



# RAJ RAYON INDUSTRIES LIMITED

(A Government Recognised Star Export House)



Corporate Off. : 5C/196 & 197, AKSHAY MITTAL INDUSTRIAL ESTATE, SAKINAKA, ANDHERI (E), MUMBAI-400 059 (INDIA)  
☎ : +91 - 22 - 4034 3434 • Fax : +91 - 22 - 4034 3400 • E-mail : mumbai@rajrayon.com • Website : www.rajrayon.com  
CIN NO. : L17120DN1993PLC000368

Date: 25/07/2020

To,

<b>The Secretary</b> <b>BOMBAY STOCK EXCHANGE LIMITED</b> P J Towers Dalal Street, Fort, Mumbai 400 001	<b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> Listing Department Exchange Plaza, 5 <sup>th</sup> Floor, Bandra-kurla Complex, Bandra (East), Mumbai - 400 051.
<b>Company Code No. : 530699</b>	<b>Company Code : RAJRAYON</b>

Dear Sir,

**Sub: Proceedings of the Board meeting held on 25/07/2020**

**Ref: Regulation 30 and 33 read with Para A of Part A of Schedule III and 52 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015('Listing Regulations')**

The Board of Directors (under CIRP) and Mr. Abhishek Nagori, Interim Resolution Professional, in the matter of Raj Rayon Industries Limited at its meeting held on **July 25, 2020** has inter- alia approved and taken on record the audited Financial Results of the Company for the fourth quarter and year ended March 31, 2020, copy of the same is attached at **Annexure – I**.

Please find enclosed herewith the Summarized audited Financial Results for the fourth quarter and year ended March 31, 2020 and the Auditors Report on the Financial Results of the Auditors thereon, for your kind information and records. Extract of audited financial results would also be published in one English and one vernacular newspaper as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Meeting commenced at 4.10 p.m. and concluded at 6.20.p.m.

**Declaration with respect to audit report with modified opinion:**

Pursuant to SEBI CIR/ CFD/ CMD/ 56/ 2016 dated May 27, 2016 read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Statement on Impact of Audit Qualifications (for Audit Report with modified Opinion) as per the prescribed format for the financial year ended on March 31, 2020.

Further as the Company is under CIRP the report of Mr. Abhishek Nagori, Interim Resolution Professional is attached.



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Kindly take the above information on your record and acknowledge.

Thanking you,  
Yours faithfully,

For RAJ RAYON INDUSTRIES LIMITED

*Kanodia SN*

(SUSHIL KUMAR KANODIA)  
CEO CFO



**Abhishek Nagori**  
**Insolvency Professional**  
**Resolution Professional for M/s Raj Rayon Industries Limited**  
**(Under Corporate Insolvency Resolution Process)**  
**Regn. No. IBBI/IPA-001/IP-P00020/2016-2017/10044**  
**330/348, Third Floor, Tower-A, Atlantis K-10,**  
**Opp. Vadodara Central, Sarabhai Main Road,**  
**Vadodara-390 023, Gujarat- India**  
**E-mail: cirp.rril@ddip.in; jlnusb@gmail.com**

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### **Report of Resolution Professional**

The members are informed that the Hon'ble National Company Law Tribunal, Ahmedabad Bench, has ordered the Commencement of Corporate Insolvency Resolution Process of "M/s Raj Rayon Industries Limited" (Corporate Debtor) (CIN- L17120DN1993PLC000368) vide NCLT order No C.P (I.B) No. 350/NCLT/AHM/2019, Dated: 23rd January, 2020 (CIRP Process Commencement Date). Pursuant to the Order, Mr. Abhishek Nagori, insolvency professional having IBBI Registration number (IBBI/IPA-001/IP-P00020/2016-17/10044) has been appointed as Interim Resolution Professional. On 15th February, 2020 Mr. Abhishek Nagori confirmed as Resolution Professional of M/s Raj Rayon Industries Limited by passing unanimous resolution in the 1st Committee of Creditor meeting at Mumbai.

The Statement of Audited Standalone Financial Results for the quarter ended 31<sup>st</sup> March, 2020 and year ended 31<sup>st</sup> March, 2020 have been prepared by the management of company and certified by Ms. Rajkumari Kanodia - Non-Executive Chairperson and Director (suspended), Mr. Banti Parasar-Director (Suspended) and Mr. Sushilkumar Kanodia - Chief Financial Officer (suspended). The Resolution Professional has relied upon the certifications, representations and statements made by the management while reviewing the financial results.

