

SPENTEX INDUSTRIES LIMITED

Manufacturer of Yarns



FORM B

Format of Covering Letter of the annual Audit Report to be filled with the Stock Exchanges

1.	Name of the Company	Spentex Industries Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit qualification	<p>Note No. 41</p> <p>The company has an investment of ₹204,469,921/- in and has amount recoverable amounting to ₹47,10,47,260/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2013. The accumulated losses of ASIL, at the year end exceeded its net worth. There is also reduction in market value of the investment at the year end by ₹181,810,358. In the opinion of the management, diminution in this long term investment is due to adverse business conditions in the past. ASIL has started generating EBITDA and cash profits. In view of these developments, management believes that diminution in the value of investment is of temporary nature and that outstanding would be realized within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL</p>
4.	Frequency of qualification	REPEATED
5.	Draw attention to relevant notes in the annual financial statements and managements response to the qualifications in the directors report	The said qualification has been mentioned in the Directors Report on Page No. 3 under heading of DIRECTORS' VIEW OF AUDITOR'S OBSERVATIONS
6.	Additional Comments from the Board/Audit Committee chair	Board for Industrial and Financial Reconstruction has declared the said subsidiary as Sick Company and has directed it to file its Rehabilitation plan and with that it is expected that the financial position of the Company would turnaround in due course.
Signed By		
1) Mukund Choudhary Managing Director		
2) Anrit Agrawal Director Finance		

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3) M/s. J.C. Bhalla & Co.
Statutory Auditors

4) R K Thapliyal
Audit Committee Chairman

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