



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: 02/02/2019

To,

**NATIONAL STOCK EXCHANGE OF
INDIA LIMITED**

Listing Department
Exchange Plaza, 5th Floor,
Bandra-kurla Complex,
Bandra (East),
Mumbai - 400 051.

Company Code : RAJRAYON

Dear Sir/ Madam

Sub: Sub: Non-compliance as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ref: NSE/LIST/FR/11493 dated 30/01/2019

Pursuant to captioned subject and with reference to your letter, we would like to clarify that the Financial results submitted is not as per format prescribed by SEBI.

We have missed the March 2018 figures to be mentioned, now we are submitting the same.

Request to update the results accordingly for June 2019 and September, 2019.

Kindly consider our submission.

Thanking you,

Yours faithfully,

For RAJ RAYON INDUSTRIES LIMITED

Kanodia SN
(SUSHIL KUMAR KANODIA)
CEO CFO



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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED: 30TH JUNE 2018**PART I**

Sr.No.	Particulars	Quarter ended 30th June, 2018 (UnUnaudited)	Quarter ended 30th June, 2017 (UnUnaudited)	Quarter ended 31st March, 2018 (Audited)	Year ended 31st March 2018 (Audited)
(' in Lacs)					
1	Income :				
i	Revenue from operations	1815.99	1774.51	2629.09	7627.04
ii	Other Income	3.25	6.03	(26.59)	41.17
	Total Income	1819.24	1780.54	2602.50	7668.21
2	Expenditure:				
	(a) Cost of materials consumed	1152.68	1410.83	2102.37	5954.22
	(b) Purchases of stock-in-trade	0.00	0.00	0.00	0.00
	(c) Changes in inventories of finished goods and Work in Progress	464.78	199.50	453.87	1045.48
	(d) Employee benefits expense	63.30	76.59	89.94	308.61
	(e) Finance Costs	0.16	2.99	0.39	4.24
	(f) Depreciation and amortisation expense	919.23	925.16	923.40	3695.51
	(g) Other expenses	99.24	609.68	504.13	1933.48
	Total Expenses	2699.39	3224.75	4074.10	12941.54
3	Profit before Tax (1-2)	(880.15)	(1444.21)	(1471.60)	(5273.33)
4	Tax Expense				
	(a) Current Tax	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	0.00	0.00	0.00
	(c) (Excess)/Short Provision for earlier years	0.00	0.00	0.00	0.30
5	Profit / (Loss) for the period (3-4)	(880.15)	(1444.21)	(1471.60)	(5273.63)
6	Other Comprehensive Income / (Loss)	3.20	8.38	1.42	4.38
7	Total Comprehensive Income for the period	(876.95)	(1435.83)	(1470.18)	(5269.25)
8	Paid-up equity share capital of ` 1/- each	3464.54	3464.54	3464.54	3464.54
9	Earnings Per Equity Share:				
	Basic & Diluted	(0.25)	(0.42)	(0.42)	(1.52)



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Notes:

1. The above Unaudited financial results for the quarter ended 30th June 2018 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 28th January, 2019.
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. 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 quarter ended 30th June, 2018 has been understated by Rs. 210 lakhs. being arrears of dividend upto March 31, 2018
4. In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
5. Revenue from Operations for periods upto 30.06.2017 are exclusive 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 30.06.2018 are exclusive of GST. Hence, the Revenue from Operations for the quarter ended 30.06.2018 are not comparable with the amounts reported in the corresponding previous periods.
6. 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 during the quarter and accordingly depreciation as per companies Act 2013 is charged on single shift basis.
7. 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.
8. 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 30th June 2018. However, the Company has continued to classify the same under the respective loan liabilities and has not written off in the books of accounts.
9. 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 - June 2018. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the quarter ended 30th June, 2018 are understated approximately by Rs. 2,893.68 lakhs respectively. Further in view of the same no provision was made for Interest subsidy under TUFs.
10. The Company's account stands exited from CDR Mechanism.
11. 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. Hence the results are prepared on the going concern basis.
12. The Limited review of Unaudited financial results for the quarter ended 30th June 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
13. State Bank of India (lead banker) acting as a leader of Consortium lenders, 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 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.
14. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
15. The previous period figures have been regrouped / rearranged wherever necessary.
16. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
17. The Company did not had Board in view of Resignation of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.

