J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201 301 (U.P.)
TEL. : +91 - 120 - 4241000, FAX : +91-120-4241007
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 year ended 31st March 2016 ("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. **We are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs. 2,044.70 lacs in Amit Spinning Industries Limited, subsidiary of the company. Significant uncertainties exist in relation to the recoverability of loans amounting to Rs. 3,201.28 lacs, interest accrued thereon Rs. 959.50 lacs and other amounts outstanding of Rs. 3,161.21 lacs 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. 4 to the standalone financial results for the year ended 31st March 2016.**

   b. **We are unable to determine the extent of provision that may be required for diminution in the value of long term investment amounting to Rs. 5,610.11 lacs and Rs. 93.24 lacs in Spentex Netherland B.V. and Spentex Tashkent Toytepa LLC respectively, subsidiary/step down subsidiary of the company. Uncertainties exist in relation to the recoverability of Rs. 950.71 lacs 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. 6 to the standalone financial results for the year ended 31st March 2016.**

   c. **The company has not charged to statement of profit & loss Rs. 700.12 lacs, due from its step down subsidiary, Spentex Tashkant Toyetpa LLC, shown as trade receivable under the head "Other Non Current Assets" in the standalone financial statements. Refer Note No. 6 to the standalone financial results for the year ended 31st March 2016.**

   d. **The company has not charged to statement of profit & loss Rs. 101.35 lacs and Rs. 26.95 lacs shown as claim receivables and export incentive respectively under the head "Other Non**

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Current Assets" in the standalone financial statements. Refer Note No. 7 to the standalone financial results for the year ended 31st March 2016.

e. We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs. 559.83 lacs included under the head "Long Term Loans & Advances" 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 31st March 2016.

f. The company has not charged to statement of profit & loss penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. 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 31st March 2016.

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. 9,479.37 lacs (as against the reported figure of Rs. 8,091.12 lacs), Reserves and Surplus would have been negative Rs. 31,267.02 lacs (as against negative reported figure of Rs. 29,878.77 lacs), Other Non Current Assets would have been Rs. 996.18 lacs (as against the reported figure of Rs. 1,824.60 lacs), Long Term Loans and Advances would have been Rs. 6,712.76 lacs (as against the reported figure of Rs. 7,272.59 lacs).

4. Emphasis of Matter

Without qualifying our opinion, we draw attention to:

a. Note No. 5 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 have categorized borrowings of the company as Non Performing Assets (NPA) during the year. These conditions, along with other matters set forth in Note No. 5, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

b. Note No. 7 of the standalone financial results regarding balance recoverable of Rs. 184.11 lacs 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.

c. 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 lacs 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.

d. Note No. 11 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.

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e. Note No. 12 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 2016-17 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 31st March 2016.

6. The Statement includes the results for the quarter ended 31st March 2016 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

Akhil Bhalla
Partner
Membership No.505002

J.C. BHALLA & CO.
Chartered Accountants

Place : Noida (U.P.)
Date : May 27, 2016

Spentex Industries Limited

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

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

Statement of Standalone Audited Results for the quarter and year ended 31/03/2016 — Rs. in lacs (except EPS)

