



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)
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CIN NO. : L17120DN1993PLC000368

Date: March 7,2020

To,

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

Dear Sir,

Sub: Proceedings of the Board meeting held on 24th February, 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 of the Company at its meeting held on February 24, 2020 has inter- alia approved and taken on record the un-audited Financial Results of the Company for the Third quarter ended December 31, 2019, copy of the same is attached at **Annexure – I**.

Please find enclosed herewith the Summarized un-audited Financial Results for the third quarter ended December 31, 2019 and the Limited Review 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 4.30 p.m. and concluded at 5.40.p.m.

Kindly take the above information on your record and acknowledge.

Thanking you,

Yours faithfully,

For RAJ RAYON INDUSTRIES LIMITED

Kanodia 59

(SUSHIL KUMAR KANODIA)
CEO CFO



RAJ RAYON INDUSTRIES LIMITED

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


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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED AND NINE MONTHS ENDED: 31st DECEMBER, 2019

Sr.No.	Particulars	(Rs. in Lakhs)					
		Quarter ended 31-12-2019 (Unaudited)	Quarter ended 30-09-2019 (Unaudited)	Quarter ended 31-12-2018 (Unaudited)	Nine Months ended 30th Dec. 2019 (Unaudited)	Nine Months ended 30th Dec, 2018 (Unaudited)	Year ended 31-03-2019 (Audited)
1	Income						
	(a) Revenue from Operations	-	-	-	-	1,815.99	1,815.99
	(b) Other Income	340.26	-	0.14	340.61	5.63	25.98
	Total income	340.26	-	0.14	340.61	1,821.62	1,841.97
2	Expenses						
	(a) Cost of materials consumed	-	-	-	-	1,152.68	1,152.68
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress & stock in trade	-	-	-	-	464.78	464.78
	(e) Employee benefits expense	-	-	7.61	-	91.65	93.48
	(f) Finance Costs	-	-	0.48	-	1.12	1.61
	(g) Depreciation and amortisation expense	901.62	903.67	919.23	2,708.95	2,757.70	3,669.64
	(h) Other expenses	50.88	32.62	27.66	120.65	171.08	1,288.86
	Total expenses	952.50	936.29	954.98	2,829.60	4,639.01	6,671.05
3	Profit(Loss) before exceptional and extraordinary items and tax (1-2)	(612.24)	(936.29)	(954.84)	(2,488.99)	(2,817.39)	(4,829.08)
4	Exceptional items / Extraordinary items	-	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	(612.24)	(936.29)	(954.84)	(2,488.99)	(2,817.39)	(4,829.08)
6	Tax Expenses						
	(i) Current Tax	-	-	-	-	-	-
	(ii) Deferred Tax	-	-	-	-	-	-
7	Profit/(Loss) for the period(5-6)	(612.24)	(936.29)	(954.84)	(2,488.99)	(2,817.39)	(4,829.08)
8	Other Comprehensive Income net of taxes						
	a) Items that will not be reclassified to profit or loss						
	b) Items that will be reclassified to profit or loss					3.20	3.20
9	Total Comprehensive Income (8+9)	(612.24)	(936.29)	(954.84)	(2,488.99)	(2,814.19)	(4,825.88)
10	Paid-up Equity Share Capital (Face Value of Rs. 1/- each)	3,464.54	3,464.54	3,464.54	3,464.54	3,464.54	3,464.54
11	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						(57,154.71)
12	(i) Earning Per Share						
	- Basic	(0.18)	(0.27)	(0.28)	(0.72)	(0.81)	(1.39)
	- Diluted	(0.18)	(0.27)	(0.28)	(0.72)	(0.81)	(1.39)

Sr. No	Notes:
1	The above Financial Results were reviewed by the Audit Committee and the Board of Directors at its meeting held on 24th February, 2020.
2	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.
3	The Un-audited Financial Results of the company for the quarter ended 31/12/2019 were placed at the meeting of the Directors of Raj Rayon Limited on its Board (Powers suspended), Auditors and Finance & Accounts-Head held on 24th February, 2020. Accordingly, the said Financial Results of the company have been approved by the Managing Director of the company at the said meeting.
4	In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
5	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.
6	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 October 2019 to December, 2019. The Company has not made any provision for Interest on Bank Borrowings and accordingly the loss & finance cost for the current quarter ended 31st December, 2019 are understated approximately by Rs. 3,262.37 Lakhs. Further in view of the same, no provision was made for Interest subsidy under TUFs.
7	The Company's account stands exited from CDR Mechanism.
8	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. 612.24 Lakhs during the current quarter ended 31st December 2019. 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.
9	The Limited Review of Un-Audited Financial Results for the quarter and nine month ended 31st December, 2019 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
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 is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
12	The previous period figures have been regrouped / rearranged wherever necessary.

