



# 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: August 13, 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 August 13, 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 **August 13, 2019** has inter- alia approved and taken on record the un-audited Financial Results of the Company for the first quarter ended June 30, 2019, copy of the same is attached at **Annexure – I**.

Please find enclosed herewith the Summarized un-audited Financial Results for the first quarter ended June 30, 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 4.45.p.m.

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



# CHATURVEDI & PATEL

Chartered Accountants

PAN – AADFC7598N  
FIRM REGD NO. 121351W  
Ph: 09082841065



Ground Floor, Tushar Banglow, Near  
Thakur House, Ashok Chakravati  
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## LIMITED REVIEW REPORT

To  
The Board of Director of,  
Raj Rayon Industries Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results (the "statements") of **Raj Rayon Industries Limited** ("the Company"), Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (UT) – 396 230 for the quarter ended 30<sup>th</sup> June, 2019 being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("the Regulation") read with Circular No. CIR/CFD/CMD/44/2019 dated 29 March 2019 ("the Circular").
2. This Statement, which 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 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.
4. Based on our review conducted as above, except our qualified opinion given below 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,



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

### **Basic for Qualification Conclusions:**

5. *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. 3,262.89 Lakhs during the Quarter ended 30 June, 2019.*
6. *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.*
7. *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. 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.*
8. *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.*



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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. *Internal Audit Report is not available since management has not appointed Internal Auditor as required under section 138 of Companies Act, 2013.*

### **Qualified Opinion:**

11. In our opinion, except for the effects of the matter described in the Paragraph No. 4 to 10 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 30 June 2019 and its loss for the quarter ended on that date.

### **Emphasis of matter**

12. One operational creditor (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.

Further the that State Bank of India has filed the petition with NCLT Ahmedabad under section 7 of the Insolvency and Bankruptcy Code and interim order was passed on 30/7/2019, wherein two weeks' time were granted to serve the reply. The next date will be on 30th August, 2019

13. 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.

14. 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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15. During the previous year, Company has received 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.

**Our opinion is not qualified in respect of the paragraph 5 to 15 stated above.**

**For Chaturvedi & Patel  
Chartered Accountants**

**FRN: 121351W**

*Deepak*

**CA Deepak Karwa  
Partner**



**M.N: 175321**

**UDIN: 19175321AAAABR7865**

**Place: Mumbai**

**Dated: 13 August, 2019**

**RAJ RAYON INDUSTRIES LIMITED**

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

Tel: 91-7977290784, e-mail: investors@rajrayon.com, website: www.rajrayon.com

CIN No. L17120DN1993PLC000368

**STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED: 30TH JUNE 2019**

(Rs. in Lakhs)					
Sr.No.	Particulars	Quarter ended 30-06-2019 (Unaudited)	Quarter ended 31-03-2019 (Audited)	Quarter ended 30-06-2018 (Unaudited)	Year ended 31-03-2019 (Audited)
<b>1</b>	<b>Income</b>				
	(a) Revenue from Operations	-	-	1,815.99	1,815.99
	(b) Other Income	0.35	20.35	3.25	25.98
	<b>Total income</b>	<b>0.35</b>	<b>20.35</b>	<b>1,819.24</b>	<b>1,841.97</b>
<b>2</b>	<b>Expenses</b>				
	(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	-	1.83	63.30	93.48
	(f) Finance Costs	-	0.49	0.16	1.61
	(g) Depreciation and amortisation expense	903.66	911.94	919.23	3,669.64
	(h) Other expenses	37.15	1,117.78	99.24	1,288.86
	<b>Total expenses</b>	<b>940.81</b>	<b>2,032.04</b>	<b>2,699.39</b>	<b>6,671.05</b>
<b>3</b>	<b>Profit(Loss) Before exceptional and extraordinary items and tax (1-2)</b>	<b>(940.46)</b>	<b>(2,011.69)</b>	<b>(880.15)</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>(940.46)</b>	<b>(2,011.69)</b>	<b>(880.15)</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>(940.46)</b>	<b>(2,011.69)</b>	<b>(880.15)</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	-	-	-	-
	b) Items that will be reclassified to profit or loss	-	-	3.20	3.20
<b>9</b>	<b>Total Comprehensive Income (8+9)</b>	<b>(940.46)</b>	<b>(2,011.69)</b>	<b>(876.95)</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>11</b>	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				(57,154.71)
<b>12</b>	<b>(i) Earning Per Share</b>				
	- Basic	-0.27	-0.58	-0.25	-1.39
	- Diluted	-0.27	-0.58	-0.25	-1.39

**Notes:**

1. The above Un-audited financial results for the quarter ended 30th June, 2019 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 13th August, 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 2019 - June 2019. The Company has not made any provision for Interest on Bank Borrowings and accordingly the loss & finance cost for the quarter ended 30th June, 2019 are understated approximately by Rs. 3,262.89 Lakhs. Further in view of the same, no provision was made for Interest subsidy under TUFs.
5. The Company has adopted Ind AS 116 'Lease', effective 1 April 2019, as notified by Ministry of Corporate Affairs ('MCA') in the Companies (Indian Accounting Standard) amendment Rules, 2019 using modified retrospective approach. The adopting of this standard did not have any material impact on the profit for the quarter ended 30 June 2019.
6. One operational creditor (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.  
Further the that State Bank of India has filed the petition with NCLT Ahmedabad under section 7 of the Insolvency and Bankruptcy Code and interim order was passed on 30/7/2019, wherein two weeks' time were granted to serve the reply. The next date will be on 30th August, 2019.
7. 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. 940.46 Lakhs during the quarter ended 30th June 2019 and have accumulated losses of Rs. 65,840.37 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.
8. The Limited review of Un-audited financial results for the quarter ended 30th June, 2019 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
9. 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.
10. Amounts for the quarter ended 31 March 2019 is the balancing amount between audited amounts for the full financial year and the published year to date amounts upto third quarter of the financial year, which was subjected to limited review.
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



Place : Mumbai

Date : 13th August, 2019

Rajkumari Kanodia

Non Executive Chairperson &amp; Director