		Particulars	Standalone				
			Quarter ended			Year ended	
			31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
			Audited	Unaudited	Audited	Audited	
1	a)	Net Sales / Income from operations (Net of excise duty)	22,097.69	18,660.61	19,954.44	78,717.48	86,982.23
	b)	Other Operating Income	284.45	294.38	300.22	1,061.79	2,132.15
		Total Income (a + b)	**22,382.14**	**18,954.99**	**20,254.67**	**79,779.28**	**89,114.37**
2		Expenditure:					
	a)	Consumption of raw materials (including consumption of stores, spares and packing materials)	15,019.14	14,050.06	12,668.17	55,731.44	59,431.72
	b)	Purchase of traded goods	113.87	181.03	38.25	446.84	1,446.53
	c)	Changes in inventories of finished goods, work in progress and stock in trade	1,341.80	(885.22)	2,299.18	739.84	4,636.42
	d)	Employees benefits expenses	2,181.99	2,047.05	1,913.40	8,390.20	8,011.15
	e)	Depreciation and amortisation expenses	281.28	289.14	154.93	1,124.63	1,168.69
	f)	Power and fuel cost	2,212.74	2,214.87	2,220.88	9,329.80	8,690.67
	g)	Other expenditure	1,387.69	1,212.77	1,184.81	5,322.92	5,814.18
		Total Expenses	**22,538.51**	**19,109.70**	**20,479.63**	**81,085.67**	**89,199.35**
3		**Profit / (Loss) from Operations before Other Income, Finance Cost, Prior Period & Exceptional Items (1-2)**	**(156.37)**	**(154.71)**	**(224.96)**	**(1,306.39)**	**(84.98)**
4		Other Income	205.44	31.63	193.20	916.25	1,665.77
5		**Profit / (Loss) before Finance Cost, Prior Period & Exceptional Items (3+4)**	**49.07**	**(123.07)**	**(31.76)**	**(390.14)**	**1,580.79**
6		Finance Cost	1,992.80	1,873.11	1,993.97	7,700.98	7,937.07
7		**Profit / (Loss) after Finance cost but before Prior Period & Exceptional Items (5-6)**	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,356.28)**
8		Prior Period Items (Net of Income)	-	-		-	
9		**Profit / (Loss) after Finance Cost & Prior period Items but before Exceptional Items (7-8)**	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,356.28)**
10		Exceptional Items	-	-	-	-	-
11		**Profit / (Loss) from Ordinary Activities before tax (9-10)**	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,356.28)**
12		Tax expense	-	-	-	-	**60.18**
13		**Net Profit / (Loss) from Ordinary Activities after tax (11-12)**	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,416.46)**
14		Extraordinary Items (net of tax expense)		-	-		**137.18**
15		**Net Profit / (Loss) for the period (13-14)**	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,279.28)**
16		Paid up Equity Share Capital (Face Value Rs. 10/- each)	**8,977.20**	**8,977.20**	**8,977.20**	**8,977.20**	**8,977.20**
17		Reserves excluding Revaluation Reserves as per balance sheet of previous year	-	-	-		(21,787.65)
18		**Earnings Per Share (EPS) (not annualized) (Rs.)**					
	a)	Basic EPS before Extraordinary items for the period and for the previous year	(2.17)	(2.22)	(2.26)	(9.01)	(7.15)
		Diluted EPS before Extraordinary items for the period and for the previous year	(2.17)	(2.22)	(2.26)	(9.01)	(7.15)
	b)	Basic EPS after Extraordinary items for the period and for the previous year	(2.17)	(2.22)	(2.26)	(9.01)	(6.99)
		Diluted EPS after Extraordinary items for the period and for the previous year	(2.17)	(2.22)	(2.26)	(9.01)	(6.99)

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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 27th May, 2016.

2 The Statutory Auditors have carried out audit of the Standalone and Consolidated Financial Results of the Company for the year ended 31st March, 2016.

3 In accordance with Accounting Standard 17 on Segment Reporting notified under the Companies (Accounting Statndards) Rules, 2006 (as amended) in accordance with section 133 of the Comapanies 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 The Auditors, in their Audit report have mentioned regarding diminution in the value of company's long term Investment of ₹ 2,044.70 lacs and recoverability of ₹ 7,321.99 lacs (Previous quarter ₹ 7,276.01 lacs) 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 has declared ASIL as Sick under Section 3(1) (o) of SICA 1985 and appointed Operating Agency under Section 17(3) of SICA 1985. 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.

5 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 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, decline in cotton prices globally as compared to India, and higher power cost in Maharashtra. the units of the company have been operating at high capacity utilization levels and generating positive earning before interest depreciation tax and amortisation (EBIDTA). With strategic management focus on cost containment and efficient plant operations, the management believes that losses incurred in the past would reasonably be made good, in due course. The financial statements, as such have been prepared on a going concern basis.

6 The Company has an investment of ₹ 5,610.11 lacs and ₹ 93.24 lacs in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has ₹ 700.12 lacs as export receivable from STTL and advances recoverable of ₹ 950.71 lacs in SNBV as on March 31st, 2016. During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies breaching the investment agreement and rendered operation of STTL not only unviable, but also expropriated its investment. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. SNBV , which had made around 99% investment in the equity of STTL, had filed request for Arbitration against GOU for Claim through its lawyer before International Center for Settlement Investment Dispute(ICSID). Based on the claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU for indemnify the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.

