RAJ RAYON INDUSTRIES LIMITED

(A Government Recognised Star Export House)

ISO 9001:2008 BUREAU VERITAS Certification

UKAS QUALITY MANAGEMENT 008

AN ISO 9001 : 2008 CERTIFIED COMPANY

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: February 13, 2019

To,

The Secretary **BOMBAY STOCK EXCHANGE LIMITED** P J Towers Dalal Street, Fort, Mumbai 400 001	**NATIONAL STOCK EXCHANGE OF INDIA LIMITED** Listing Department Exchange Plaza, 5th Floor, Bandra-kurla Complex, Bandra (East), Mumbai – 400 051.
Company Code No. : 530699	**Company Code : RAJRAYON**

Dear Sir,

Sub: Proceedings of the Board meeting held on February 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 **February 13, 2019** has inter- alia approved and taken on record the un-audited Financial Results of the Company for the third quarter ended December 31, 2018, copy of the same is attached at **Annexure – I.**

Please find enclosed herewith the Summarized un-audited Financial Results for the third quarter ended December 31, 2018 and Limited Review Report of the Auditors thereon, for your kind information and records. Extract of un-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.

Further we enclose herewith the Revised Code of Practises and Procedures for Fair Disclosure of Unpublished Price Sensitive Information incorporating therein a policy for determination of "legitimate purposes" pursuant to amended Regulation 3 read with regulation 8 (1), SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018, as approved by the Board of Directors in its meeting held today.

Board Meeting commenced at 3.30 p.m. and concluded at 6.15.p.m.

Kindly take the above information on your record and acknowledge.

Thanking you,

Yours faithfully,

For RAJ RAYON INDUSTRIES LIMITED

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RAJ RAYON INDUSTRIES LTD. MUMBAI-59

(SUSHIL KUMAR KANODIA)

CEO CFO

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Background

The Chairman apprised the Board that Pursuant to 8(1) of the Chapter IV of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 read with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred as "SEBI PIT Regulations") the Board of Directors of **RAJ RAYON INDUSTRIES LIMITED** ("the Company") has formulated and amended the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code of Fair Disclosure") to include policy for determination of "Legitimate Purposes", notified on 31st December, 2018, and applicable w.e.f 1st April, 2019.

Objective

The Company strives to ensure high professional and ethical standards in all the business activities in the best interest of the Company. This Code intends to formulate a standard framework for fair disclosure of unpublished price sensitive information (UPSI), preserve the confidentiality of UPSI and to prevent trading based on UPSI.

Terms and Definitions

Words and expressions used but not defined in this Fair Disclosure Code shall have the same meaning assigned to them in the SEBI PIT Regulations or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 2018 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be including amendments(s)/ modification(s) thereto.

Principles of Fair Disclosure

The Company in compliance of SEBI PIT Regulations shall follow the practices and procedures laid down herein below to make fair disclosure of events and occurrence that could impact price discovery of its equity shares on the floor of Stock Exchanges:

1. The Company shall ensure to make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being, to make such information generally available.

   The Company shall ensure to make uniform and universal dissemination of unpublished price sensitive information to avoid selective disclosure

1. The Company Secretary / Compliance Officer of the Company shall act as the Chief Investor Relations Officer to deal with dissemination of information and disclosure of unpublished price sensitive information.

2. The Company shall make prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally

available.

3. The Company shall provide appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.

4. The Company will ensure that, information if any, shared with analysts and research personnel, if any, is not unpublished price sensitive information.

5. The Company shall develop and follow best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

6. The Company shall handle all unpublished price sensitive information on a need-to-know basis in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Policy for determination of "Legitimate Purposes"

In line with clause 2A of Regulations 3 of SEBI PIT Regulations and any modification(s)/ amendment(s) thereto, Policy for determination of legitimate purposes is as under:

7. "Legitimate purpose" shall mean Sharing of unpublished price sensitive information in the course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants provided that such sharing has not been carried out to evade or circumvent the prohibitions of the SEBI PIT Regulations.

8. Any person in receipt of unpublished price sensitive information pursuant to a legitimate purpose shall be considered an "insider" for purposes of the SEBI PIT Regulations and due notice shall be given to such person to maintain confidentiality of such unpublished price sensitive information in compliance with the said Regulations. Such person is also required to ensure the confidentiality of unpublished price sensitive information shared with him /her, in compliance with the SEBI PIT Regulations

1. Unpublished Price Sensitive Information, such as Financial Results, declaration of Dividends, proposal of Corporate Restructuring, diversification, expansion acquisition in the stake of other entities, etc. shall be handled within the Company on a need-to-know basis, and the same should be disclosed only to those who need such information to discharge their duties or legal obligations by virtue of their respective role and function, whose possession of such information will not give rise to a conflict of interest or appearance of misuse of such information.

2. A structured digital database shall be maintained containing the names of such persons or entities, as the case may be, with whom information is shared for legitimate purposes along

with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Adequate and effective system of internal controls will also be laid out to secure such database. Documents containing confidential information shall be kept secured. Computer files must have adequate security login and password, etc.

Amendment

The Board of Directors is authorised to amend or modify this Fair Disclosure Code in whole or in part as and when deemed necessary, to stipulate further guidelines, procedures and rules, from time to time, to ensure fair disclosure of unpublished price sensitive information.