The Resolution Professional has, however not authenticated the correctness of enclosed the Statement of Audited Standalone Financial Results for the quarter ended 31<sup>st</sup> March, 2020 and year ended 31<sup>st</sup> March, 2020 of the company for any purpose whatsoever including but not limited to the Companies Act, 2013 and the Securities and Exchange Board of India Act, 1992 when they belong to the period before initiation of the Corporate Insolvency Resolution Process i.e. 23.01.2020.

It may be noted that the writing off of any receivable or assets in the Statement of Unaudited Standalone Financial Results doesn't denote that the amount cannot be realized by the Resolution Professional.

Yours sincerely,



**Abhishek Nagori**  
**Resolution Professional for M/s Raj Rayon Industries Limited**  
**IBBI/IPA-001/IP-P00020/2016-2017/10044**



Date: 25<sup>th</sup> July, 2020  
Place: Mumbai



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## ANNEXURE I

### Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - Standalone

Statement on Impact of Audit Qualifications for the Financial Year ended March 31 , 2020 [See Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sr No	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs. In Lacs	Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lacs
	1.	Turnover / Total income	340.61	340.61
	2.	Total Expenditure	3,731.73	3,731.73
	3.	Net Profit/(Loss)	(3,394.17)	(3,394.17)
	4.	Earnings Per Share	(0.98)	(0.98)
	5.	Total Assets	19,103.85	19,103.85
	6.	Total Liabilities	76,185.14	76,185.14
	7.	Net Worth	(57,081.29)	(57,081.29)
	8.	Any other financial item(s) (as felt appropriate by the management)	--	--
II	Audit Qualification (each audit qualification separately):			

a.	Details of Audit Qualification:	<p>1. Due to defaults in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the lenders under Consortium advance. The lenders have not charged interest on the company's borrowings / loan since April 2016. Therefore, no provision has been made for such Interest in the books of accounts of the company and to that extent, finance cost and total loss is estimated to be understated by Rs. 13660.71 Lakhs for the financial year ended 31 March 2020.</p> <p>2. The Company's account stands exited from CDR Mechanism. Pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of security Interest act 2002, State Bank of India has taken over the possession of the properties which is given in the possession notice dated 31 July 2018 published in free press journal newspaper. There has been no production activity carried out since then.</p>
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			<p>3. <i>The Company has been continuously incurring losses past many years and its net worth stands fully eroded. These conditions indicate the existence of material uncertainty that cast significant doubt about company's ability to continue as going concern.</i></p> <p>4. <i>The Company has, on the basis of their internal evaluation, valued inventories at Rs. 60.38 lakh. In the view of current CIRP Process and in absence of valuation report, we are unable to comment on the realisability of the inventories.</i></p> <p>5. <i>Internal Audit Report is not available since management has not appointed Internal Auditor as required under section 138 of Companies Act, 2013.</i></p> <p>6. <i>Company Secretary of the Company has resigned from the company dated 23<sup>rd</sup> April, 2019, Company has not appointed full time Company Secretary required under section 203 (and Rule 8 and Rule 8A of companies' appointments &amp; remuneration of Managerial Personnel Rule 2014) of Companies Act, 2013.</i></p> <p>7. <i>The company has obtained unsecured loans amounting to Rs. 1,000.00 Lakhs, the same is outstanding from previous year and has been shown under Long-Term Borrowings in the Balance Sheet. However, loan agreement in respect of these loans have not been furnished and in absence of the same the terms of repayment, chargeability of interest and other terms are not verifiable.</i></p> <p>8. <i>Balances under sundry debtors and sundry creditors, loans and advances given by the company and parties from whom unsecured loans have been taken are subject to confirmations and adjustments, if any.</i></p> <p>9. <i>In view of pending confirmations / reconciliations from banks, lender liabilities, trade payables and any other liabilities including contingent, we are unable to comment on the impact, if any, on the financial statement arising out of such pending confirmations / reconciliations.</i></p>
			<p><b>Company management informed that:</b>          The Financial condition of the company is not proper and due to which the Loan became NPA and company is not in operation i.e no production is going on</p>





