

# Spentex Industries Limited

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

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## Statement of Un-audited Standalone Financial Results for the quarter ended 30th June 2017

Rs. in Lakhs, except per share data

| Particulars |  | Standalone Financial results for the          |   |
|-------------|--|---|---|
|             |  | Quarter ended<br>30th June, 2017<br>Unaudited | Quarter ended<br>30th June, 2016<br>Unaudited |
| I           | Revenue From Operations (Including Excise Duty)  | 14,123.02                                     | 21,351.85                                     |
| II          | Other Income   | 86.79   | 271.11  |
| <b>III</b>  | <b>Total Income (I+II)</b>   | <b>14,209.81</b>                              | <b>21,622.96</b>                              |
| <b>IV</b>   | <b>Expenditure:</b>  |   |   |
|             | Cost of materials consumed (including consumption of stores, spares and packing materials)     | 9,073.00                                      | 14,712.73                                     |
|             | Purchase of Stock in Trade   | 2.08  | 352.37  |
|             | Changes in inventories of finished goods, Stock- in Trade and work in progress                 | 916.39  | (221.66)                                      |
|             | Excise Duty on sale of goods   | 23.93   | 64.08   |
|             | Employees benefits expenses  | 2,115.33                                      | 2,329.81                                      |
|             | Finance Cost   | 228.03  | 2,539.41                                      |
|             | Depreciation and amortisation expenses   | 262.48  | 273.38  |
|             | Other expenditure  | 3,088.44                                      | 4,067.56                                      |
|             | <b>Total Expenses (IV)</b>   | <b>15,709.67</b>                              | <b>24,117.68</b>                              |
| <b>V</b>    | <b>Profit/(Loss) before exceptional Items and Tax (III-IV)</b>                                 | <b>(1,499.86)</b>                             | <b>(2,494.71)</b>                             |
| VI          | Exceptional Items  | -   | -   |
| <b>VII</b>  | <b>Profit/(Loss) before tax (V-VI)</b>   | <b>(1,499.86)</b>                             | <b>(2,494.71)</b>                             |
| VIII        | Tax expense  | -   | -   |
| <b>IX</b>   | <b>Profit/(Loss) for the period from continuing operation (VII-VIII)</b>                       | <b>(1,499.86)</b>                             | <b>(2,494.71)</b>                             |
| <b>X</b>    | <b>Other Comprehensive Income</b>  |   |   |
|             | <b>Items that will be reclassified to profit or loss</b>                                       | -   | -   |
|             | <b>Items that will not be reclassified to profit or loss</b>                                   |   |   |
|             | Changes in fair value of FVTOCI equity instruments   | 0.02  | 0.01  |
|             | Actuarial (gain)/loss on remeasurement of defined benefit plan                                 | 30.92   | (6.69)  |
|             | <b>Other comprehensive income for the period (net of tax)</b>                                  | <b>30.94</b>                                  | <b>(6.68)</b>                                 |
| <b>XI</b>   | <b>Total comprehensive income for the period (IX+X)</b>  | <b>(1,468.92)</b>                             | <b>(2,501.39)</b>                             |
|             | Paid up Equity Share Capital (of Rs. 10 each)  | <b>8,977.20</b>                               | <b>8,977.20</b>                               |
|             | <b>Earnings/(Loss) Per Share (Rs.10 each) from continuing operation (not annualized) (Rs.)</b> |   |   |
|             | (a) Basic  | (1.64)  | (2.79)  |
|             | (a) Diluted  | (1.64)  | (2.79)  |

**Notes:**

- 1 The above financial results have been reviewed by the Audit Committee and were approved by Directors in their meeting held on 23rd September, 2017.
- 2 The Statutory Auditors have carried out limited review of the Standalone Financial Results and Segment reports of the Company for the quarter ended 30th June, 2017.
- 3 The Company has adopted Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with effect from 1st April, 2017. Accordingly, the financial results for the quarter ended 30th June, 2017 are in compliance with Ind AS and the results for the comparative quarters ended 30th June, 2016 have been restated to comply with Ind-AS to make them comparable.
- 4 Revenue from operations has been presented in accordance with Ind AS 18. Excise duty has been presented as an expense.
- 5 In accordance with Ind AS 108 "Operating Segment" 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 relevant rules issued thereunder, for standalone financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.
- 6 The re-measurement cost of net defined benefit liability arising primarily due to change in actuarial assumptions has been recognized in Other Comprehensive Income (OCI) under Ind AS instead of Statement of Profit and Loss under previous GAAP. The Company has valued certain equity instruments at fair value (other than investment in subsidiaries). The impact of the change in fair value as on the date of transition (i.e. April, 2016) is recognised in opening equity and changes thereafter are recognised in Other Comprehensive Income.
- 7 The figures of previous comparative quarter ended 30th June, 2016 have been re grouped/recasted/rearranged wherever considered necessary to make them comparable with those of the current quarter.
- 8 The Ind AS compliant financial results for the quarters ended 30th June, 2016 have not been audited or reviewed by the auditors and are compiled by the management after exercising necessary due diligence to ensure a true and fair view of the Company's affairs.
- 9 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. 7,555.28 lakhs ( Previous quarter Rs. 7,567.92 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. Accordingly, the Company has filed its petition before National Company Law Tribunal (NCLT) for resolution of its debts and approval of resolution plan and NCLT (by its order dated 1st August, 2017) has appointed Mr. Parveen Bansal as a Interim Resolution Professional (IRP) under Insolvency & Bankruptcy Code 2016 to settle the debts with lenders and to submit the revival scheme before NCLT. 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.
- 10 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. During the previous 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.
- 11 Advance balances amount aggregating to Rs. 184.11 lakhs 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 the stage.
- 12 Advance balances aggregating to Rs. 1,063.88 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.

