



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: July 27, 2019

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 July 27, 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 **July 27, 2019** has inter- alia approved and taken on record the audited Financial Results of the Company for the last and Fourth quarter ended March 31, 2019, copy of the same is attached at **Annexure – I**.

Please find enclosed herewith the Summarized audited Financial Results for the fourth quarter ended March 31, 2019 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 4.30 p.m. and concluded at 5.45.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, 2019.

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





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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, 2019 [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	1841.97	1841.97
	2.	Total Expenditure	6671.05	6671.05
	3.	Net Profit/(Loss)	(4829.08)	(4829.08)
	4.	Earnings Per Share	(1.39)	(1.39)
	5.	Total Assets	23,001.02	23,001.02
	6.	Total Liabilities	23,001.02	23,001.02
	7.	Net Worth	(53,690.17)	(53,690.17)
	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. 12,114.63 Lakhs for the financial year ended 31 March 2019.</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</p>
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			<p><i>production activity carried out since then.</i></p> <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 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.</i></p> <p>5. <i>The company has not complied with Ind AS – 19</i></p> <p>6. <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>7. <i>The system of internal financial control over financial reporting with regard to the company were not available</i></p>
			<p><u>Company management informed that:</u> 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> <p>Further management is trying to revive the company from this situation.</p>
	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	First time



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	continuing	
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	

<p> Rajkumari Kanodia Non Executive Chairperson & Director DIN: 00229331</p> <p> Rajendraprasad Sharma Audit Committee Chairman DIN: 08340471</p> <p>Place Mumbai Date: 27/07/2019</p>	<p>For Chaturvedi & Patel Chartered Accountants FRN: 121351W</p> <p> CA Deepak Karwa Partner M.N: 175321</p> <p>Place Mumbai Date: 27/07/2019</p>
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CHATURVEDI & PATEL

Chartered Accountants

PAN – AADFC7598N
FIRM REGD NO. 121351W
Ph: +919082841065,
GSTN:27AADFC7598N1ZN



Ground Floor, Tushar Banglow, Near
Thakur House, Ashok Chakravati
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Independent Auditor's Report

To the Members of:

Raj Rayon Industries Limited

1. 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. Attention is drawn to the fact that the figures for the quarter ended 31st March 2019 are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto end of the third quarter of the current financial year. Also, the figures upto the end of third quarter had only be reviewed (not audited) by previous auditors M/s. Agarwal Desai & Shah (Chartered Accountants).
2. This Statement is the responsibility of the Company management and has been signed by the Chief Executive Officer / Director and Chief Financial Officer of the Company. Our responsibility is to issue the report on the statement based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
3. 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. We believe that the audit



evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Basis of Qualified Opinion:

4. *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. 12,114.63 Lakhs for the financial year ended 31 March 2019.*
5. *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.*
6. *We draw attention to the note no. 7 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.*
7. *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.*
8. *The company has not complied with Ind AS – 19 with respect to employee benefits. The Company has made provision for gratuity and leave encashment for the year under audit on an estimated basis and actuarial valuation has not been done. In the absence of such valuation, relevant disclosures as per Ind AS – 19 have not been provided. We are unable to determine consequential impact of the same on the Audited Financial Statements.*
9. *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 were operating effectively.*
10. *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.*



11. 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.
12. 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:

13. In our opinion, except for the effects of the matter described in the Paragraph No. 4 to 12 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 2019 and its loss for the year ended on that date.

Matter of Emphasis:

14. One operational creditors (Khanna & Khanna Ltd.) has gone into Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & Bankruptcy Code, 2016 (Insolvency Code) in terms of order dated 29 May 2019 passed by Hon'ble NCLT, Ahmedabad Bench. However, the same stands withdrawn dated 28 June 2019 due to mutual consent.
15. 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.
16. In our opinion, securities provided to banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.
17. During the 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.
18. 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).
19. The management has appointed the Board Members at the Board meeting dated 28 January 2019 due to which the AGM was not scheduled and conducted within the time limit of Companies Act, 2013 and the Company didn't received any extension for the same.



20. The Company was not able to conduct Board meeting as per the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Exchange compliance for the quarter ended 30th September, 2018 and 31st December, 2018 was not as per the time line of LODR and company has received the notice for suspension of trading from exchanges on January 2019. The Company has paid the penalty and completed the compliances with exchanges for the quarter ended 30th September, 2018 and 31st December, 2018 and pursuant to which the suspension of trading was revoked.

Our opinion is not qualified in respect of the paragraph 14 to 20 stated above.