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			Further management is trying to revive the company from this situation.
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Qualified
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		First time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		NA
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i. Management's estimation on the impact of audit qualification:		NA
	ii If management is unable to estimate the impact, reasons for the same		The Company will try to ratify the qualification raised by the Auditors.
	iii Auditors' Comments on (i) or (ii) above:		Agree with management comments
III	Signatories		

Kanodia SQ



Sushilkumar Kanodia  
Chief Financial Officer

*Chaturvedi*



For Chaturvedi & Patel  
Chartered Accountants  
FRN: 121351W



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  <p>Rajkumari Kanodia Non Executive Chairperson &amp; Director 00229331</p>	  <p>Banti Parasar Director 08340462</p>
  <p><b>Mr. Abhishek Nagori</b> <b>Interim Resolution Professional</b> <b>In the matter of Raj Rayon Industries Limited</b> <b>IBBI Reg. No. IBBI/IPA-001/IP-P00020/2016-2017/10044</b></p>	
<p>Place Mumbai Date: 25/07/2020</p>	<p>Place Mumbai Date: 25/07/2020</p>

**RAJ RAYON INDUSTRIES LIMITED**

Regd. Office: Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra &amp; Nagar Haveli (UT) – 396 230

Tel: 91-22-40343434, Fax: 91-22-40343400, e-mail: investors@rajrayon.com, website: www.rajrayon.com

CIN No. L17120DN1993PLC000368

**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED: 31st MARCH, 2020**

(Rs. in Lakhs)						
Sr.No.	Particulars	Quarter ended 31-03-2020 (Audited)	Quarter ended 31-12-2019 (Unaudited)	Quarter ended 31-03-2019 (Audited)	Year ended 31-03-2020 (Audited)	Year ended 31-03-2019 (Audited)
<b>1</b>	<b>Income</b>					
	(a) Revenue from Operations	-	-	-	-	1,815.99
	(b) Other Income	-	340.26	20.35	340.61	25.98
	<b>Total income</b>	-	<b>340.26</b>	<b>20.35</b>	<b>340.61</b>	<b>1,841.97</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of materials consumed	-	-	-	-	1,152.68
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress & stock in trade	-	-	-	-	464.78
	(e) Employee benefits expense	-	-	1.83	-	93.48
	(f) Finance Costs	-	-	0.49	-	1.61
	(g) Depreciation and amortisation expense	901.63	901.62	911.94	3,610.58	3,669.64
	(h) Other expenses	0.50	50.88	1,117.78	121.14	1,288.86
	<b>Total expenses</b>	<b>902.13</b>	<b>952.50</b>	<b>2,032.04</b>	<b>3,731.73</b>	<b>6,671.05</b>
<b>3</b>	<b>Profit(Loss) Before exceptional and extraordinary items and tax (1-2)</b>	<b>(902.13)</b>	<b>(612.24)</b>	<b>(2,011.69)</b>	<b>(3,391.12)</b>	<b>(4,829.08)</b>
<b>4</b>	Exceptional Items / Extraordinary items	-	-	-	-	-
<b>5</b>	<b>Profit/(Loss) before tax (3-4)</b>	<b>(902.13)</b>	<b>(612.24)</b>	<b>(2,011.69)</b>	<b>(3,391.12)</b>	<b>(4,829.08)</b>
<b>6</b>	<b>Tax Expenses</b>					
	(i) Current Tax	-	-	-	-	-
	(ii) Deferred Tax	-	-	-	-	-
<b>7</b>	<b>Profit/(Loss) for the period( 5-6)</b>	<b>(902.13)</b>	<b>(612.24)</b>	<b>(2,011.69)</b>	<b>(3,391.12)</b>	<b>(4,829.08)</b>
<b>8</b>	<b>Other Comprehensive Income net of taxes</b>					
	a) Items that will not be reclassified to profit or loss					3.20
	b) Items that will be reclassified to profit or loss					-
<b>9</b>	<b>Total Comprehensive Income (8+9)</b>	<b>(902.13)</b>	<b>(612.24)</b>	<b>(2,011.69)</b>	<b>(3,391.12)</b>	<b>(4,825.88)</b>
<b>10</b>	<b>Paid-up Equity Share Capital (Face Value of Rs. 1/- each)</b>	<b>3,464.54</b>	<b>3,464.54</b>	<b>3,464.54</b>	<b>3,464.54</b>	<b>3,464.54</b>
<b>11</b>	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				(60,545.83)	(57,154.71)
<b>12</b>	<b>(i) Earning Per Share</b>					
	- Basic	(0.26)	(0.18)	(0.58)	(0.98)	(1.39)
	- Diluted	(0.26)	(0.18)	(0.58)	(0.98)	(1.39)