7 Advance balances amount aggregating to ₹ 184.11 lacs respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for ₹ 128.30 lacs dues from Government Authorities, company had filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

8 Advance balances aggregating to ₹ 559.83 lacs 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 ₹ 1,109.50 lacs 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 have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.

11 The outstanding balance as on 31st March, 2016 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.

12 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 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.

13 The figures for the quarter ended March 31, 2016 and for the corresponding quarter ended March 31, 2015 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.

14 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

MUKUND CHOUDHARY
MANAGING DIRECTOR
Place : New Delhi
Date : May 27, 2016

REPORTING OF SEGMENT - WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lacs)

Particulars	Quarter ended			Year ended	
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
	Audited	Unaudited	Audited	Audited	Audited
1. Segment Revenue					
a) Textile- Manufacturing	21,529.63	18,823.05	20,416.62	78,495.32	87,091.18
b) Textile Trading	1,589.19	987.31	103.90	3,672.56	6,795.71
Total	**23,118.83**	**19,810.36**	**20,520.52**	**82,167.89**	**93,886.89**
Less : Inter segment revenue	736.69	855.37	265.85	2,388.61	4,772.52
Total Income	**22,382.14**	**18,954.99**	**20,254.67**	**79,779.28**	**89,114.37**
2. Segment Results					
Profit (+) / Loss (-) before tax and interest from each Segment					
a) Textile- Manufacturing	356.51	976.07	(276.56)	607.04	2,474.60
b) Textile Trading	355.11	(211.33)	(24.71)	1,842.56	220.99
TOTAL	**711.62**	**764.74**	**(301.27)**	**2,449.61**	**2,695.59**
Less :					
i) Interest	1,992.81	1,873.10	1,993.98	7,700.98	7,937.07
ii) Other unallocable expenditure net off	656.32	962.58	(679.72)	3,193.18	1,264.36
iii) Other unallocable income	(6.22)	74.76	(410.22)	353.44	89.37
Profit/ (Loss) before tax (before extraordinary items)	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,416.46)**
Extraordinary Items (net of tax expense)					**137.18**
Profit/ (Loss) before tax (after extraordinary items)	**(1,943.73)**	**(1,996.18)**	**(2,025.73)**	**(8,091.12)**	**(6,279.28)**
3. Capital Employed					
(Segment Assets - Segment Liabilities)					
a) Textile- Manufacturing	(21,505.99)	(20,582.52)	(17,428.83)	(21,505.99)	(17,428.83)
b) Textile Trading	1,892.42	1,759.21	1,924.41	1,892.42	1,924.41
Unallocated	(178.50)	974.99	3,803.47	(178.50)	3,803.47
TOTAL	**(19,792.07)**	**(17,848.32)**	**(11,700.95)**	**(19,792.07)**	**(11,700.95)**

J.C. BHALLA & CO. Chartered Accountants

SPENTEX INDUSTRIES LIMITED

STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2016

(Figures in lacs)

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
EQUITY AND LIABILITIES		
(1) Shareholder's funds		
a) Share capital	8,977.20	8,977.20
b) Reserves & surplus	(29,878.77)	(21,787.65)
(2) Share application money pending allotment	**1,109.50**	**1,109.50**
	(19,792.07)	**(11,700.95)**
(3) Non-current liabilities		
a) Long-term borrowings	11,676.24	17,094.72
b) Other long term liabilities	64.02	43.22
c) Long-term provisions	807.67	769.91
	12,547.93	**17,907.85**
(4) Current liabilities		
a) Short-term borrowings	29,125.13	16,799.49
b) Trade payables	5,810.37	15,062.76
c) Other current liabilities	24,537.04	15,983.53
d) Short-term provisions	180.53	163.96
	59,653.07	**48,009.73**
Total	**52,408.93**	**54,216.63**
ASSETS		
(1) Non-current assets		
a) Fixed assets		
(i) Tangible assets	18,339.67	19,281.75
(ii) Intangible assets	-	-
(iii) Capital work in progress	14.03	17.47
b) Non-current investment	7,748.93	7,748.93
c) Long-term loans and advances	7,272.59	8,152.15
d) Other non-current assets	1,824.60	2,403.07
	35,199.83	**37,603.36**
(2) Current Assets		
a) Inventories	4,522.47	6,273.37
b) Trade receivables	4,541.21	3,225.15
c) Cash and bank balances	506.44	305.34
d) Short-term loans and advances	5,811.52	4,532.76
e) Other current assets	1,827.45	2,276.63
	17,209.10	**16,613.27**
Total	**52,408.93**	**54,216.63**

