have been negative Rs.100,276.84 lakhs (as against negative reported figure of Rs.88,800.88 lakhs),Finance Costs would have been Rs.8,908.26 lakhs (as against the reported figure of Rs.2,643.30 lakhs), Extraordinary expenses(net) would have been Rs.25,000.78 lakhs (as against the reported figure of Rs.20,956.76 lakhs), Other Non Current Assets would have been Rs.32.84 lakhs (as against the reported figure of Rs.152.60 lakhs), Long Term Loans and Advances would have been Rs.4,878.17 lakhs (as against the reported figure of Rs. 5,925.39 lakhs), Other Current Liabilities would have been Rs. 69,857.49 lakhs (as against the reported figure of Rs. 59,548.51 lakhs).

J.C. BHALLA & CO. Chartered Accountants

4. **Emphasis of Matter**

Without qualifying our opinion, we draw attention to:

a. Note No. 7 of the consolidated financial results regarding balance recoverable of Rs.184.11 lakhs included under the head "Long Term Loans & Advances" of the consolidated financial statements which has been considered good by the management in view of the reasons stated therein. We have relied upon the assertion given by the management as to the recoverability of the said amounts.

b. Note No. 9 of the consolidated financial results, wherein, the Holding Company has not allotted shares against the share application amount of Rs. 1,109.50 lakhs which was brought in by the promoters in more than one installment under restructuring scheme approved by the Bankers. However, the company has not complied with the provisions of Section 42 of the Companies Act, 2013 for the reasons stated in the said Note.

c. Note No. 12 of the consolidated financial results regarding balances of parties under the head trade receivables, trade payables and loans & advances which are subject to confirmation, reconciliation and consequential adjustments, if any.

d. Note No. 13 of the consolidated financial results requiring deposit/invest a sum of at least 15% of the amount of its debentures maturing during the financial year 2017-18 in one or more of the prescribed methods vide circular no. 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs. However, the Holding Company has not complied with the requirement of the said circular.

e. Note No. 15 of the consolidated financial results, wherein, an amount of Rs.2,777.24 lakhs under the head "Long Term Loans & Advances" which has been considered by the group in view of the reasons stated therein. We have relied upon the assertions given by the management in the report of other auditor as to the recoverability of the said amounts.

Our opinion is not modified in respect of these matters.

5. (a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 6,488.47 lakhs as at March 31, 2017 and total revenues of Rs. 16.61 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion is based solely on the report of the other auditors.

(b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs.1,981.34 lakhs as at March 31, 2017, total revenues of Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements is based solely on such unaudited financial statements.

J.C. BHALLA & CO.
Chartered Accountants

Our opinion on the statement is not modified in respect of the above matters with regard to our reliance on the work done and the report of the other auditor and financial statements certified by the management.

6. **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the basis for qualified opinion paragraph,* and based on the consideration of the report of the other auditors referred to in paragraph 5 above, the Statement:

a) Includes the results of entities as given below:

   List of Subsidiaries/Step down subsidiary:-
   1) Amit Spinning Industries Limited.
   2) Spentex Netherland B.V.
   3) Schoeller Textile Netherland B.V.

b) is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015; and

c) gives a true and fair view in conformity with the aforesaid accounting standards and other accounting principles generally accepted in India of the consolidated net loss and other financial information of the group for the year ended March 31, 2017.

For and on behalf of
J.C. Bhalla and Co.
Chartered Accountants
FRN : 001111N

J.C. BHALLA & CO.
Chartered Accountants

Akhil Bhalla
Partner
Membership No.505002

Place : Noida (U.P.)
Date : May 29, 2017

Spentex Industries Limited

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

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2017

PART I **Statement of Consolidated Audited Results for the year ended 31/03/2017** (Rs. In Lakhs except EPS and Shares)

