



# 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: 28/01/2019

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 January 28, 2019**

**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 January 28, 2019 has inter- alia

1. Appointed Mr. Banti Parasar as an Independent Director as an Additional Directors (Independent) for a term of five years, brief profile is Annexed herewith
2. Appointed Mr. Rajendra Prasad Sharma as an Independent Director as an Additional Directors (Independent) for a term of five years, brief profile is Annexed herewith
3. Appointed Mr. Mayadhar Ravindar Mahakud as an Additional Director of the Company, brief profile is Annexed herewith
4. Approved and taken on record the un-audited Financial Results of the Company for the first quarter ended June 30, 2018 - **Annexure - I.**
5. Approved and taken on record the un-audited Financial Results of the Company for the second quarter and half year ended September 30, 2018 **Annexure - II.**

Please find enclosed herewith the Summarized un-audited Financial Results for the First quarter ended June 30, 2018 second quarter and half year ended September 30, 2018 and Limited Review Reports of the Auditors thereon, for your kind information and records. Extract of un-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.



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Board Meeting commenced at 5- C, 196 & 197, "AKSHAY", Mittal Industrial East, Sakinaka, Andheri (East), Mumbai: 400059 at 10.30 p.m. and concluded at 1.00.p.m.

Further management like to clarify the following:

- 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 / loans since April 2016. Therefore, no provision has been made.*
- 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 mortgaged, with the state Bank of India.*

The above is for your information and dissemination to all the stakeholders.

For RAJ RAYON INDUSTRIES LIMITED

*Kanodia SN*

(SUSHIL KUMAR KANODIA)  
CEO CFO





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## **Brief profile of Mr. Banti Parasar**

He is B.A Passed from University of Rajasthan, he is hardworking individual and working independently.

## **Brief profile of Mr. Rajendra Prasad Sharma**

He is 12<sup>th</sup> Passed from University and he is manager in Mr Shreeniwasa Roadlines.

## **Brief profile of Mr. Mayadhar Ravindar Mahakud**

He is 10<sup>th</sup> Passed looking the General purchase in private company.



# AGARWAL DESAI & SHAH

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

To  
The Board of Directors of  
Raj Rayon Industries Limited

1. We have reviewed the quarterly Unaudited financial results of **Raj Rayon Industries Limited** ("the Company") for the **quarter ended 30<sup>th</sup> June, 2018**, attached herewith, being submitted by the company pursuant to the requirement of regulation 33 of SEBI (listing obligations and disclosure Requirements) Regulations, 2015.
2. This statement is the responsibilities of the company's management and approved by Board of Directors. which have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing standards on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" Issued by The Institute of Chartered Accountant of India. This Standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.
4. A Review is Limited Primarily to the inquiries of company personnel and analytical Procedures applied to the 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.

Based on our review conducted as above, nothing has come to our attention except as otherwise stated that causes us to believe that the accompanying statement of Unaudited Financial Results Prepared in accordance with applicable accounting standards and other recognized accounting practices and policies as not disclosed in the in the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement

#### **Basis for Qualified Conclusions:**

- a) 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 / loans 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.2893.68 lakhs for the quarter ended 30<sup>th</sup> June 2018
- b) 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 mortgaged, with the 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



- c) We draw attention to the note no 11 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 networth stands fully eroded. These conditions indicate the existence of uncertainty that may cast doubt about company's ability to continue as going concern.

5. Emphasis of Matters

- a) Term Loan, Working Capital Term Loan (WCTL), Funded Interest Term Loan (FITL) and Working Capital loans availed by the Company from various banks under consortium advance including the loans of South Indian Bank which have been taken over by Asset Reconstruction Company remained unpaid and overdue.
- b) In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
- c) The Company is yet to appoint the qualified Company Secretary as the Compliance Officer.

6. We draw attention to the following matters -

- a) Note 2 to the statement which states that the company has adopted Ind AS for the financial year commencing from 1<sup>st</sup> April 2017, and accordingly, the statement has been prepared by the company's management in compliance with Ind AS.
- b) We are neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the total comprehensive income for the quarter ended 30<sup>th</sup> June, 2018 and accordingly we do not express any conclusion on the result in the statement for the said period. As set out in Note 12 to the statement, these figures have been furnished by the management.
- c) The Company has been served with Summon/Notice from the Debt Recovery Tribunal (DRT) at the instance of State Bank of India and the Phoenix ARC Pvt Ltd., the lenders, calling upon, *inter-alia*, to pass an order and issue Recovery Certificate for recovery of Rs.1008,08.99 Lakhs and Rs. 6548.21 Lakhs respectively along with interest @ 6.75% above base rate (presently 15.40% p.a. for State Bank of India & @ 13.75% per annum for Phoenix ARC Pvt Ltd. compounded on monthly basis and penal interest @ 2% on the above amount from the date of filing the application till the date of realization.
- d) During the year Banks has given special TRA Accounts in which company can do day to day operation i.e. Patty cash account, DEPB account

7. The statement includes for the quarter ended 30<sup>th</sup> June, 2017 being the balancing figures between unaudited figures in respect of quarter ended and the published year to date which were subject to limited review by M/s K. M. Garg & Co., (Chartered Accountants), which has been relied upon by us.