Scope and Limitation

In case there are any regulatory changes requiring modifications to this policy, the same shall be reviewed and amended with the approval of the Board of Directors. However, the amendment in the regulatory requirements shall be binding on the Company and prevail over this Policy even if not incorporated in this Policy.

Disclosure of the Code on Public Domain

This Code and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed and also published on the official website of the Company.

(Note: Policy for determination of "Legitimate Purposes" covered under Clauses 9 to12 of this Code, formulated pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 shall come into effect from April 01, 2019.)

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 31ST December, 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 Standard 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 then 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 has not disclosed 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.3072.72 Lakhs Rs.8948.26 lakhs for the quarter and nine months ended 31st December 2018 respectively.**

b) **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 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.**

d) **As the Company's properties including plant & machinery has been taken possession by the State Bank Of India on 31.07.2018, hence physical verification of inventories and fixed assets could not be carried out by management therefore we have relied on the details provided by the management.**

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.

d) Due to resignation by two Directors out of three Directors on 4th August, 2018, there was no Board of Directors till 28th January, 2019.

e) Company has defaulted in submission of Quarterly Unaudited Results with Stock Exchanges for June, 2018 & Sept, 2018 pursuant to the requirement of regulation 33 of SEBI (listing obligations and disclosure Requirements) Regulations, 2015.

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 and 9 Months ended 31st December, 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.

AGARWAL & CO. Chartered Accountants

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 Quarter ended December, 2018, Company has received the Notice of Demand from the Income Tax Department for the Assessment Year 2011-12 & 2012-13 for Rs. 1,43,43,670 & Rs. 1,80,99,910 respectively, liability for which is not provided for as the Company has preferred an appeal against the same.

e) During the year Banks has given special TRA Accounts in which company can do day to day operation i.e. Petty cash account, DEPB account

7. The statement includes for the quarter ended 31st December, 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)

Bharat

AGARWAL DESAI & SHAH MUMBAI 400 055 Chartered Accountants

CA Bharat Kumar
Partner
Membership No. 175787

Place: Mumbai
Date: Fabruary 13th, 2019.

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/ NINE MONTHS ENDED: 31ST DECEMBER 2018

PART I (` in Lacs)

Sr.No.	Particulars	Quarter ended 31st December, 2018 (Unaudited)	Quarter ended 30th September, 2018 (Unaudited)	Quarter ended 31st December, 2017 (Unaudited)	Nine Months ended 31st Dec, 2018 (Unaudited)	Nine Months ended 31st Dece, 2017 (Unaudited)	Year ended 31st March 2018 (Audited)
1	**Income :**						
i	Revenue from operations	0.00	0.00	2319.85	1815.99	4997.95	7627.04
ii	Other Income	0.14	2.24	35.13	5.63	67.76	41.17
	Total Income	**0.14**	**2.24**	**2354.98**	**1821.62**	**5065.71**	**7668.21**
2	**Expenditure:**						
	(a) Cost of materials consumed	0.00	0.00	1821.09	1152.68	3851.85	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	0.00	0.00	137.22	464.78	591.61	1045.48
	(d) Employee benefits expense	7.61	20.74	79.64	91.65	218.67	308.61
	(e) Finance Costs	0.48	0.48	0.41	1.12	3.85	4.24
	(f) Depreciation and amortisation expense	919.23	919.24	923.40	2757.70	2772.11	3695.51
	(g) Other expenses	27.66	44.18	468.47	171.08	1429.35	1933.48
	Total Expenses	**954.98**	**984.64**	**3430.23**	**4639.01**	**8867.44**	**12941.54**
3	**Profit before Tax (1-2)**	**(954.84)**	**(982.40)**	**(1075.25)**	**(2817.39)**	**(3801.73)**	**(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	0.30	0.00	0.30	0.30
5	**Profit / (Loss) for the period (3-4)**	**(954.84)**	**(982.40)**	**(1075.55)**	**(2817.39)**	**(3802.03)**	**(5273.63)**
6	Other Comprehensive Income / (Loss)	0.00	0.00	0.20	3.20	2.96	4.38
7	**Total Comprehensive Income for the period**	**(954.84)**	**(982.40)**	**(1075.35)**	**(2814.19)**	**(3799.07)**	**(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)	(0.28)	(0.31)	(0.81)	(1.10)	(1.52)

Notes:

1. The above Unaudited financial results for the quarter/ Nine Months ended 31st December 2018 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 7th February, 2019.

2. The company has adopted Indian Accouting 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/ Nine Months ended 31st December,2018 has been understated by Rs.210 lakhs, being arrears of dividend upto March 31, 2018

4. In view of the heavy Losses & uncertainity 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/ Nine Months 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 31st December 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 - December 2018. The Company has not made any provision for Interest on Bank Borrowings and accordingly the Loss & finance cost for the Nine Months ended 31st December, 2018 are understated approximately by Rs. 8948.25 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. These results have been prepared on "Going Concern" basis although the Company is incurring continuous losses and its net worth is fully eroded and continuation of Company's operation depends on the outcome of steps initiated by lenders (Refer Note No. 13 below).

12. The Limited review of Unaudited financial results for the quarter/ Nine Months ended 31st December 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 secretory 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.

By order of the Board

Rajkumari Kanodia

Rajkumari Kanodia
Non Executive Chairperson & Director

Place : Mumbai
Date : 13th February 2019