**1. STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2020**
**(Rs. In Lakhs)**

Sr.No	Particulars	As at 31-03-2020 (Audited)	As at 31-03-2019 (Audited)
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-Current Assets</b>		
	(a) Property, Plant and Equipment	16,118.60	19,828.93
	(b) Capital Work-in-progress		
	(c) Intangible Assets	-	-
	(d) Intangible Assets under development		
	(e) Financial Assets		
	i- Investments	10.02	10.02
	ii-Other Financial Assets	9.33	9.33
	(f) Deferred Tax Assets (net)	-	-
	(g) Other Non-Current Assets	1,052.25	1,050.48
	<b>Total Non-Current Assets</b>	<b>17,190.20</b>	<b>20,898.76</b>
<b>2</b>	<b>Current Assets</b>		
	(a) Inventories	60.38	60.38
	(b) Financial Assets		
	i- Investments		
	ii- Trade Receivables	1,489.47	1,670.01
	iii- Cash and Cash equivalents	0.78	(0.85)
	iv- Bank Balances other than (ii) above	1.21	1.21
	v- Other Financial Assets	361.05	370.74
	(c) Other Current Assets	0.77	0.77
	<b>Total Current Assets</b>	<b>1,913.65</b>	<b>2,102.26</b>
	<b>Total Assets ( 1+2 )</b>	<b>19,103.85</b>	<b>23,001.02</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity Share Capital	3,464.54	3,464.54
	(b) Other Equity	(60,545.83)	(57,154.71)
	<b>Total Equity</b>	<b>(57,081.29)</b>	<b>(53,690.17)</b>
<b>2</b>	<b>Liabilities</b>		
	<b>Non-Current Liabilities</b>		
	(a) Financial Liabilities		
	i- Borrowings	2,400.00	2,400.00
	(b) Provisions	-	18.14
	<b>Total Non-Current Liabilities</b>	<b>2,400.00</b>	<b>2,418.14</b>
	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	i- Borrowings	68,538.72	68,978.72
	ii- Trade Payables		
	Total outstanding dues of micro and small enterprises		
	Total outstanding dues of creditors other than micro and small enterprises	86.93	132.27
	iii- Other Financial Liabilities	5,159.95	5,159.95
	(b) Other Current Liabilities	(0.46)	2.11
	(c) Provisions	-	-
	(d) Current Tax Liabilities (Net)		
	<b>Total Current Liabilities</b>	<b>73,785.14</b>	<b>74,273.05</b>
	<b>Total Equity And Liabilities ( 1+2 )</b>	<b>19,103.85</b>	<b>23,001.02</b>

## 2. CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and Extraordinary Items	(3,391.12)	(4,825.88)
<b>Adjustment for:</b>		
Depreciation	3,610.58	3,669.64
Provision for Bad & Doubtful Debts	-	695.70
Exchange Rate Change	-	(0.65)
(Profit) / Loss on Sale of Fixed Asset	(340.26)	6.82
Rent Income	-	-
Interest / Other Income	(0.35)	(14.30)
Expenses for Increase in Authorised Share Capital	-	-
Finance Costs	-	1.61
<b>Operating Profit Before Working Capital Changes</b>	<b>(121.14)</b>	<b>(467.07)</b>
<b>Adjustment For:</b>		
Inventories	0.00	604.37
Trade Receivables	180.54	(113.23)
Other Receivables, Loans & Advances (Current / Non Current)	7.93	78.49
Trade Payables	(45.34)	(226.03)
Other Payables, Provisions (Current / Non Current)	(20.71)	(58.53)
<b>Cash Used in Operations</b>	<b>1.28</b>	<b>(182.00)</b>
Direct Taxes Paid	-	45.54
(Including Reversal of MAT Credit Entitlement)		
Cash Flow Before Extraordinary Items	1.28	(136.47)
Extraordinary Items	-	-
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>1.28</b>	<b>(136.47)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	(1.54)
Sale of Fixed Assets	440.00	-
Investments / (Maturity) of FDRs	-	182.07
Interest / Other Income	0.35	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>440.35</b>	<b>180.53</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	-	-
Change in Working Capital Borrowing from Banks	(440.00)	(43.46)
Interest & Other Borrowing Cost	-	(1.61)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(440.00)</b>	<b>(45.08)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1.63</b>	<b>(46.55)</b>
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENT		
Opening Balance of Cash and Cash Equivalents	(0.85)	45.70
Closing Balance of Cash and Cash Equivalents	0.78	(0.85)
	<b>1.63</b>	<b>(46.55)</b>