SPENTEX INDUSTRIES LIMITED New Delhi

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

BRANCH OFFICE : B-5, SECTOR-6, NOIDA - 201 301 (U.P.)
TEL. : +91 - 120 - 4241000, FAX : +91-120-4241007
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, 2016 ("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. **The company 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. 2,160.24 lacs in above subsidiary. Refer Note No. 4 to the consolidated financial results for the year ended 31st March 2016.**

   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. 23,837.96 lacs in Spentex Tashkent Toytepa LLC, step down subsidiary of the company. Uncertainties exist in relation to the recoverability of Rs. 4,399.54 lacs due from above subsidiary. Refer Note No. 6 to the consolidated financial results for the year ended 31st March 2016.**

   c. **The company has not charged to consolidated statement of profit & loss Rs. 700.12 lacs, due from its step down subsidiary, Spentex Tashkant Toyetpa LLC, shown as trade** receivable under the head "Other Non Current Assets" in the consolidated financial statements. Refer Note No. 6 to the consolidated financial results for the year ended 31st March 2016.

d. The company has not charged to consolidated statement of profit & loss Rs. 152.76 lacs in respect of dues receivable from MSEB shown as claim receivable 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 31st March 2016.

e. The company has not charged to consolidated statement of profit & loss Rs. 101.35 lacs and Rs. 26.95 lacs shown as claim receivables and export incentive respectively under the head "Other Non Current Assets" in the consolidated financial statements. Refer Note No. 8 to the consolidated financial results for the year ended 31st March 2016.

f. We are unable to comment on the recoverability of amounts relating to certain parties aggregating to Rs. 559.83 lacs included under the head "Long Term Loans & Advances" for which no provision has been made in the books of accounts. Refer Note No. 9 to the consolidated financial results for the year ended 31st March 2016.

g. The company has not charged to consolidated statement of profit & loss penal interest and other charges, if any, in respect of delay in repayment of borrowings from banks. Therefore, we are unable to comment on the adequacy of interest and other charges provided for in the consolidated statement of profit & loss. Refer Note No. 11 to the consolidated financial results for the year ended 31st March 2016.

We further report that, without considering the impact of paragraph (a), (b) and (g) above the effect of which could not be determined, had the observation made by us in paragraph (c), (d), (e) and (f) above been considered, the loss before tax for the year would have been Rs. 12,018.22 lacs (as against the reported figure of Rs. 10,477.21 lacs), Reserves and Surplus would have been negative Rs. 60,300.53 lacs (as against negative reported figure of Rs. 58,759.52 lacs), Other Non Current Assets would have been Rs. 793.79 lacs (as against the reported figure of Rs. 1,774.97 lacs), Long Term Loans and Advances would have been Rs. 6,635.67 lacs (as against the reported figure of Rs. 7,195.50 lacs).

4. Emphasis of Matter

Without qualifying our opinion, we draw attention to:

a. Note No. 5 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. 5, indicate the existence of a

J.C. BHALLA & CO. Chartered Accountants

material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

b. Note No. 8 of the consolidated financial results regarding balance recoverable of Rs. 184.11 lacs 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.

c. Note No. 10 of the consolidated financial results, wherein, the company has not allotted shares against the share application amount of Rs. 1,109.50 lacs 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.

d. 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.

e. 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 2016-17 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. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 7,104.07 lacs as at 31st March, 2016 and total revenues of Rs. 40.61 lacs 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.

   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.

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

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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, 2016.

