



# 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 14.12.2017

To, The Listing Department The National Stock Exchange India Ltd Exchange Plaza, Plot No: C/1, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051	To, The Corporate Services Department Bombay Stock Exchange Limited 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P.I. Tower, Dalal Street, Mumbai-400 001
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Dear Sir,

**Symbol: RAJRAYON**

**Series: EQ**

**Scrip Code: 530699**

**Sub: Outcome of the Board Meeting**

We hereby intimate that the following businesses were transacted at the meeting of the Board of Directors of the Company held on today at 5.40 P.M. and concluded at 8.30 P.M.

1. In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Board of Directors has approved and adopted Unaudited Financial Results of the Company and Limited Review Report for the Quarter ended and Half year ended on 30<sup>th</sup> September, 2017. Copy of the same is attached herewith.

Kindly take the above information on your records.

Thanking you,

For Raj Rayon Industries Limited

*Rajkumari Kanodia*

Rajkumari Kanodia

Chairperson & Non-Executive Director



**RAJ RAYON INDUSTRIES LIMITED**

 Regd. Office: Survey No. 177/1/3, Village – Surangli, 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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED: 30TH SEPTEMBER 2017**

(₹ in Lacs)						
PART I						
Sr.No.	Particulars	Quarter ended 30th Sep, 2017 (Unaudited)	Quarter ended 30th June, 2017 (Unaudited)	Quarter ended 30th Sep, 2016 (Unaudited)	Half Year ended 30th Sep 2017 (Unaudited)	Half Year ended 30th Sep 2016 (Unaudited)
1	Income :					
i	Revenue from operations	903.59	1774.51	8086.06	2678.10	15330.04
ii	Other Income	26.60	6.03	50.49	32.63	94.55
	<b>Total Income</b>	<b>930.19</b>	<b>1780.54</b>	<b>8136.55</b>	<b>2710.73</b>	<b>15424.59</b>
2	Expenditure:					
	(a) Cost of materials consumed	619.93	1410.83	6291.43	2030.76	11300.55
	(b) Purchases of stock-in-trade	0.00	0.00	63.45	0.00	408.24
	(c) Changes in inventories of finished goods and Work in Progress	254.89	199.50	(526.56)	454.39	151.15
	(d) Employee benefits expense	62.44	76.59	197.96	139.03	387.28
	(e) Finance Costs	0.45	2.99	37.21	3.44	115.86
	(f) Depreciation and amortisation expense	923.55	925.16	1154.11	1848.71	2308.21
	(g) Other expenses	351.20	609.68	2011.92	960.88	3508.93
	<b>Total Expenses</b>	<b>2212.46</b>	<b>3224.75</b>	<b>9229.52</b>	<b>5437.21</b>	<b>18180.22</b>
3	Profit before Exceptional Items (1-2)	(1282.27)	(1444.21)	(1092.97)	(2726.48)	(2755.63)
4	Exceptional Items	0.00	0.00	0.00	0.00	0.00
5	<b>Profit before Tax (3-4)</b>	<b>(1282.27)</b>	<b>(1444.21)</b>	<b>(1092.97)</b>	<b>(2726.48)</b>	<b>(2755.63)</b>
6	Tax Expense					
	(a) Current Tax	0.00	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	0.00	0.00	0.00	0.00
	(c) (Excess)/Short Provision for earlier years	0.00	0.00	0.00	0.00	0.05
7	<b>Profit / (Loss) for the period (5-6)</b>	<b>(1282.27)</b>	<b>(1444.21)</b>	<b>(1092.97)</b>	<b>(2726.48)</b>	<b>(2755.68)</b>
8	Other Comprehensive Income / (Loss)	(5.62)	8.38	8.34	2.76	7.22
9	<b>Total Comprehensive Income for the period</b>	<b>(1287.89)</b>	<b>(1435.83)</b>	<b>(1084.63)</b>	<b>(2723.72)</b>	<b>(2748.46)</b>
10	Paid-up equity share capital of ₹ 1/- each	3464.54	3464.54	3464.54	3464.54	3464.54
11	Earnings Per Equity Share:					
	Basic	(0.37)	(0.41)	(0.31)	(0.79)	(0.79)
	Diluted	(0.37)	(0.41)	(0.31)	(0.79)	(0.79)