Place: Mumbai Date: 24th February, 2020		For Raj Rayon Industries Limited (under CIRP)	For Raj Rayon Industries Limited (under CIRP)	For Raj Rayon Industries Limited (under CIRP)	
				Rajkumari Kanodia Non Executive Chairperson & Director	Mayadhar Mahakud Managing Director

CHATURVEDI & PATEL

Chartered Accountants

Limited Review Report on Standalone Unaudited Financial Results of Raj Rayon Industries Limited for the Quarter and Nine months ended 31 December 2019 pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Resolution Professional of Raj Rayon Industries Limited

1. We were engaged to review the accompanying statement of unaudited standalone financial results (the 'statements') of Raj Rayon Industries Limited ('the Company'), situated at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (UT) – 396230 for the quarter and nine month ended 31st December, 2019. The Statement which is the responsibility of the Company management, approved by Managing Director has been prepared by the Company pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
2. 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 the Resolution Professional ('RP') in terms of the Insolvency and Bankruptcy Code, 2016 ('Code') to manage the affairs of the Company as per the provisions of the Code.
3. This Statement, which is the responsibility of the Company's Management, approved by Managing Director and taken on record at the meeting of Raj Rayon Industries Limited on its Board (power suspended) held on 24th February, 2020, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (IND AS) for Interim Financial Reporting ('IND AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('The Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.
4. We conducted our review in accordance with the Standards on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone financial statements are free of material misstatement. A review is limited primarily to inquiry of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
5. Based on our review conducted as above, except for the possible effects of the matter described in the paragraph 6 to 14 below "Basis for qualified conclusions" and "Emphasis of Matters", nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Accounting Standards as per section 133 of the companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

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including the manner in which it is to be disclosed, or that it contains any material misstatement.

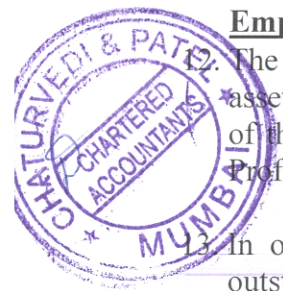
Basis for qualified conclusions:

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. 3,464.89 Lakhs during the current Quarter ended 31 December, 2019.
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. 8 of the accompanying 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. Further, the company has not carried out any manufacturing activities since 31 July 2018. These conditions indicate the existence of material uncertainty that cast significant doubt about company's ability to continue as going concern.
9. The properties of the company including Plant & Machineries has been taken into possession by the State Bank of India on 31 July 2018, hence physical verification of inventories and fixed assets could not be carried out by the management and by us. Hence, we are unable to comment on the actual physical existence of the same.
10. The system of internal financial control over financial reporting with regard to the company were not available to us to enable us to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial control was operating effectively.
11. Internal Audit Report is not available since management has not appointed Internal Auditor as required under section 138 of Companies Act, 2013.

Emphasis of matters:

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.

In our opinion, securities provided to banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.



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14. 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.

Material uncertainty relating to Going Concern:

We draw attention to Note No. 2 of the financial results, regarding application against the company initiating the insolvency provisions under the Insolvency and Bankruptcy Code 2016 (the code) and the consequential appointment of RP under the Code and adequacy of disclosures concerning the Company's ability to meet its contractual and financial obligations.

In absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as going concern. The appropriateness of preparation of financial results on a going concern basis is subject to the Company's ability to resolve the matters through CIRP or such other forum or manner as specified in the said note.

Our conclusion is not modified in these matters.

For Chaturvedi & Patel

Chartered Accountants

FRN: 121351W



CA Deepak Karwa

Partner

M.N: 175321

UDIN: 20175321AAAADM5142



Place: Mumbai

Dated: 24 February, 2020