- 13 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 .
- 14 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 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 company has not charged to statement of profit and loss account interest expenses of Rs. 1,319.62 lakhs and related penal interest and other charges for the quarter, if any, in respect of delay in repayment of borrowings from the banks. Further, interest expenses of Rs. 9,610.67 lakhs till 31st March, 2017 has not been charged in Statement of Profit and Loss.
- 15 The outstanding balance as on 30th June, 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.
- 16 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 Affairs, which is still awaited.
- 17 The company has given corporate guarantee to State Bank of India, Tokyo on behalf of its subsidiary Spentex Netherland BV (SNBV) toward loan taken by SNBV from the said bank amounting to Rs. 15182.31 Lakhs is subsisting.

**Reconciliation of profit after tax for the quarter ended 30th June 2016 between Ind AS compliant results as reported above with results reported in previous year as per Indian GAAP are given below:-**

|   |  | <b>Quarter ended<br/>30th June, 2016</b> |
|---|--|--|
|   |  | Rs. in Lakhs,                            |
|   | Profit/(Loss) after tax as reported in previous year as per Indian GAAP                  | (2,501.40)                               |
| 1 | <u>Revenue from operations</u>   |  |
|   | Regrouping from revenue from operation to Excise Duty on Sales as expense                | 64.08                                    |
| 2 | Excise Duty on Sales Expense   | (64.08)                                  |
| 3 | Employee Benefit Expense   |  |
|   | Actuarial (gain)/ loss on defined benefit plan transferred to other comprehensive income | 6.69                                     |
|   | <b>Profit/(Loss) after Tax reported as per Ind-AS</b>                                    | <b>(2,494.71)</b>                        |
| 4 | Other Comprehensive Income   | (6.68)                                   |
|   | Total Comprehensive Income as per Ind AS   | <b>(2,501.39)</b>                        |

For & on behalf of the Board of Directors

**Spentex Industries Limited**

Sd/-

**Mukund Choudhary**

Managing Director

Place : New Delhi

Date : 23rd Sept, 2017

| <b>REPORTING OF SEGMENT - WISE REVENUE, RESULTS, ASSETS AND LIABILITIES</b> |                      |                      |
|---|----------------------|----------------------|
|   |                      | Rs. in Lakhs         |
| <b>Particulars</b>  | <b>Quarter ended</b> | <b>Quarter ended</b> |
|   | <b>30.06.2017</b>    | <b>30.06.2016</b>    |
| <b>1. Segment Revenue</b>   | <b>Audited</b>       | <b>Unaudited</b>     |
| a) Textile- Manufacturing   | 14,286.09            | 22,508.02            |
| b) Textile Trading  | 13.06                | 43.14                |
| <b>Total</b>  | <b>14,299.15</b>     | <b>22,551.16</b>     |
| Less : Inter segment revenue  | 176.13               | 1,199.31             |
| <b>Total Income</b>   | <b>14,123.02</b>     | <b>21,351.85</b>     |
| <b>2. Segment Results</b>   |                      |                      |
| Profit (+) / Loss (-) before tax and interest from each Segment             |                      |                      |
| a) Textile- Manufacturing   | (825.30)             | 203.46               |
| b) Textile Trading  | (2.58)               | 6.77                 |
| <b>TOTAL</b>  | <b>(827.87)</b>      | <b>210.23</b>        |
| Less :  |                      |                      |
| i) Finance cost   | 228.03               | 2,539.41             |
| ii) Other unallocable expenditure net off                                   | 457.51               | 313.79               |
| iii) Other unallocable income   | 13.55                | 148.27               |
| <b>Profit/ (Loss) before tax</b>  | <b>(1,499.86)</b>    | <b>(2,494.71)</b>    |
| <b>3. Segment Assets</b>  |                      |                      |
| a) Textile- Manufacturing   | 30,353.56            | 41,245.53            |
| b) Textile Trading  | 192.90               | 243.90               |
| Unallocated   | 10,305.13            | 13,738.23            |
| <b>TOTAL</b>  | <b>40,851.58</b>     | <b>55,227.66</b>     |
| <b>4. Segment Liabilities</b>   |                      |                      |
| a) Textile- Manufacturing   | 13,587.42            | 14,561.38            |
| b) Textile Trading  | 428.85               | 288.61               |
| Unallocated   | 54,945.18            | 62,671.14            |
| <b>TOTAL</b>  | <b>68,961.45</b>     | <b>77,521.13</b>     |