Sr. No	Notes:												
1	An application was filed against Raj Rayon Industries Limited under Section 10 of Insolvency and Bankruptcy Code, 2016 read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble NCLT Ahmedabad with a prayer to commence the Corporate Insolvency Resolution Process (CIRP) in respect of itself. The said application for initiation of Corporate Insolvency Resolution Process (CIRP), which was registered as C.P. (IB) No. 350/NCLT/AHM/2019, has been admitted by Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench, Ahmedabad (Hon'ble NCLT/Hon'ble Adjudicating Authority) vide its order dated 23/01/2020. Under the IBC proceedings, the power of the Board were suspended with effect from 23/01/2020. The NCLT order also provided for a moratorium with effect from 23/01/2020 till the completion of the Corporate Insolvency Resolution process (CIRP) or until it approves the resolution plan under section 1(1) or passes an order for liquidation of the company under section 33, whichever is earlier. Currently, the CIRP process in respect of the company is in progress.												
2	The audited financial results of the company for the quarter ended and year ended 31st March, 2020 were placed at the meeting of the Directors of Raj Rayon Limited on its Board (Powers suspended), Auditors and Finance & Accounts-Head held on 4th July, 2020. Accordingly, the said Financial Results of the company have been approved by the IRP in consultation with Directors and Auditors of the company at the said meeting.												
3	The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & bankruptcy Code, 2016 (Insolvency Code) in terms of Order dated. 23th January 2020 passed by Hon'ble NCLT, Ahmedabad Bench. In terms of Section 20 of Insolvency code, the management and operations of the Company are being managed by Interim Resolution Professional (IRP) / Resolution Professional (RP).												
4	The financial results for the year ended March 31, 2020 primarily pertain to a period before January 23, 2020 (i.e. Insolvency commencement date) wherein the management of the company was responsible for the affairs and day to day functioning of the company. The results have been approved by the IRP/RP solely on the basis of and on relying on the information and representation given by the management of the company. The IRP/RP has approved the said financial only to the limited extent of discharging the power of the board of directors of the company which have been conferred upon him inter alia in terms of provision of section 17 of the IBC, 2016 and do not make any representation or issue any statements in relation to the financial statement are true, complete and accurate in all respect. The IRP/RP is in the process of verifying the existence of assets and liabilities of the company.												
5	In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.												
6	State Bank of India (Lead Banker under Consortium Advance) and its network bank have written off a sum of Rs. 313.04 Crores till the period ended 31st March 2019 in their books of account. However, the Company has continued to classify the same under the respective loan liabilities and has not written back in the books of accounts.												
7	The Company's bank accounts have been classified as Non Performing Asset (NPA) by the lenders under consortium advance. The Lenders have not charged any interest during Jan.2020 to Mar, 2020. The Company has not made any provision for Interest on Bank Borrowings and accordingly the loss & finance cost for the current quarter ended 31st March, 2020 are understated approximately by Rs. 3570.55 Lakhs. Further in view of the same, no provision was made for Interest subsidy under TUFs.												
8	The Company's account stands exited from CDR Mechanism.												
9	The management has prepared the Company's financial statements on a going concern basis notwithstanding the fact that the company has incurred net loss of Rs. 905.17 Lakhs during the current quarter ended 31st March 2020. As of this date, the company's total liabilities exceed its total assets and its net worth has been fully eroded. The financial performance of the Company had deteriorated substantially. The Company continue to deal with a range of uncertainties and presently not able to service its debts.												
10	State Bank of India (lead banker) acting as a leader of Consortium lenders (Banks), pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, has taken over the possession of the properties mortgaged with State Bank of India, description of the properties taken over by the Bank is given in the possession notice dated 31/07/2018 published in Free Press Journal Newspaper.												
11	The Company's main business is to Manufacturing & Marketing of Textiles Yarns. Accordingly, the Company does not have more than one segment eligible for reporting in terms of relevant in accordance with IND AS 108 "Segment Reporting" issued by the Institute of Chartered Accountants of India.												
12	The World health organization announced a global health emergency because of a new strain of coronavirus (COVID-19) and classified its outbreak as a pandemic on 11 March, 2020. On 24th March 2020, The Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which was further extended till 3rd May 2020. This pandemic and government response are creating disruption in the global supply chain and adversely impacting most of the industries which has resulted in global shutdown. The management has made an assessment of the impact of COVID-19 on the Company's operation, financial performance and position as at and for the year ended 31st March 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.												
13	Figures for the quarter ended March 31, 2020 and the corresponding quarter ended in the Previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures upto the end of the third quarter had only been reviewed and not subjected to audit.												
14	The figures for the previous period / year have been regrouped wherever necessary to confirm to the current year's classification.												
	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%; text-align: center;">For Raj Rayon Industries Limited (under CIRP)</td> <td style="width: 25%; text-align: center;">For Raj Rayon Industries Ltd. (under CIRP)</td> <td style="width: 25%; text-align: center;">For Raj Rayon Industries Limited (under CIRP)</td> <td style="width: 25%; text-align: center;">For Raj Rayon Industries Limited (under CIRP)</td> </tr> <tr> <td style="text-align: center;"></td> <td style="text-align: center;"></td> <td style="text-align: center;"></td> <td style="text-align: center;"></td> </tr> <tr> <td style="text-align: center;">Rajkumari Kanodia Non Executive Chairperson &amp; Director 00229331</td> <td style="text-align: center;">BANTI PARASAR Director 08340462</td> <td style="text-align: center;">Sushilkumar Kanodia Chief Financial Officer AADPK5641C</td> <td></td> </tr> </table>	For Raj Rayon Industries Limited (under CIRP)	For Raj Rayon Industries Ltd. (under CIRP)	For Raj Rayon Industries Limited (under CIRP)	For Raj Rayon Industries Limited (under CIRP)					Rajkumari Kanodia Non Executive Chairperson & Director 00229331	BANTI PARASAR Director 08340462	Sushilkumar Kanodia Chief Financial Officer AADPK5641C	
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Rajkumari Kanodia Non Executive Chairperson & Director 00229331	BANTI PARASAR Director 08340462	Sushilkumar Kanodia Chief Financial Officer AADPK5641C											
Place: Mumbai													
Date: 25th July, 2020													

