

**RAJ RAYON INDUSTRIES LIMITED**

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

CIN No. L17120DN1993PLC000368

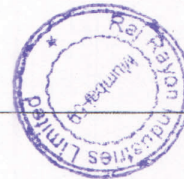
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED: 30TH JUNE, 2016

PART I		(₹ in Lacs)			
Sr. No.	Particulars	Quarter ended 30th June, 2016 (Unaudited)	Quarter ended 31st March, 2016 (Audited)	Quarter ended 30th June, 2015 (Unaudited)	Year ended 31st March, 2016 (Audited)
1	Income from operations				
	(a) Net sales/income from operations (Net of excise duty)	7242.03	9567.59	14396.24	45098.70
	(b) Other operating income	1.95	1.22	23.52	77.87
	Total income from operations (net)	7243.98	9568.81	14419.76	45176.57
2	Expenditure:				
	(a) Cost of materials consumed	5009.12	7224.58	11608.67	34996.00
	(b) Purchases of stock-in-trade	344.79	1217.56	991.00	2456.84
	(c) Changes in inventories of finished goods, Work in Progress and Stock-in-Trade	677.71	(321.81)	(24.24)	2604.85
	(d) Employee benefits expense	186.36	220.54	248.49	919.20
	(e) Depreciation and amortisation expense	1154.10	1004.10	1276.68	4834.69
	(f) Other expenses	1497.01	2606.70	2215.97	9124.24
	(g) Provision for doubtful trade receivables	0.00	10253.91	0.00	10253.91
	Total Expenses	8869.09	22205.58	16316.57	65189.73
3	Profit / (Loss) from operations before other income, finance cost and exceptional items (1-2)	(1625.11)	(12636.77)	(1896.81)	(20013.16)
4	Other income	44.06	20.82	58.41	210.66
5	Profit / (Loss) from ordinary activities before finance costs and Exceptional Items (3+4)	(1581.05)	(12615.95)	(1838.40)	(19802.50)
6	Finance costs	78.65	2335.40	2105.36	8863.65
7	Profit / (Loss) from ordinary activities after finance costs but before Exceptional Items (5-6)	(1659.70)	(14951.35)	(3943.76)	(28666.15)
8	Exceptional Items	0.00	0.00	0.00	0.00
9	Profit / (Loss) from ordinary activities before tax (7+8)	(1659.70)	(14951.35)	(3943.76)	(28666.15)
10	Tax Expense				
	Current Tax	0.00	0.00	0.00	0.00
	Deferred Tax	0.00	4489.93	(1215.45)	0.00
	Tax Adjustments for earlier years	0.05	1.64	0.00	1.64
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(1659.75)	(19442.92)	(2728.31)	(28667.79)
12	Extraordinary Items (net of tax expense)	0.00	0.00	0.00	0.00
13	Net Profit / (Loss) for the period (11-12)	(1659.75)	(19442.92)	(2728.31)	(28667.79)
14	Paid-up equity share capital of ₹ 1/- each	3464.54	3464.54	3464.54	3464.54
15	Reserves excluding revaluation reserves				(40435.14)
16.i	Earnings Per Share (before extraordinary items) (of ₹ 1/- each) (not annualised).				
	Basic	(0.48)	(5.61)	(0.84)	(8.40)
	Diluted	(0.48)	(5.61)	(0.84)	(8.40)
16.ii	Earnings Per Share (after extraordinary items) (of ₹ 1/- each) (not annualised).				
	Basic	(0.48)	(5.61)	(0.84)	(8.40)
	Diluted	(0.48)	(5.61)	(0.84)	(8.40)

Notes:

- The above unaudited financial results for the quarter ended have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 12th August 2016.
- The previous year / periods figures have been regrouped / rearranged wherever necessary.
- The Company is engaged only in Textile business and there are no separate reportable segments as per Accounting Standard 17.
- The Borrowers and the CDR Lenders executed a MRA. The MRA as well as the provision of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR proposal. The recompense payable by the Company is Contingent on various factors including improved performance of the Company and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as Contingent Liability. The aggregate present value of the outstanding sacrifice made / to be made by CDR lenders as per the MRA is approximately Rs. 37.06 Crore for the Company. The Auditor has given the emphasis on the said matter.
- Due to Continuous losses, compliance of the sanctioned CDR package could not be met, CDR Lenders have invoked the "Strategic Debt Restructuring" ("SDR") in the Company pursuant to the RBI Circular dated 08th June 2015 for which "Reference Date" was 26/10/2015 and proposed to convert debt of Rs. 36.06 Crore into equity shares to be held by the CDR Lenders so as to hold 51% in the equity capital post conversion. The Shareholders of the Company had approved the SDR Scheme in Extra Ordinary General (EGM) held on 17th January 2016 for conversion of debt into equity shares of the Company. However Joint Lenders Forum (JLF) has decided not to convert debt into equity and accordingly the targeted conversion of debt into equity shares could not take place within 210 days.
- Since the Net worth of the Company is fully eroded, the Company has filed reference to BIFR on 23/11/2015 and the same has been registered on 15/07/2016 as Case No. 95/2016 and the same would not affect the going concern concept of the Company.
- In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets for the quarter ended 30th June 2016.
- The Company's accounts have been classified as Non Performing Asset (NPA) by the bankers under consortium advance. Banks have either not charged interest or reversed the interest charged since the date of classification. The interest reversed pertaining to current period have been adjusted with interest cost and no provision was made in the books of accounts. In view of the same no provision was made for interest subsidy under TUFS.
- In view of the Company's incurring continuous losses, the net worth of the Company is fully eroded. Based on the various developments not restricted to approval of SDR by lenders, the management is of the view that the Company will remain as going concern.

Place : Mumbai  
Date : 12th August 2016



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

CA. Kamalakant Garg B.Com., LL.B. (Gen), F.C.A., A.C.S

CA. Pavan Kumar Bansal B.Com., F.C.A.

CA. Manoj Kumar Chotia B.Com., F.C.A.

CA. Nupur Lath B.Com. A.C.A.

**k. m. garg & co.**

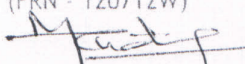
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT ON QUARTERLY FINANCIAL RESULTS OF "RAJ RAYON INDUSTRIES LIMITED" PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Board of Directors of  
Raj Rayon Industries Limited

1. We have reviewed the accompanying Statement of Unaudited Financial results of Raj Rayon Industries Limited ("the Company") for the Quarter ended 30<sup>th</sup> June 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. This statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Section 133 of the Act as applicable and other accounting principles generally accepted in India. Our Responsibility is to express an opinion on the Statement.
2. We conducted our audit of the statement in accordance with the 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 Accountants of India. This Standards require that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.
3. 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 Bankers under Consortium. The Banks (except South Indian Bank which have charged interest for April 16) have not charged interest on the Company's borrowings / loans or reversed the interest charged during the period under review, no provision has been made for such interest in the books of accounts of the Company and to that extent bank's loan liabilities, finance cost and total loss is estimated to be understated by Rs.2175.40 Lacs.*
  - b) *In view of Continuous heavy losses and uncertainty of Profits, the Company has not made any provision for Deferred Tax Assets / Liability.*
  - c) *Contingency related to Compensation payable in lieu of bank sacrifice, the outcome of which is materially uncertain and cannot be determined currently.*
  - d) *The Net worth of the Company is fully eroded. However the management has prepared the financial statements on going concern basis.*
4. Based on our review conducted as above, 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 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.

For K. M. Garg & Co.  
Chartered Accountants  
(FRN - 120712W)



(CA. Manoj K Chotia)  
Partner  
M No. 120669



Mumbai, August 12, 2016