



# 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: November 14, 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 **November 14, 2019** has inter- alia approved and taken on record the un-audited Financial Results of the Company for the second quarter ended September 30, 2019, copy of the same is attached at **Annexure – I**.

Please find enclosed herewith the Summarized un-audited Financial Results for the second quarter ended September 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 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



# **CHATURVEDI & PATEL**

*Chartered Accountants*

PAN – AADFC7598N

FIRM REGD NO. 121351W

Ph: 07738364419,



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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 Standalone Unaudited 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 and half year ended 30thSeptember, 2019 being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
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.

Attention is drawn to Note 2 of the Statement which states that the statement of cash flow for the corresponding six months ended September, 2018, as reported in the accompanying Statement have been approved by the company's Board of Director, but have not been subjected to review.



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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, 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. 3,262.37 Lakhs during the current Quarter ended 30 September, 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. 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. 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.*



<b>CHATURVEDI &amp; PATEL</b> <i>Chartered Accountants</i>		
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8. *The properties of the company including Plant & Machinerics 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.*
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 September 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, The next date will be on 30th November, 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.



## **CHATURVEDI & PATEL**

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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.

15. 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.

**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: 19175321AAAAEI4536**



**Place: Mumbai**

**Dated: 14 November, 2019**

**RAJ RAYON INDUSTRIES LIMITED**

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

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

CIN No. L17120DN1993PLC000368

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED: 30TH SEPTEMBER, 2019**

								(Rs. in Lakhs)
Sr.No.	Particulars	Quarter ended 30-09-2019 (Unaudited)	Quarter ended 30-06-2019 (Unaudited)	Quarter ended 30-09-2018 (Unaudited)	Half Year ended 30th Sep 2019 (Unaudited)	Half Year ended 30th Sep 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	2.24	0.35	5.49	25.98	
	<b>Total income</b>	-	<b>0.35</b>	<b>2.24</b>	<b>0.35</b>	<b>1,821.48</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	
	(d) Employee benefits expense	-	-	20.74	-	84.04	93.48	
	(e) Finance Costs	0.01	-	0.48	0.01	0.64	1.61	
	(f) Depreciation and amortisation expense	903.67	903.66	919.24	1,807.33	1,838.47	3,669.64	
	(g) Other expenses	32.61	37.15	44.18	69.76	143.42	1,288.86	
	<b>Total expenses</b>	<b>936.29</b>	<b>940.81</b>	<b>984.64</b>	<b>1,877.10</b>	<b>3,684.03</b>	<b>6,671.05</b>	
<b>3</b>	<b>Profit/(Loss) before exceptional and extraordinary items and tax (1-2)</b>	<b>(936.29)</b>	<b>(940.46)</b>	<b>(982.40)</b>	<b>(1,876.75)</b>	<b>(1,862.55)</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>(936.29)</b>	<b>(940.46)</b>	<b>(982.40)</b>	<b>(1,876.75)</b>	<b>(1,862.55)</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 from Continuing operations ( 5-6)</b>	<b>(936.29)</b>	<b>(940.46)</b>	<b>(982.40)</b>	<b>(1,876.75)</b>	<b>(1,862.55)</b>	<b>(4,829.08)</b>	
<b>8</b>	<b>Profit/ (Loss) from discontinuing operations</b>	-	-	-	-	-	-	
<b>9</b>	<b>Tax Expense of discontinuing operations</b>	-	-	-	-	-	-	
<b>10</b>	<b>Profit/ (Loss) for the period from discontinuing operations after tax (8-9)</b>	-	-	-	-	-	-	
<b>11</b>	<b>Profit/ (Loss) for the period (7+10)</b>	<b>(936.29)</b>	<b>(940.46)</b>	<b>(982.40)</b>	<b>(1,876.75)</b>	<b>(1,862.55)</b>	<b>(4,829.08)</b>	
<b>12</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>13</b>	<b>Total Comprehensive Income (8+9)</b>	<b>(936.29)</b>	<b>(940.46)</b>	<b>(982.40)</b>	<b>(1,876.75)</b>	<b>(1,859.35)</b>	<b>(4,825.88)</b>	
<b>14</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>3,464.54</b>	
<b>15</b>	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	(57,154.71)	
<b>16</b>	<b>(i) Earning Per Share (For Continuing Operations) (Face Value INR 1/- each)</b>							
	- Basic	(0.27)	(0.27)	(0.28)	(0.54)	(0.54)	(1.39)	
	- Diluted	(0.27)	(0.27)	(0.28)	(0.54)	(0.54)	(1.39)	
	<b>Earnings Per Equity Share (For Discontinued Operations) (Face Value INR 10/- each)</b>							
	- Basic	-	-	-	-	-	-	
	- Diluted	-	-	-	-	-	-	