		Particulars	Consolidated	
			Year ended	
			31.03.2017	31.03.2016
			₹	₹
1	a)	Net Sales / Income from operations (Net of excise duty)	77,539.68	78,845.43
	b)	Other Operating Income	620.34	1,061.79
		Total Income (a + b)	**78,160.02**	**79,907.22**
2		Expenditure:		
	a)	Consumption of raw materials (including consumption of stores, spares and packing materials)	59,258.29	55,799.83
	b)	Purchase of traded goods	261.16	512.47
	c)	Changes in inventories of finished goods, work in progress and stock in trade	(228.03)	774.91
	d)	Employees benefits expenses	9,680.77	8,959.92
	e)	Depreciation and amortisation expenses	1,377.65	1,471.24
	f)	Power and fuel cost	9,154.72	9,333.68
	g)	Other expenditure	6,465.46	5,558.77
		Total Expenses	**85,970.03**	**82,410.82**
3		**Profit / (Loss) from Operations before Other Income, Finance Cost, & Exceptional Items (1-2)**	**(7,810.00)**	**(2,503.61)**
4		Other Income	1,052.61	919.68
5		**Profit / (Loss) before Finance Cost, Exceptional Items (3+4)**	**(6,757.39)**	**(1,583.93)**
6		Finance Cost (Refer note 10)	2,643.30	8,893.29
7		**Profit / (Loss) after Finance cost but before Exceptional Items (5-6)**	**(9,400.69)**	**(10,477.22)**
8		Exceptional Items(Refer notes 6)	566.50	-
9		**Profit / (Loss) from Ordinary Activities before tax (7-8)**	**(9,967.19)**	**(10,477.22)**
10		Tax expense		-
11		**Net Profit / (Loss) from Ordinary Activities after tax (9-10)**	**(9,967.19)**	**(10,477.22)**
12		Extraordinary Items (net) (Refer Note 6, 10 & 11)	20,956.76	
13		**Net Profit / (Loss) for the period (12-13)**	**(30,923.95)**	**(10,477.22)**
14		Paid up Equity Share Capital (Face Value Rs. 10/- each) (no's in Lakhs)	897.72	897.72
15		Reserves excluding Revaluation Reserves as per balance sheet of previous year	(88,800.88)	(58,670.22)
16		**Earnings Per Share (EPS) (not annualized) (Rs.)**		
	a)	Basic EPS before Extraordinary items for the period and for the previous year	(11.10)	(11.67)
		Diluted EPS before Extraordinary items for the period and for the previous year	(11.10)	(11.67)
	b)	Basic EPS after Extraordinary items for the period and for the previous year	(34.45)	(11.67)
		Diluted EPS after Extraordinary items for the period and for the previous year	(34.45)	(11.67)

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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 29th May 2017.

2 The Statutory Auditors have carried out audit of the Standalone and consolidated Financial Results of the Company for the year ended 31st March, 2017.

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

4 The accumulated losses of the group had exceeded its net worth. Accordingly the companies in the group in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 had filed a reference with Board for Industrial and Financial Restructuring (BIFR). However, SICA has since been repealed w.e.f.1st December,2016. The operations of the group in the last few years have been adversely impacted due to demand and supply gap, high power tariffs, lack of adequate working capital, declining off take in internal market and overall subdued sentiment in the export market due to the tariff disadvantage created by Free Trade Agreements (FTAs) of our competitors with the big buying nations. In the current financial year cotton prices have gone up significantly and the increase is not fully absorbed in the yarn prices leading to a huge disparity between spot cotton prices and yarn prices impacting the margins. As the group is in advanced discussion with its secured creditors to settle the dues, the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis.

5 The subsidiary i.e. Schoeller Litvino k.s.was under the control of secured creditors and its financial statements are not available, therefore consolidation is not possible.

6 The group had an investment of Rs. 23,837.96 lakhs and recoverables of Rs.4,966.04 Lakhs in its step down subsidiary Spentex Tashkent Toytepa LLC (STTL). 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 the holding company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stands extinguished. Spentex Netherland B.V, (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 of Investment Dispute(ICSID). Since ICSID has given its award against claimant SNBV in Dec. 2016 dismissing all its claims and counter claims and STTL has been liquidated as per bankruptcy laws of Republic of Uzbekistan, investment made by SNBV in its subsidiary STTL has turned to unrecoverable, resulting investment made and amount recoverable by the group in its step down subsidiary STTL as mentioned above have also become doubtful for recovery. In view of the above, the management has decided to make provision for the aforesaid amounts during the current year subject to pending necessary statutory approvals. Out of the aforesaid amounts, the provision against the amount of Rs. 566.50 Lakhs has been shown as exceptional item and the balance amounts has been shown as extra ordinary items in the statement of Profit & Loss.