For Agarwal Desai & Shah  
Chartered Accountants  
(Firm Registration No. 124850W)

*Bharat*  
CA Bharat Kumar  
Partner  
Membership No. 175787



Place: Mumbai  
Date: January 28<sup>th</sup>, 2019



Notes:

1. The above Unaudited financial results for the quarter ended 30th June 2018 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 28th January, 2019.
2. The company has adopted Indian Accounting Standards (Ind AS) prescribed u/s 133 of The Companies Act, 2013, read with the relevant rules issued thereunder w.e.f 1st April 2017. The date of transition to Ind AS is April 01, 2016 and accordingly, these Unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.
3. The Company has reclassified 15% Non Convertible Non Cumulative Redeemable Preference Shares of ` 10/- each as Financial Liability as required by Para 18(a) of Ind AS 32 "Financial Instruments - Presentation". However, the Company has not provided for the Preference dividend on the same as required to be provided by Para 36 of the said standard. Accordingly, the loss for the quarter ended 30th June, 2018 has been understated by Rs. 210 lakhs. being arrears of dividend upto March 31, 2018
4. In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
5. Revenue from Operations for periods upto 30.06.2017 are exclusive of excise duty in accordance with the requirements of Ind AS. Effective 01.07.2017 with the implementation of Goods and Service Tax (GST), the revenue from operations for the three months ended 30.06.2018 are exclusive of GST. Hence, the Revenue from Operations for the quarter ended 30.06.2018 are not comparable with the amounts reported in the corresponding previous periods.
6. The Company's Continuous Polymerisation (CP) and Direct Polymer Melt (DPM) Plants are shut down since beginning of March 2017 and yet to resume the production. The Company's other Plants are running partially at very low capacity utilisation during the quarter and accordingly depreciation as per companies Act 2013 is charged on single shift basis.
7. The Company has defaulted in payments of instalments and interest on Term Loan, Working Capital Term Loan, Funded Interest Term Loan and Working Capital Facilities under consortium advances.
8. 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 30th June 2018. However, the Company has continued to classify the same under the respective loan liabilities and has not written off in the books of accounts.
9. 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 April 2018 - June 2018. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the quarter ended 30th June, 2018 are understated approximately by Rs. 2,893.68 lakhs respectively. Further in view of the same no provision was made for Interest subsidy under TUFs.
10. The Company's account stands exited from CDR Mechanism.
11. The Company is incurring continuous losses, and its net worth is fully eroded. However the management is of the view that the Company will remain as going concern. Hence the results are prepared on the going concern basis.
12. The Limited review of Unaudited financial results for the quarter ended 30th June 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
13. State Bank of India (lead banker) acting as a leader of Consortium lenders, 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 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.
14. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
15. The previous period figures have been regrouped / rearranged wherever necessary.
16. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
17. The Company did not had Board in view of Resignation of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.

Place : Mumbai  
Date : 28th January 2019



By order of the Board

*Rajkumar Kanodia*  
Rajkumar Kanodia  
Non Executive Chairperson & Director



# AGARWAL DESAI & SHAH

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

To  
The Board of Directors of  
Raj Rayon Industries Limited

1. We have reviewed the quarterly Unaudited financial results of **Raj Rayon Industries Limited** ("the Company") for the **quarter ended 30<sup>th</sup> September, 2018**, attached herewith, being submitted by the company pursuant to the requirement of regulation 33 of SEBI (listing obligations and disclosure Requirements) Regulations, 2015.
2. This statement is the responsibilities of the company's management and approved by Board of Directors. which have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing standards on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" Issued by The Institute of Chartered Accountant of India. This Standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.
4. A Review is Limited Primarily to the inquiries of company personnel and analytical Procedures applied to the 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.

Based on our review conducted as above, nothing has come to our attention except as otherwise stated that causes us to believe that the accompanying statement of Unaudited Financial Results Prepared in accordance with applicable accounting standards and other recognized accounting practices and policies as not disclosed in the in the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement

#### Basis for Qualified Conclusions:

- a) 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 / loans 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. 5875.53 lakhs for the quarter ended 30<sup>th</sup> September 2018
- b) 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 mortgaged, with the 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





- c) We draw attention to the note no 11 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 networth stands fully eroded. These conditions indicate the existence of uncertainty that may cast doubt about company's ability to continue as going concern.

#### 5. Emphasis of Matters

- a) Term Loan, Working Capital Term Loan (WCTL), Funded Interest Term Loan (FITL) and Working Capital loans availed by the Company from various banks under consortium advance including the loans of South Indian Bank which have been taken over by Asset Reconstruction Company remained unpaid and overdue.
- b) In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
- c) The Company is yet to appoint the qualified Company Secretary as the Compliance Officer.