**1. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER, 2019:**

(Rs. In Lakhs)

Sr.No.	Particulars	As at 30-09-2019 (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	18,021.60	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	1,050.48	1,050.48
	<b>Total Non-Current Assets</b>	<b>19,091.43</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	1,556.93	1,670.01
	iii- Cash and Cash equivalents	0.76	(0.85)
	iv- Bank Balances other than (ii) above	1.21	1.21
	v- Other Financial Assets	362.24	370.74
	(c) Other Current Assets	0.77	0.77
	<b>Total Current Assets</b>	<b>1,982.29</b>	<b>2,102.26</b>
	<b>Total Assets ( 1+2 )</b>	<b>21,073.72</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	(59,031.46)	(57,154.71)
	<b>Total Equity</b>	<b>(55,566.92)</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	1.42	18.14
	<b>Total Non-Current Liabilities</b>	<b>2,401.42</b>	<b>2,418.14</b>
	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	i- Borrowings	68,978.72	68,978.72
	ii- Trade Payables		
	Total outstanding dues of micro and small enterprises		
	Total outstanding dues of creditors other than micro and	98.73	132.27
	iii- Other Financial Liabilities	5,159.95	5,159.95
	(b) Other Current Liabilities	1.81	2.11
	(c) Provisions	-	-
	(d) Current Tax Liabilities (Net)	-	-
	<b>Total Current Liabilities</b>	<b>74,239.21</b>	<b>74,273.05</b>
	<b>Total Equity And Liabilities ( 1+2 )</b>	<b>21,073.71</b>	<b>23,001.02</b>

**Notes:**

3. The above un-audited financial results for the quarter and half year ended 30th September 2019 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 14th November, 2019.
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 off 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 July 2019 to September, 2019. The Company has not made any provision for Interest on Bank Borrowings and accordingly the loss & finance cost for the current quarter ended 30th September, 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 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.
8. 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 27 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, The next date will be on 30th November, 2019
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. 936.29. Lakhs during the current quarter ended 30th September 2019 and have accumulated losses of Rs. 66,776.66. 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.
10. The Limited review of Un-audited financial results for the quarter and half year ended 30th September, 2019 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
11. 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.
12. The Statement of Cash Flow for the half year ended September 30, 2018 has been approved by the Company's Board of Directors, but has not been subject to limited review.
13. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
14. The previous period figures have been regrouped / rearranged wherever necessary.

By order of the Board



*Rajkumari Kanodia*

Place : Mumbai  
Date : 14th November, 2019

Rajkumari Kanodia  
Non Executive Chairperson & Director

## 2. CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

(Rs. In Lakhs)

Particulars	Half year ended 30th September, 2019	Half year ended 30th September, 2018
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and Extraordinary Items	(1,876.75)	(1,862.55)
<b>Adjustment for:</b>		
Depreciation	1,807.33	1,838.47
Provision for Bad & Doubtful Debts	-	(0.92)
Interest / Other Income	(0.35)	(5.49)
Finance Costs	-	0.64
<b>Operating Profit Before Working Capital Changes</b>	<b>(69.77)</b>	<b>(29.85)</b>
<b>Adjustment For:</b>		
Inventories	-	607.59
Trade Receivables	113.08	(267.64)
Other Receivables, Loans & Advances (Current / Non Current)	8.50	80.16
Trade Payables	(33.54)	(205.31)
Other Payables, Provisions (Current / Non Current)	(17.02)	(131.33)
<b>Cash Used in Operations</b>	<b>1.26</b>	<b>53.60</b>
Direct Taxes Paid	-	-
(Including Reversal of MAT Credit Entitlement)		
Cash Flow Before Extraordinary Items	1.26	53.60
Extraordinary Items	-	-
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>1.26</b>	<b>53.60</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	(1.55)
Investments / (Maturity) of FDRs	-	(47.47)
Interest / Other Income	0.35	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>0.35</b>	<b>(49.02)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	-	-
Change in Working Capital Borrowing from Banks	-	(14.47)
Interest & Other Borrowing Cost	-	(0.64)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>(15.11)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1.61</b>	<b>(10.53)</b>
Opening Balance of Cash and Cash Equivalents	(0.85)	45.70
Closing Balance of Cash and Cash Equivalents	0.76	35.17
	<b>1.61</b>	<b>(10.53)</b>

By order of the Board



*Rajkumari Kanodia*

Place : Mumbai  
Date : 14th November, 2019

Rajkumari Kanodia  
Non Executive Chairperson & Director