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	99.55	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)

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

Sd/-

AJAY KUMAR CHOUDHARY

CHAIRMAN

Place : New Delhi

Date : May 29, 2017