# **CHATURVEDI & PATEL**

*Chartered Accountants*

PAN – AADFC7598N  
FIRM REGD NO. 121351Wxfccf  
Ph: 07738364419,



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Thakur House, Ashok Chakravati  
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## **Independent Auditor's Report**

To

The Resolution Professional (RP) of,

In the matter of Raj Rayon Industries Limited

IBBI Reg. No. IBBI/IPA-001/IP-P00020/2016-2017/10044

1. The Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") by an order dated 23rd January, 2020 admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Raj Rayon Industries Limited and appointed Mr. Abhishek Nagori as the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code. In view of ongoing CIRP and suspension of powers of Board of Directors and as explained to us, the power of adoption of this standalone financial results vests with the IRP under the provision of the Code.
2. As per Section 134 of the Companies Act, 2013, the financial statements of the Company are required to be authenticated by the chairperson of the board of directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed. Under said Code, such power shall vest with Mr. Abhishek Nagori.
3. We have audited the accompanying Statement of Standalone Financial Results of **Raj Rayon Industries Limited** ("the Company"), Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (UT) – 396 230 for the year ended 31st March, 2019 being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 & SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016.
4. This Statement, which is the responsibility of the Company's Management and taken on record at the meeting of Raj Rayon Industries Limited on its Board (power suspended) and the Interim resolution professional held on 4th July, 2020, has been prepared in accordance with the recognition and measurement principal prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such standalone Ind AS financial statements.