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

Deepak



**CA Deepak Karwa
Partner
M.N: 175321
Place: Mumbai
Dated: 27 July 2019**

RAJ RAYON INDUSTRIES LIMITED

Regd. Office: Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & 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/ YEAR ENDED: 31st MARCH 2019

(Rs. in Lakhs)						
Sr.No.	Particulars	Quarter ended 31-03-2019 (Audited)	Quarter ended 31-12-2018 (Unaudited)	Quarter ended 31-03-2018 (Audited)	Year ended 31-03-2019 (Audited)	Year ended 31-03-2018 (Audited)
1	Income					
	(a) Revenue from Operations	-	-	2,629.09	1,815.99	7,627.04
	(b) Other Income	20.35	0.14	(26.59)	25.98	41.17
	Total income	20.35	0.14	2,602.50	1,841.97	7,668.21
2	Expenses					
	(a) Cost of materials consumed	-	-	2,102.37	1,152.68	5,954.22
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress & stock in trade	-	-	453.87	464.78	1,045.48
	(e) Employee benefits expense	1.83	7.61	89.94	93.48	308.61
	(f) Finance Costs	0.49	0.48	0.39	1.61	4.24
	(g) Depreciation and amortisation expense	911.94	919.23	923.40	3,669.64	3,695.51
	(h) Other expenses	1,117.78	27.66	504.13	1,288.86	1,933.48
	Total expenses	2,032.04	954.98	4,074.10	6,671.05	12,941.54
3	Profit(Loss)Before exceptional and extraordinary items and tax (1-2)	(2,011.69)	(954.84)	(1,471.60)	(4,829.08)	(5,273.33)
4	Exceptional Items / Extraordinary items	-	-	-	-	-
5	Profit(Loss) before tax (3-4)	(2,011.69)	(954.84)	(1,471.60)	(4,829.08)	(5,273.33)
6	Tax Expenses					
	(i) Current Tax	-	-	-	-	0.30
	(ii) Deferred Tax	-	-	-	-	-
7	Profit/(Loss) for the period(5-6)	(2,011.69)	(954.84)	(1,471.60)	(4,829.08)	(5,273.63)
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	4.38
9	Total Comprehensive Income (8+9)	(2,011.69)	(954.84)	(1,471.60)	(4,825.88)	(5,269.25)
10	Paid-up Equity Share Capital (Face Value of Re. 1/- each)	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)	(52,328.83)
12	(i) Earning Per Share					
	- Basic	-0.58	-0.28	-0.42	-1.39	-1.52
	- Diluted					

STATEMENT OF AUDITED ASSETS AND LIABILITIES AS AT 31st MARCH, 2019:

(Rs. In Lakhs)

Sr.No.	Particulars	As at 31-03-2019 (Audited)	As at 31-03-2018 (Audited)
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	19,828.93	23,690.34
	(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	79.73
	(f) Deferred Tax Assets (net)	-	-
	(g) Other Non-Current Assets	1,050.48	1,056.86
	Total Non-Current Assets	20,898.76	24,836.95
2	Current Assets		
	(a) Inventories	60.38	664.75
	(b) Financial Assets		
	i- Investments		
	ii- Trade Receivables	1,670.01	2,251.83
	iii- Cash and Cash equivalents	(0.85)	45.70
	iv- Bank Balances other than (ii) above	1.21	276.35
	v- Other Financial Assets	370.74	399.57
	(c) Other Current Assets	0.77	44.05
	Total Current Assets	2,102.26	3,682.25
	Total Assets (1+2)	23,001.02	28,519.20
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	3,464.54	3,464.54
	(b) Other Equity	(57,154.71)	(52,328.83)
	Total Equity	(53,690.17)	(48,864.29)
2	Liabilities		
	Non-Current Liabilities		
	(a) Financial Liabilities		
	i- Borrowings	2,400.00	2,400.00
	(b) Provisions	18.14	10.32
	Total Non-Current Liabilities	2,418.14	2,410.32
	Current Liabilities		
	(a) Financial Liabilities		
	i- Borrowings	68,978.72	10,083.27
	ii- Trade Payables		
	Total outstanding dues of micro and small enterprises		
	Total outstanding dues of creditors other than micro and	132.27	358.30
	iii- Other Financial Liabilities	5,159.95	64,516.36
	(b) Other Current Liabilities	2.11	5.18
	(c) Provisions	-	10.06
	(d) Current Tax Liabilities (Net)		
	Total Current Liabilities	74,273.05	74,973.17
	Total Equity And Liabilities (1+2)	23,001.02	28,519.20

Notes:

1	The above Audited financial results for the quarter / year ended 31st March 2019 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 27th July, 2019.
2	In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
3	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 off in the books of accounts.
4	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 - March 2019. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the year ended 31st March, 2019 are understated approximately by Rs.12,114.63 Lakhs. Further in view of the same, no provision was made for Interest subsidy under TUFs.
5	The Company's account stands exited from CDR Mechanism.
6	Revenue from operations for FY 2017 - 2018 includes excise duty of Rs. 223.38 Lakhs, However, the corresponding figures for the current year is NIL due to introduction of Goods and Service Tax(GST) with effect from 1st July, 2017, Hence revenue from operation for the year ended 31 March, 2019 is comparable with the previous year.
7	The Company has gone into Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & Bankruptcy Code, 2016 (Insolvency Code) in terms of order dated 27 May 2019 passed by Hon'ble NCLT, Ahmedabad Bench. However, the same stands withdrawn dated 28 June 2019 due to mutual consent.
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. 4,826.46 Lakhs during the year ended 31st March 2019 and have accumulated losses of Rs. 64,899.90 Lakhs as on that date. As of this date the company's total liabilities exceed its total assets and its networth 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 Audited financial results for the quarter / year ended 31st March 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.

By order of the Board



Rajkumari Kanodia

Rajkumari Kanodia
Non Executive Chairperson & Director

Place : Mumbai
Date : 27th July, 2019