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 27, 2016

Spentex Industries Limited

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

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

(Rs in Lakh except EPS)

		Particulars	Year ended	
			31.03.2016	31.03.2015
1	a)	Net Sales / Income from operations (Net of excise duty)	78,704.45	88,837.35
	b)	Other Operating Income	1,064.54	2,255.92
		Total Income (a + b)	79,768.99	91,093.27
2		Expenditure:		
	a)	Consumption of raw materials (including consumption of stores, spares and packing materials)	55,704.65	60,637.41
	b)	Purchase of traded goods	446.84	1,446.49
	c)	Changes in inventories of finished goods, work in progress and stock in trade	771.56	4,615.73
	d)	Employees benefits expenses	8,959.92	9,015.83
	e)	Depreciation and amortisation expenses	1,471.24	1,512.27
	f)	Power and fuel cost	9,333.68	9,514.02
	g)	Other expenditure	5,582.93	5,644.35
		Total Expenses	82,270.81	92,386.10
3		**Profit / (Loss) from Operations before Other Income, Finance Cost, Prior Period & Exceptional Items (1-2)**	(2,501.81)	(1,292.83)
4		Other Income	917.88	1,669.83
5		**Profit / (Loss) before Finance Cost, Prior Period & Exceptional Items (3+4)**	(1,583.93)	377.01
6		Finance Cost	8,893.29	9,034.70
7		**Profit / (Loss) after Finance cost but before Prior Period & Exceptional Items (5-6)**	(10,477.21)	(8,657.69)
8		Prior Period Items (Net of Income)		-
9		**Profit / (Loss) after Finance Cost & Prior period items but before Exceptional Items (7-8)**	(10,477.21)	(8,657.69)
10		Exceptional Items		
11		**Profit / (Loss) from Ordinary Activities before tax (9-10)**	(10,477.21)	(8,657.69)
12		Tax expense		60.18
13		**Net Profit / (Loss) from Ordinary Activities after tax (11-12)**	(10,477.21)	(8,717.87)
14		Extraordinary Items (net of tax expense)		137.18
15		**Net Profit / (Loss) for the period (13-14)**	(10,477.21)	(8,580.70)
16		Paid up Equity Share Capital (Face Value Rs. 10/- each)	8,977.20	8,977.20
17		Reserves excluding Revaluation Reserves as per balance sheet of previous year		(47,600.43)
18		**Earnings Per Share (EPS) (not annualized) (Rs.)**		
	a)	Basic EPS before Extraordinary items for the period and for the previous year	(11.67)	(9.71)
		Diluted EPS before Extraordinary items for the period and for the previous year	(11.67)	(9.71)
	b)	Basic EPS after Extraordinary items for the period and for the previous year	(11.67)	(9.56)
		Diluted EPS after Extraordinary items for the period and for the previous year	(11.67)	(9.56)

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 27th May, 2016.

2 The Statutory Auditors have carried out audit of the Standalone and Consolidated Financial Results of the Company for the year ended 31st March, 2016.

3 In accordance with Accounting Standard 17 on Segment Reporting notified under section 211(3C) of the Companies Act, 1956, for consolidated financials, the Company has identified two Business Segments viz., Textile Manufacturing and Textile Trading, accordingly segment disclosure has been done.

4 The company has not consolidated the Financial Statements of its subsidiaries namely Spentex Tashkent Toytepa LLC (STTL) and Schoeller Litvinov K.S since these are de-facto under the control of Bankers/Secured Creditors and their Financial Statements are not available, therefore the closing balances of current year and previous year do not include the figures of the above stated subsidiaries.

5 The accumulated losses of the group had exceeded its net worth. The company in compliance with the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The company's operations were adversely affected in earlier financial years due to sluggish market demand, decline in cotton prices globally as compared to India, and higher power cost in Maharashtra. the units of the company have been operating at high capacity utilization levels and generating positive earning before interest depreciation tax and amortisation (EBIDTA). With strategic management focus on cost containment and efficient plant operations, the management believes that losses incurred in the past would reasonably be made good, in due course. The consolidated financial statements of the group, as such have been prepared on a going concern basis.

