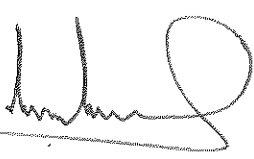

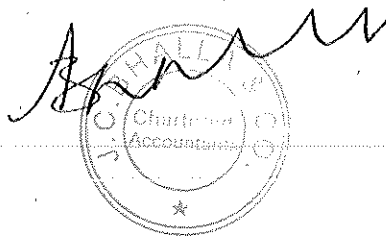
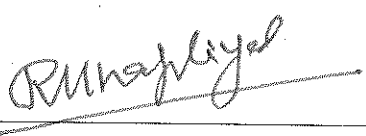


FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	SPENTEX INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit observation (Un-qualified matters/Matter of Emphasis)	<p><u>Note 4 of Standalone Financial Statement</u> The Company has not allotted shares against the share application amount of Rs.110,950,000/- which was brought in by the promoters in more than one installments under restructuring scheme approved by the Bankers. Due to pending necessary approvals for allotment of shares, the company has not complied with the provisions of Section 42 of the Companies Act, 2013.</p> <p><u>Note 43 of Standalone Financial Statement</u> 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 filed a reference with Board for Industrial and Financial Restructuring (BIFR). The Company's operations were adversely affected in 2011-12 due to adverse Govt. policies and high volatility of Raw Material prices. Further, considering the change in scenario, recent performance and trends of the company as well as overall industry outlook, 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 on the strength of management's plan of revival including reorganization of business.</p> <p><u>Note 44 of Standalone Financial Statement</u> Trade receivables, advance balances and receivables amount aggregating to Rs. 63,71,477, Rs. 2,73,14,712, Rs. 1,78,69,256 respectively due from certain parties where payments are not forthcoming. Against the above, the Company has filed a suit for recovery. 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.</p> <p><u>Note 45 of Standalone Financial Statement</u> 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 2013-14, 2014-15 and 2015-16 vide circular no 04/2013 dated</p>

		<p>11-Feb-2013 issued by Ministry of Corporate Affair, which is still awaited.</p> <p><u>Note 46 of Standalone Financial Statement</u> The outstanding balance as on 31st March, 2015 in respect of certain trade receivables, trade payables and loans & advances are subject to confirmation/reconciliation and consequential adjustment if any, from the respective parties. The management, however, does not expect any material variations.</p>
4.	Frequency of observation	<p>Note no. 43, 44, 45 & 46: repeated</p> <p>Note no. 4 is first time.</p>
5.	<p>Signed by-</p> <ul style="list-style-type: none"> • Mukund Choudhary, Managing Director • Sharat Kumar Gupta ,CFO • M/s. J. C. Bhalla & Co., Statutory Auditors • R K Thapliyal, Audit Committee Chairman 	   <p>X </p>

FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	SPENTEX INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit qualification	<p><u>Note No. 14:</u> of Standalone Financial Statement Auditors stated that "We are unable to comment on the recoverability of advance balance of Rs.19,040,000/-, included under the head "Advance against expenses" in Note No. 14 of the standalone financial statements, for which no provision has been made in the books of account."</p> <p><u>NOTE 41:</u> of Standalone Financial Statement The company has an investment of Rs. ` 204,469,921/- in and has amount recoverable amounting to ` Rs.642,244,069/- to Amit Spinning Industries Limited (ASIL), a subsidiary, as on March 31, 2015. 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 Rs. 184,537,898. 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 EBIDTA 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 realised within a reasonable period of time. Accordingly no provision considered necessary in the value of investment held and amount due from ASIL.</p> <p><u>NOTE 42:</u> of Standalone Financial Statement The Company has an investment of Rs. ` 561,011,339 and Rs. `9,323,779' in its subsidiary Spentex Netherlands B. V. (SNBV) and its step down subsidiary Spentex Tashkent Toytepa LLC (STTL) respectively. Further it has Rs. `70,012,404 as export receivable from STTL and advances recoverable of Rs. `95,070,902 in SNBV as on March 31st, 2015. 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). As per the schedule prescribed in the</p>

		<p>procedural order issued by ICSID, SNBV has filed the memorial on Jurisdictions and Merits on 30th June, 2014. Based on the claim lodged with ICSID, Board of Directors has decided not to make any provision for the aforesaid amounts. In addition to above claim, the company has sent notice to the GOU for indemnifying the further losses caused to company directly or indirectly on account of investment made in Uzbekistan.</p> <p>NOTE 44: of Standalone Financial Statement Rs. 1,28,30,469 dues from Government Authorities against which 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 the stage.</p>
4.	Frequency of qualification	Note no. 41, 42 & 44 : Repeated Note no. 14 is being qualified first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	The said qualification has been mentioned in the Director's Report under heading of DIRECTORS' VIEW ON AUDITOR'S OBSERVATIONS
6.	Additional comments from the board/audit committee chair:	With respect to other qualifications, appropriate action has been taken and these qualifications will be suitably dealt in due course.
7.	<p>Signed by-</p> <ul style="list-style-type: none"> • Mukund Choudhary, Managing Director • Sharat Kumar Gupta ,CFO • M/s. J. C. Bhalla & Co., Statutory Auditors • R K Thapliyal, Audit Committee Chairman 	