Statement of Assets, Equity and Liabilities is given below :

Sr.No.	Particulars	As at 30th Sept, 2017
<b>A</b>	<b>ASSETS</b>	
1	<b>Non-Current Assets</b>	
	(a) Property, Plant and Equipment	25,537.14
	(b) Intangible Assets	-
	(c) Financial Assets	
	i- Investments	10.02
	ii- Other Financial Assets	116.89
	(d) Income Tax Assets (Net)	44.01
	(e) Other Non-Current Assets	1,619.97
	<b>Total Non-Current Assets</b>	<b>27,328.03</b>
2	<b>Current Assets</b>	
	(a) Inventories	1,198.51
	(b) Financial Assets	
	i- Trade Receivables	1,752.29
	ii- Cash and Cash equivalents	59.87
	iii- Bank Balances other than (ii) above	227.34
	iv- Other Financial Assets	327.82
	(c) Other Current Assets	95.26
	<b>Total Current Assets</b>	<b>3,661.09</b>
	<b>Total Assets ( 1+2 )</b>	<b>30,989.12</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>	
1	<b>Equity</b>	
	(a) Equity Share Capital	3,464.54
	(b) Other Equity	(49,787.68)
	<b>Total Equity</b>	<b>(46,323.14)</b>
2	<b>Liabilities</b>	
	<b>Non-Current Liabilities</b>	
	(a) Financial Liabilities	
	i- Borrowings	33,664.69
	(b) Provisions	2.16
	<b>Total Non-Current Liabilities</b>	<b>33,666.85</b>
	<b>Current Liabilities</b>	
	(a) Financial Liabilities	
	i- Borrowings	10,096.85
	ii- Trade Payables	287.91
	iii- Other Financial Liabilities	33,105.21
	(b) Provisions	10.06
	(c) Other Current Liabilities	145.38
	<b>Total Current Liabilities</b>	<b>43,645.41</b>
	<b>Total Equity And Liabilities ( 1+2 )</b>	<b>30,989.12</b>



Rijkunir Kamran

## Notes:

1. The above Unaudited financial results for the quarter/half year ended 30th September 2017 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14th December, 2017.

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. Revenue from Operations for periods upto 30.06.2017 are inclusive 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 30.09.2017 is exclusive of GST. Hence, the Revenue from Operations for the quarter and half year ended 30.09.2017 are not comparable with the amounts reported in the immediately preceding quarter and the corresponding previous periods.

4. The reconciliation of Net Profit as previously reported (referred to as Previous GAAP) and Ind AS is as under:

Particulars	(Rs. In Lakhs)	
	Quarter ended 30th Sept, 2016 (Unaudited)	Half Year ended 30th Sept, 2016 (Unaudited)
Net profit under previous GAAP	(1,091.74)	(2,751.49)
Impact of deferred tax (Refer note no 9)	-	-
Impact of employee benefits (Ind AS 19)	(7.11)	(3.03)
Net profit for the period under Ind AS	(1,084.63)	(2,748.46)

5. There is a possibility that these quarterly/half yearly Financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending 31 March 2018 due to change in financial reporting requirements arising from new or revised standards or interpretation issued by MCA or change in the use of one or more optional exemptions from full retrospective application as permitted under Ind AS 101.

6. State Bank of India (Lead Banker under Consortium advance) and its network bank (then named as State Bank of Bikaner & Jaipur (SBBJ)) has written off a sum of ₹ 140.86 Crores and Rs 25.28 Crores respectively till the period ended 30th September 2017 (Rs.48.25 crore written off by state bank of india during the quarter under review). However, the Company has continued to classify the same under the respective loan liabilities and has not written off in the books of accounts.