6 The company has an investment of ` 23,837.96 Lacs and recoverable ` 5,099.66 Lacs in step down subsidiary Spentex Tashkent Toytepa, LLC (STTL). During the period of investment, Government of Uzbekistan (GOU) changed certain laws and policies by breaching the investment agreement and rendered operation of STTL unviable and insolvency proceedings have been initiated against it. All the assets and liabilities of STTL have been taken over by National Bank of Uzbekistan (NBU) and existence of STTL has been liquidated as per bankruptcy laws. In view of this corporate guarantee given by company in respect of STTL liability for deferred payment to Tashkent Toytepa Textile (TTL) stand extinguished. Since investment agreement entered between GOU and company, Treaties entered between countries were breached, Company has initiated Arbitration proceeding against GOU for protection of investment and dues & compensation dispute Claim in International Centre for Settlement of Investment Dispute (ICSID). Spentex (Netherlands) B.V., subsidiary of the company, appointed various experts to assess losses suffered by the company. Based on the draft report and claim lodged with ICSID, Board of Directors have decided not to make any provision for the aforesaid amounts.

7 The auditors of one of the subsidiaries, Amit Spinning Industries Limited, have qualified in their audit report with respect to recoverability of dues from MSEB amounting to ₹ 152.76 Lacs. This matter will be dealt with appropriately in due course.

8 Advance balances aggregating to ₹ 184.11 lacs respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. In addition to above for ` 128.30 lacs dues from Government Authorities, company had filed an application for release with concerned authorities. The Company is making effort to recover the same and expects to reduce the outstanding dues significantly. Based on outcome of the legal suit coupled with further negotiations with these parties, the management is of the opinion that ultimately there would be no losses against these old balances and hence no provision is considered necessary at the stage.

9 Advance balances aggregating to ₹ 559.83 lacs 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.

10 The Company has not allotted shares against amount of ₹ 1,109.50 lacs 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 .

11 The company's accounts have become Non performing assets (NPA) with majority of the dealing banks. The company has submitted restructuring proposal proposing various alternatives to the banks which is under discussions. None of the banks has initiated action in any legal forum. The company has provided interest on such loans, however penal interest, if any, has not been provided.

12 The outstanding balance as on 31st March, 2016 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 2016-17 vide circular no 04/2013 dated 11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.

14 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

MUKUND CHOUDHARY
MANAGING DIRECTOR
Place : New Delhi
Date : May 27, 2016

BHALLA & CO. Chartered Accountants

SPENTEX INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2016

(Figures in lacs)

Particulars	Note No.	As at 31st March, 2016 AUDITED	As at 31st March, 2015 AUDITED
EQUITY AND LIABILITIES			
(1) Shareholder's funds			
a) Share capital	2	8,977.20	8,977.20
b) Reserves & surplus	3	(58,759.52)	(47,600.43)
(2) Share application money pending allotment	4	11,047.00	10,483.75
		(38,735.32)	**(28,139.48)**
(3) Non-current liabilities			
a) Long-term borrowings	5	19,810.43	28,589.66
b) Other long term liabilities	6	64.02	18.22
c) Long-term provisions	7	926.22	927.67
		20,800.67	**29,535.55**
(4) Current liabilities			
a) Short-term borrowings	8	32,708.26	20,034.25
b) Trade payables	9	8,733.37	18,234.15
c) Other current liabilities	10	50,504.56	35,880.13
d) Short-term provisions	11	187.64	171.14
		92,133.84	**74,319.67**
Total		**74,199.19**	**75,715.74**
ASSETS			
(1) Non-current assets			
a) Fixed assets	12		
(i) Tangible assets		22,165.33	23,454.20
(ii) Intangible assets		-	-
(iii) Capital work in progress		14.03	17.47
b) Non-current investment	13	25,999.32	24,416.45
c) Long-term loans and advances	14	7,195.50	7,419.76
d) Other non-current assets	15	1,774.97	2,332.54
		57,149.15	**57,640.41**
(2) Current Assets			
a) Inventories	16	4,550.75	6,374.03
b) Trade receivables	17	4,624.35	3,297.90
c) Cash and bank balances	18	528.19	328.89
d) Short-term loans and advances	19	5,344.15	5,629.39
e) Other current assets	20	2,002.60	2,445.12
		17,050.05	**18,075.33**
Total		**74,199.19**	**75,715.74**

SPENTEX INDUSTRIES LIMITED New Delhi