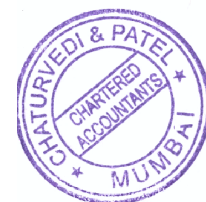


5. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

**Basis of Qualified Opinion:**

6. *Due to defaults in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the lenders under Consortium advance. The lenders have not charged interest on the company's borrowings / loan since April 2016. Therefore, no provision has been made for such Interest in the books of accounts of the company and to that extent, finance cost and total loss is estimated to be understated by Rs. 13660.71 Lakhs for the financial year ended 31 March 2020.*
7. *The Company's account stands exited from CDR Mechanism. Pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of security Interest act 2002, State Bank of India has taken over the possession of the properties which is given in the possession notice dated 31 July 2018 published in free press journal newspaper. There has been no production activity carried out since then.*
8. *We draw attention to the note no. 9 of the attached statement regarding the financial results of the company having been prepared on the going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has been continuously incurring losses past many years and its net worth stands fully eroded. These conditions indicate the existence of material uncertainty that cast significant doubt about company's ability to continue as going concern.*
9. *The Company has, on the basis of their internal evaluation, valued inventories at Rs. 60.38 lakh. In the view of current CIRP Process and in absence of valuation report, we are unable to comment on the realisability of the inventories.*
10. *Internal Audit Report is not available since management has not appointed Internal Auditor as required under section 138 of Companies Act, 2013.*



11. *Company Secretary of the Company has resigned from the company dated 23<sup>rd</sup> April, 2019, Company has not appointed full time Company Secretary required under section 203 (and Rule 8 and Rule 8A of companies' appointments & remuneration of Managerial Personnel Rule 2014) of Companies Act, 2013.*
12. *The company has obtained unsecured loans amounting to Rs. 1,000.00 Lakhs, the same is outstanding from previous year and has been shown under Long-Term Borrowings in the Balance Sheet. However, loan agreement in respect of these loans have not been furnished and in absence of the same the terms of repayment, chargeability of interest and other terms are not verifiable.*
13. *Balances under sundry debtors and sundry creditors, loans and advances given by the company and parties from whom unsecured loans have been taken are subject to confirmations and adjustments, if any.*
14. *In view of pending confirmations / reconciliations from banks, lender liabilities, trade payables and any other liabilities including contingent, we are unable to comment on the impact, if any, on the financial statement arising out of such pending confirmations / reconciliations.*

**Qualified Opinion:**

15. In our opinion, except for the effects of the matter described in the Paragraph No. 6 to 14 above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31 March 2020 and its loss for the year ended on that date.

**Matter of Emphasis:**

16. The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & bankruptcy Code, 2016 (Insolvency Code) in terms of Order dated. 23<sup>rd</sup> January, 2020 passed by Hon'ble NCLT, Ahmedabad Bench. In terms of Section 20 of Insolvency code, the management and operations of the Company are being managed by Interim Resolution Professional (IRP).
17. These events cast significant doubt on the ability of the Company to continue as a going concern. The appropriateness of the said basis is inter-alia dependent on the Company's ability to infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities and resuming normal operations.
18. The company has not carried out detailed assessment of the useful life of Company's assets and hence depreciation has not been adjusted, as per the notification to Schedule II of the Companies Act, 2013. We are unable to comment on the impact on statement of Profit & Loss Account.





19. In our opinion, securities provided to banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
20. During the previous year, Company has received the notice of demand from the income tax department for the Assessment Year 2011 – 2012 and 2012 – 2013 for Rs. 1,25,24,480/- & Rs. 1,60,68,990/- respectively, liability for which is not provided for as the company has preferred an appeal against the same.
21. *The company has not complied with Ind AS – 19 with respect to employee benefits. Actuarial valuation certificate has not been obtained for gratuity and other post-employment benefits.*
22. *We draw attention to the note no. 12 of the attached statement regarding the financial results of the company which describes the management's assessment of the financial impact of the events arising out of Coronavirus (Covid-19) pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve.*
23. Due to resignation of the Board of Directors, the Board was not as per the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

**Our opinion is not qualified in respect of the paragraph 18 to 23 stated above.**

**For Chaturvedi & Patel  
Chartered Accountants  
FRN: 121351W**



**CA Deepak Karwa  
Partner  
M.N: 175321  
UDIN: 20175321AAAADY1302  
Place: Mumbai  
Dated: 25th July 2020**