#### 6. We draw attention to the following matters -

- a) Note 2 to the statement which states that the company has adopted Ind AS for the financial year commencing from 1<sup>st</sup> April 2017, and accordingly, the statement has been prepared by the company's management in compliance with Ind AS.
- b) We are neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the total comprehensive income for the quarter ended 30<sup>th</sup> September, 2018 and accordingly we do not express any conclusion on the result in the statement for the said period. As set out in Note 12 to the statement, these figures have been furnished by the management.
- c) The Company has been served with Summon/Notice from the Debt Recovery Tribunal (DRT) at the instance of State Bank of India and the Phoenix ARC Pvt Ltd., the lenders, calling upon, *inter-alia*, to pass an order and issue Recovery Certificate for recovery of Rs.1008,08.99 Lakhs and Rs. 6548.21 Lakhs respectively along with interest @ 6.75% above base rate (presently 15.40% p.a. for State Bank of India & @ 13.75% per annum for Phoenix ARC Pvt Ltd. compounded on monthly basis and penal interest @ 2% on the above amount from the date of filing the application till the date of realization.
- d) During the year Banks has given special TRA Accounts in which company can do day to day operation i.e. Patty cash account, DEPB account

7. The statement includes for the quarter ended 30<sup>th</sup> September, 2017 being the balancing figures between unaudited figures in respect of quarter ended and the published year to date which were subject to limited review by M/s K. M. Garg & Co., (Chartered Accountants), which has been relied upon by us.

For Agarwal Desai & Shah  
Chartered Accountants  
(Firm Registration No. 124850W)

*Bharat*  
CA Bharat Kumar  
Partner  
Membership No. 175787



Place: Mumbai  
Date: January 28<sup>th</sup>, 2019



Notes:

1. The above Unaudited financial results for the quarter/ half yearly ended 30th September 2018 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 28th January, 2019.
2. The company has adopted Indian Accounting Standards (Ind AS) prescribed u/s 133 of The Companies Act,2013, read with the relevant rules issued thereunder w.e.f 1st April 2017. The date of transition to Ind AS is April 01, 2016 and accordingly, these Unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.
3. The Company has reclassified 15% Non Convertible Non Cumulative Redeemable Preference Shares of ` 10/- each as Financial Liability as required by Para 18(a) of Ind AS 32 "Financial Instruments - Presentation". However, the Company has not provided for the Preference dividend on the same as required to be provided by Para 36 of the said standard. Accordingly, the loss for the quarter/ half yearly ended 30th September,2018 has been understated by Rs.210 lakhs, being arrears of dividend upto March 31, 2018
4. In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
5. Revenue from Operations for periods upto 30.06.2017 are exclusive of excise duty in accordance with the requirements of Ind AS. Effective 01.07.2017 with the implementation of Goods and Service Tax (GST), the revenue from operations for the three months ended 30.06.2018 are exclusive of GST. Hence, the Revenue from Operations for the quarter/ half yearly ended 30.06.2018 are not comparable with the amounts reported in the corresponding previous periods.
6. The Company's Continuous Polymerisation (CP) and Direct Polymer Melt (DPM) Plants are shut down since beginning of March 2017 and the Company's Plant's possession has been taken by State Bank of India since 31st July 2018 and no production activities are carried out. However, depreciation as per companies Act 2013 is charged on single shift basis.
7. The Company has defaulted in payments of instalments and interest on Term Loan, Working Capital Term Loan, Funded Interest Term Loan and Working Capital Facilities under consortium advances.
8. 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 30th September 2018 in their books of account. However, the Company has continued to classify the same under the respective loan liabilities and has not written off in the books of accounts.
9. 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 April 2018 - September 2018. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the half yearly ended 30th September, 2018 are understated approximately by Rs. 5,875.53 lakhs. Further in view of the same no provision was made for Interest subsidy under TUFs.
10. The Company's account stands exited from CDR Mechanism.
11. The Company is incurring continuous losses, and its net worth is fully eroded. However the management is of the view that the Company will remain as going concern. Hence the results are prepared on the going concern basis.
12. The Limited review of Unaudited financial results for the quarter/ half yearly ended 30th September 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
13. 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.
14. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
15. The previous period figures have been regrouped / rearranged wherever necessary.
16. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
17. The Company did not had Board of Directors in view of Regination of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.
10. The Company is incurring continuous losses, and its net worth is fully eroded. However the management is of the view that the Company will remain as going concern.
11. The Company's Continuous Polymerisation (CP) and Direct Polymer Melt (DPM) Plants are shut down since beginning of March 2017 and yet to resume the production. The Company's other Plants are running partially at very low capacity utilisation and accordingly depreciation as per companies act 2013 is charged on single shift basis.
12. The Limited review of Unaudited financial results for the quarter / Half Year ended 30th September 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
13. State Bank of India (lead banker) acting as a leader of Consortium lenders has taken symbolic possession of the assets/properties of the company i.e.entire currents assets, hypothecated movable Plant & Machinery and immovable properties (Land & Building) located at Mumbai, Surangi, Amla and Dadra & Nagar Haveli as prescribed u/s 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and published the E-Auction sale notice.
14. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
15. The previous period figures have been regrouped / rearranged wherever necessary.
16. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
17. The Company did not had Board of Directors in view of Regination of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.

Place : Mumbai  
Date : 28th January 2019



By order of the Board  
*Rajkumari Kanodia*  
Rajkumari Kanodia  
Non Executive Chairperson & Director