7 Advance balances amount aggregating to Rs. 184.11 lakhs respectively due from certain parties where payments are not forthcoming. Against the above, the holding company has filed a suit for recovery. In addition to above for Rs.101.35 lakhs dues from Government Authorities, the holding 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 Rs. 1,065.63 lakhs are due from certain parties where payments are not forthcoming. The Holding 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 Holding Company has not allotted shares against amount of Rs. 1,109.50 lakhs 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 accounts of the group companies had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the group on their outstanding debts amount from the dates on which their accounts become NPA. The companies in the group are in advanced discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the group has not charged to the consolidated statement of profit and loss account interest expenses of Rs.6,264.96 lakhs and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 4,044.02 Lakhs has been reversed during the quarter and disclosed under extra ordinary items.

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11	ICICI bank has assigned all its rights, title and interest in relation to the loans / financial assistance provided to the holding company in favour of Edelweiss Assets Reconstruction Company Ltd. (EARC) in June 2016. The company has made an agreement with EARC in February 2017 for restructuring of its crystallized dues and funded interest term loan amounting to Rs. 3562 Lakhs payable as per terms and conditions set out in the said agreement. The company has reversed the difference of loan liability as well as provision of interest on loan of ICICI bank outstanding in its books of accounts as on date of settlement agreement with EARC and the above mentioned settlement amount payable to EARC in terms of the settlement. The total loan liability amount of Rs.2,445.08 Lakhs have been reversed and interest provision amount of Rs.802.32 Lakhs have been written back and disclosed under extraordinary items in the statement of Profit & Loss Account for the current financial year.
12	The outstanding balance as on 31st March, 2017 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 Holding 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 2017-18 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.
14	The Holding Company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.
15	The subsidiary company has advanced an amount of Rs.2,777.24 Lakhs as Inter Corporate Deposits and Capital Advances without any repayment schedule and interest free. The management is, however, hopeful of recovering the same in full.
16	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** Ajay Kumar **AJAY KUMAR CHOUDHARY** CHAIRMAN Place : New Delhi Date : May 29, 2017

SPENTEX INDUSTRIES LIMITED New Delhi

SPENTEX INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES AS AT 31ST MARCH, 2017

(Figures in Lakhs `)

Particulars	As at 31st March, 2017 AUDITED	As at 31st March, 2016 AUDITED
EQUITY AND LIABILITIES		
(1) Shareholder's funds		
a) Share capital	8,977.20	8,977.20
b) Reserves & surplus	(88,800.88)	(58,670.22)
(2) Share application money pending allotment	10,837.75	11,047.00
	(68,985.93)	**(38,646.02)**
(3) Non-current liabilities		
a) Long-term borrowings	4,266.93	10,691.55
b) Other long term liabilities	21.66	64.02
c) Long-term provisions	1,054.63	926.22
	5,343.22	**11,681.79**
(4) Current liabilities		
a) Short-term borrowings	32,658.68	33,169.16
b) Trade payables	11,970.02	8,172.50
c) Other current liabilities	60,772.77	59,548.51
d) Short-term provisions	224.57	187.64
	105,626.04	**101,077.81**
Total	**41,983.33**	**74,113.58**
ASSETS		
(1) Non-current assets		
a) Fixed assets		
(i) Tangible assets	20,878.95	22,165.52
(ii) Intangible assets	-	-
(iii) Capital work in progress	23.38	14.03
b) Non-current investment	1,981.95	25,999.32
c) Long-term loans and advances	5,925.39	7,153.53
d) Other non-current assets	152.60	1,742.12
	28,962.28	**57,074.52**
(2) Current Assets		
a) Inventories	5,585.25	4,550.75
b) Trade receivables	4,157.18	4,613.83
c) Cash and bank balances	119.80	528.19
d) Short-term loans and advances	2,543.27	5,343.68
e) Other current assets	615.55	2,002.60
	13,021.05	**17,039.06**
Total	**41,983.33**	**74,113.58**

SPENTEX INDUSTRIES LIMITED New Delhi

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Consolidated Financial Results for the financial year ended 31st March, 2017

[Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In lakhs)	Adjusted Figures (as reported before adjusting for qualifications) (Rs. In lakhs)
I.	1.	Total income (Incl. Other Income and Net of excise duty)	79,212.63	79,212.63
	2.	Total Expenditure(including finance cost)	88,613.33	94,878.29
	3.	Net Profit/ (Loss)	(30,923.95)	(42,399.91)
	4.	Earnings Per Share	(34.45)	(47.23)
	5.	Total Assets	41,983.33	40,816.35
	6.	Total Liabilities	1,21,807.00	1,32,115.98
	7.	Net Worth	(79,823.68)	(91,299.64)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