Place : Mumbai
Date : 28th January 2019



By order of the Board

Rajkumari Kanodia
Rajkumari Kanodia
Non Executive Chairperson & Director



AGARWAL DESAI & SHAH

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

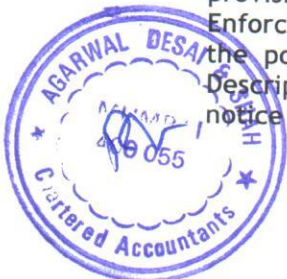
To
The Board of Directors of
Raj Rayon Industries Limited

1. We have reviewed the quarterly Unaudited financial results of **Raj Rayon Industries Limited** ("the Company") for the **quarter ended 30th June, 2018**, attached herewith, being submitted by the company pursuant to the requirement of regulation 33 of SEBI (listing obligations and disclosure Requirements) Regulations, 2015.
2. This statement is the responsibilities of the company's management and approved by Board of Directors, which have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing 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 Accountant of India. This Standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.
4. A Review is Limited Primarily to the inquiries of company personnel and analytical Procedures applied to the 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.

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 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

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 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.2893.68 lakhs for the quarter ended 30th June 2018
- b) The Company's account stands exited from CDR Mechanism. Pursuant to provisions of securitization and Reconstruction if Financial Assets and Enforcement of Security Interest Act 2002, State Bank of India has taken over the possession of the properties mortgaged, with the 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



- c) We draw attention to the note no 11 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 networth stands fully eroded. These conditions indicate the existence of uncertainty that may cast doubt about company's ability to continue as going concern.

5. 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 South Indian Bank which have been taken over by Asset Reconstruction Company 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.
- c) The Company is yet to appoint the qualified Company Secretary as the Compliance Officer.

6. 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 1st 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 ended 30th June, 2018 and accordingly we do not express any conclusion on the result in the statement for the said period. As set out in Note 12 to the statement, these figures have been furnished by the management.
- c) The Company has been served with Summon/Notice from the Debt Recovery Tribunal (DRT) at the instance of State Bank of India and the Phoenix ARC Pvt Ltd., the lenders, calling upon, *inter-alia*, to pass an order and issue Recovery Certificate for recovery of Rs.1008,08.99 Lakhs and Rs. 6548.21 Lakhs respectively along with interest @ 6.75% above base rate (presently 15.40% p.a. for State Bank of India & @ 13.75% per annum for Phoenix ARC Pvt Ltd. compounded on monthly basis and penal interest @ 2% on the above amount from the date of filing the application till the date of realization.
- d) During the year Banks has given special TRA Accounts in which company can do day to day operation i.e. Patty cash account, DEPB account
7. The statement includes for the quarter ended 30th June, 2017 being the balancing figures between unaudited figures in respect of quarter ended and the published year to date which were subject to limited review by M/s K. M. Garg & Co., (Chartered Accountants), which has been relied upon by us.

For Agarwal Desai & Shah
Chartered Accountants
(Firm Registration No. 124850W)

CA Bharat Kumar
Partner

Membership No. 175787

Place: Mumbai

Date: January 28th, 2019



RAJ RAYON INDUSTRIES LIMITED

Regd. Office: Survey No. 177/1/3, Village – Surangi, Dist – Silvassa, Dadra & Nagar Haveli (UT) – 396 230
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CIN No. L17120DN1993PLC000368

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED: 30TH SEPTEMBER 2018
PART I