7. 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 2017 - Sept 2017. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the half year/ quarter ended 30th Sept 2017 are understated approximately by ₹ 5,262.01 lakhs and ₹ 2,673.15 lakhs respectively. Further the loan liabilities as on 30th sept-2017 are also understated to the extent of ₹ 9501.89/- lacs (Approx) being interest not provided during F.Y. 2016-2017. In view of the same no provision was made for Interest subsidy under TUFs.

8. 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 half year ended 30th September, 2017 has been understated by Rs. 10.50 lakhs.

9. 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.

10. The Company's account stands exited from CDR Mechanism. However, in view of classification of Company's account as Non-Performing Asset (NPA), contingency related to compensation payable in lieu of bank sacrifice cannot be determined currently.

11. In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.

12. 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.

13. 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.

14. The Limited review of unaudited financial results for the quarter/half year ended 30th Sept 2017 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors. The Ind AS compliant corresponding figures for the half year ended 30 Sept 2016 have not been subjected to Limited review. However, the company's management has exercised necessary due diligence to ensure that such financial results provide a true & fair view of its affairs.

15. 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 current 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.

16. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.

17. The previous period figures have been regrouped / rearranged wherever necessary.

18. The Company has transferred a sum of Rs. 77613/- in respect of unclaimed dividend for the year ended 31st March 2010 to Investor Education & Protection Fund (IEPF).

Place : Mumbai

Date : 14th December 2017



*Rajkumari Kanodia*

By order of the Board

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

INDEPENDENT AUDITORS' REPORT

To  
The Board of Directors of  
Raj Rayon Industries Limited

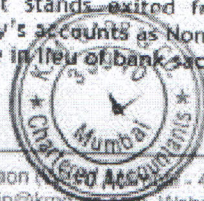
1. We have reviewed the accompanying Statement of Unaudited Financial results of Raj Rayon Industries Limited ("the Company") for the quarter and half year ended 30<sup>th</sup> September 2017 together with the notes thereon ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. This statement has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of The Companies Act, 2013 and other accounting principles generally accepted in India. Our Responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review 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 Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement.

A review is limited primarily to the inquiries of company personnel and analytical procedures 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.

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 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.

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 lenders under Consortium Advance. The lenders have not charged interest on the company's borrowings / loans. 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. 2,673.15 lakhs (approx) and Rs. 5,262.01 lakhs for the quarter ended and half year ended 30<sup>th</sup> September 2017.
- b) Due to non-provision of Interest on Bank borrowings during the half year ended 30<sup>th</sup> Sept 2017, the company's Bank Borrowings and Other Equity (Reserves and Surplus) are understated by Rs. 14,763.90 lakhs. (Inclusive of Rs. 9,501.89 lakhs up to 31<sup>st</sup> March, 2017).
- c) The Company's 15% Non Convertible Non Cumulative Redeemable Preference Shares of Rs. 10/- each have been classified as Financial Liability as per Ind AS 32 "Financial Instruments - Presentation". In relation to the same, the Company has not provided for the Preference dividend and hence, the finance cost and loss for the half year ended 30th September, 2017 has been understated by Rs. 10.50 lakhs.
- d) The Company's account stands exited from CDR Mechanism. However, in view of classification of Company's accounts as Non-Performing Asset (NPA), contingency related to compensation payable in lieu of bank sacrifice cannot be determined currently.



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

- e) The Net worth of the Company is fully eroded. However the management has prepared the financial statements on going concern basis. The appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is inter alia dependent on the Company's ability to infuse requisite funds for meeting its obligations to lenders / rescheduling of debt and resuming normal operations.

#### 4. 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 Phoenix ARC Private Limited (South Indian Bank loan taken over) have 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.

#### 5. 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 and half year ended 30<sup>th</sup> September 2016 and accordingly we do not express any conclusion on the result in the statement for the said period. As set out in Note 14 to the statement, these figures have been furnished by the management.

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



(CA. K. K. Garg)  
Partner  
M No. 033940



Mumbai, December 14<sup>th</sup>, 2017