1. The Group has accumulated losses and its net worth has been fully eroded. Additionally, the Group has incurred a net cash loss during the current and previous year(s) and the Group's current liabilities exceeded its current assets as at the balance sheet date. Further, majority of the banks have categorized borrowings of the Group as Non Performing Assets (NPA) during the year. These conditions, along with other matters set forth in Note No.4, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The group's ability to continue, as a going concern is dependent upon successful settlement with its secured creditors. In case the going concern concept is vitiated, necessary adjustment will be required in the carrying amount of assets and liabilities which are not ascertainable. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

2. The Group has not considered the financial statements of a step down subsidiary Schoeller Litvino k. s. in preparing the consolidated financial statements for the reason stated therein. This is in contrary to the Accounting Standard 21 "Consolidated Financial Statements" in respect of Section 133 of the Act. Further, Auditors are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs.1,981.34 lakhs and recoverability of Rs. 179.70 lakhs in and from above subsidiary.

3. The Group has not charged to consolidated statement of profit & loss Rs. 101.35 lakhs shown as claim receivables under the head "Other Non Current Assets" in the consolidated financial statements.

	4. Auditors are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs. 1,065.63 lakhs included under the head "Long Term Loans & Advances" and "Other Non Current Assets" for which no provision has been made in the books of accounts. 5. The Group has not charged to statement of profit & loss interest expenses of Rs. 6,264.96 lakhs, related penal interest and other charges, if any in respect of delay in repayment of borrowings from banks. Further, interest expenses recognized till 31st March 2016 of Rs. 4,044.02 lakhs has been reversed during the quarter and shown as extraordinary item in the consolidated financial results. Therefore, Auditors are unable to comment on the adequacy of interest and other charges provided for in the statement of profit & loss. 6. The Holding Company has not provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and Auditors have been further informed that the collation of information is under process.
	b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified Opinion
	c. Frequency of Qualification: Whether appeared first time/repetitive/since how long continuing 1. Qualifications 1, 5 & 6 are appearing for the first time. 2. Qualifications 2 & 3 are appearing since 2013-14. 3. Qualification No. 4: Amount is being modified from Rs. 559.83 lakhs to Rs. 1,065.63 lakhs during the year.
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: **<u>For Qualification no. 3.</u>** Rs. 101.35 lakhs is due from Government Authorities against which the Holding company has filed an application for release with concerned authorities. The Holding Company is making effort to recover the same and expects to reduce the outstanding dues significantly. 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. **<u>For Qualification no. 4.</u>** The holding company is making 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.

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For Qualification no. 5.

The accounts of the group had become Non performing assets (NPA) with majority of the banks and due to this reason, the majority of lenders stopped charging interest from the group on their outstanding debts amount from the dates on which their accounts become NPA. The companies in the group are in advanced discussions with its lenders to settle their dues through sale to Assets Reconstruction Companies by the lenders or otherwise. In view of the above, the group has not charged to consolidated statement of profit and loss interest expenses of Rs. 6,264.96 lakhs and related penal interest and other charges, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses recognized till 31st March, 2016 of Rs. 4,044.02 Lakhs has been reversed during the quarter and disclosed under extra ordinary items.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of Audit Qualification

Management is unable to estimate the impact of audit qualification no 1,2 & 6.

(ii) If Management is unable to estimate the impact, reason for the same:

For Qualification no. 1.

The group is in advanced discussion with its secured creditors to settle the dues and the management believes that the accumulated losses would reasonably be paired in due course and the financial statements as such have been prepared on a going concern basis.

For Qualification no. 2.

The subsidiary i.e. Schoeller Litvinov k. s. was under the control of secured creditors and its financial statements are not available, therefore consolidation is not possible.

Qualification No. 6

The holding company is under process of collation of details as required under notification No. G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs relating to the disclosure of the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

(iii) Auditor's Comments on (i) or (ii) above:

In the absence of certainty as regards the management's assertion, we are unable to offer further comments on the qualifications 1,2 & 6.

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III.	Signatories
• Ajay Kumar Chairman Chairman	Ajay Kumar
• Krishan Gopal Goel Chief Financial Officer	
• Kamal Kapur Audit Committee Chairman	Kamal Kapur
• M/s J C Bhalla & Co. Statutory Auditors	
Place: New Delhi	
Date: 29th May, 2017	

SPENTEX INDUSTRIES LIMITED
New Delhi