Sr.No.	Particulars	Quarter ended 30th Sept, 2018 (Unaudited)	Quarter ended 30th June, 2018 (Unaudited)	Quarter ended 30th Sep, 2017 (Unaudited)	Half Year ended 30th Sep 2018 (Unaudited)	Half Year ended 30th Sep 2017 (Unaudited)	Year ended 31st March 2018 (Audited)
1	Income :						
i	Revenue from operations						
ii	Other Income	0.00	1815.99	903.59	1815.99	2678.10	7627.04
	Total Income	2.24	3.25	26.60	5.49	32.63	41.17
2	Expenditure:	2.24	1819.24	930.19	1821.48	2710.73	7668.21
	(a) Cost of materials consumed	0.00	1152.68	619.93	1152.68	2030.76	5954.22
	(b) Purchases of stock-in-trade	0.00	0.00	0.00	0.00	0.00	0.00
	(c) Changes in inventories of finished goods and Work in Progress	0.00	464.78	254.89	464.78	454.39	1045.48
	(d) Employee benefits expense	20.74	63.30	62.44	84.04	139.03	308.61
	(e) Finance Costs	0.48	0.16	0.45	0.64	3.44	4.24
	(f) Depreciation and amortisation expense	919.24	919.23	923.55	1838.47	1848.71	3695.51
	(g) Other expenses	44.18	99.24	351.20	143.42	960.88	1933.48
	Total Expenses	984.64	2699.39	2212.46	3684.03	5437.21	12941.54
3	Profit before Tax (1-2)	(982.40)	(880.15)	(1282.27)	(1862.55)	(2726.48)	(5273.33)
4	Tax Expense						
	(a) Current Tax	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	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	0.00	0.00
5	Profit / (Loss) for the period (3-4)	(982.40)	(880.15)	(1282.27)	(1862.55)	(2726.48)	(5273.63)
6	Other Comprehensive Income / (Loss)	0.00	3.20	(5.62)	3.20	2.76	4.38
7	Total Comprehensive Income for the period	(982.40)	(876.95)	(1287.89)	(1859.35)	(2723.72)	(5269.25)
8	Paid-up equity share capital of ₹ 1/- each	3464.54	3464.54	3464.54	3464.54	3464.54	3464.54
9	Earnings Per Equity Share: Basic & Diluted	(0.28)	(0.25)	(0.37)	(0.54)	(0.79)	(1.52)

Statement of Assets, Equity and Liabilities is given below :

Sr.No.	Particulars	As at 30th Sep, 2018 Unaudited	As at 31st Mar, 2018 Audited
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	21,853.42	23,690.34
	(b) Intangible Assets	-	-
	(c) Financial Assets		
	i- Investments	10.02	10.02
	ii- Other Financial Assets	34.81	79.73
	(d) Non Current tax assets (net)	23.19	22.64
	(e) Other Non-Current Assets	1,034.22	1,034.22
	Total Non-Current Assets	22,955.66	24,836.95
2	Current Assets		
	(a) Inventories	60.38	664.75
	(b) Financial Assets		
	i- Trade Receivables	2,519.47	2,251.83
	ii- Cash and Cash equivalents	35.17	45.70
	iii- Bank Balances other than (ii) above	329.31	276.35
	iv- Other Financial Assets	371.09	399.57
	(c) Other Current Assets	36.74	44.05
	Total Current Assets	3,352.16	3,682.25
	Total Assets (1+2)	26,307.82	28,519.20
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	3,464.54	3,464.54
	(b) Other Equity	(54,188.18)	(52,328.83)
	Total Equity	(50,723.64)	(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	10,068.80	10,083.27
	ii- Trade Payables	152.06	358.30
	iii- Other Financial Liabilities	64,390.41	64,516.36
	(b) Provisions	-	10.06
	(c) Other Current Liabilities	2.04	5.18
	Total Current Liabilities	74,613.31	74,973.17
	Total Equity And Liabilities (1+2)	26,307.81	28,519.20



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Notes:

1. The above Unaudited financial results for the quarter/ half yearly ended 30th September 2018 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 28th January, 2019.
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. 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 quarter/ half yearly ended 30th September, 2018 has been understated by Rs. 210 lakhs, being arrears of dividend upto March 31, 2018.
4. In view of the heavy Losses & uncertainty of profits, no provision was made for Deferred Tax Assets.
5. Revenue from Operations for periods upto 30.06.2017 are exclusive 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 30.06.2018 are exclusive of GST. Hence, the Revenue from Operations for the quarter/ half yearly ended 30.06.2018 are not comparable with the amounts reported in the corresponding previous periods.
6. The Company's Continuous Polymerisation (CP) and Direct Polymer Melt (DPM) Plants are shut down since beginning of March 2017 and the Company's Plant's possession has been taken by State Bank of India since 31st July 2018 and no production activities are carried out. However, depreciation as per companies Act 2013 is charged on single shift basis.
7. 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.
8. 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 30th September 2018 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.
9. 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 - September 2018. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the half yearly ended 30th September, 2018 are understated approximately by Rs. 5,875.53 lakhs. Further in view of the same no provision was made for Interest subsidy under TUFs.
10. The Company's account stands exited from CDR Mechanism.
11. 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. Hence the results are prepared on the going concern basis.
12. The Limited review of Unaudited financial results for the quarter/ half yearly ended 30th September 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
13. 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.
14. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
15. The previous period figures have been regrouped / rearranged wherever necessary.
16. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
17. The Company did not had Board of Directors in view of Regination of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.
18. 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.
19. 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.
20. The Limited review of Unaudited financial results for the quarter / Half Year ended 30th September 2018 as required in terms of Clause 33 of the SEBI (Listing Obligation and Disclosure Requirements) regulations has been carried out by statutory auditors.
21. 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, Amli 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.
22. The company is primarily engaged in a single business segment of Manufacturing & Marketing of Textiles Yarns.
23. The previous period figures have been regrouped / rearranged wherever necessary.
24. The Company is in the process of appointment of full time company secretary as a compliance officer of the company.
25. The Company did not had Board of Directors in view of Regination of two Directors out of Three Directors during 4 August 2018 to 28 January 2019.

Place : Mumbai
Date : 28th January 2019



By order of the Board

Rajkumari Kanodia
Rajkumari Kanodia
Non Executive Chairperson & Director



AGARWAL DESAI & SHAH

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of
Raj Rayon Industries Limited

1. We have reviewed the quarterly Unaudited financial results of Raj Rayon Industries Limited ("the Company") for the quarter ended 30th September, 2018, attached herewith, being submitted by the company pursuant to the requirement of regulation 33 of SEBI (listing obligations and disclosure Requirements) Regulations, 2015.
2. This statement is the responsibilities of the company's management and approved by Board of Directors. which have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing 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 Accountant of India. This Standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.
4. A Review is Limited Primarily to the inquiries of company personnel and analytical Procedures applied to the 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.

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 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

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 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. 5875.53 lakhs for the quarter ended 30th September 2018
- b) The Company's account stands exited from CDR Mechanism. Pursuant to provisions of securitization and Reconstruction if Financial Assets and Enforcement of Security Interest Act 2002, State Bank of India has taken over the possession of the properties mortgaged, with the 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



- c) We draw attention to the note no 11 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 networth stands fully eroded. These conditions indicate the existence of uncertainty that may cast doubt about company's ability to continue as going concern.

5. 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 South Indian Bank which have been taken over by Asset Reconstruction Company 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.
- c) The Company is yet to appoint the qualified Company Secretary as the Compliance Officer.

6. 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 1st 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 ended 30th September, 2018 and accordingly we do not express any conclusion on the result in the statement for the said period. As set out in Note 12 to the statement, these figures have been furnished by the management.
- c) The Company has been served with Summon/Notice from the Debt Recovery Tribunal (DRT) at the instance of State Bank of India and the Phoenix ARC Pvt Ltd., the lenders, calling upon, *inter-alia*, to pass an order and issue Recovery Certificate for recovery of Rs.1008,08.99 Lakhs and Rs. 6548.21 Lakhs respectively along with interest @ 6.75% above base rate (presently 15.40% p.a. for State Bank of India & @ 13.75% per annum for Phoenix ARC Pvt Ltd. compounded on monthly basis and penal interest @ 2% on the above amount from the date of filing the application till the date of realization.
- d) During the year Banks has given special TRA Accounts in which company can do day to day operation i.e. Patty cash account, DEPB account
7. The statement includes for the quarter ended 30th September, 2017 being the balancing figures between unaudited figures in respect of quarter ended and the published year to date which were subject to limited review by M/s K. M. Garg & Co., (Chartered Accountants), which has been relied upon by us.

For Agarwal Desai & Shah
Chartered Accountants
(Firm Registration No. 124850W)


CA Bharat Kumar
Partner
Membership No. 175787



Place: Mumbai
Date: January 28th, 2019