



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: 26/02/2019

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, 5 th Floor, Bandra-kurla Complex, Bandra (East), Mumbai - 400 051.
Company Code No. : 530699	Company Code : RAJRAYON

Dear Sir,

Sub.: submission of annual report under regulation 34 of SEBI (LODR) Regulations, 2015

The 25th Annual General Meeting of the Company was held on Sunday, February 24, 2019 at 10.00 a.m at Hotel Green Wood, Naroli Road, Opp DSB Bank Sillvassa 396230.

The Meeting got concluded at 2.30 p.m. on the same day.

Pursuant to regulation 34 of SEBI (LODR) Regulations, 2015, we submit herewith a soft copy of the Annual Report for the financial year 2017-18.

We request to take the same on your record.

The above is for your information and dissemination to all the stakeholders.

Thanking you,

Yours faithfully,

For RAJ RAYON INDUSTRIES LIMITED

Kanodia SN

(SUSHIL KUMAR KANODIA)
CEO CFO



25th ANNUAL REPORT
2017-2018

RAJ RAYON INDUSTRIES LIMITED
L17120DN1993PLC000368

“Spinning the Quality of Perfection”

|| Address ||
SURVEY NO 177/1/3, VILLAGE SURANGI
SILVASSA DN 396230 IN



RAJ RAYON INDUSTRIES LIMITED

Index

Sr. No	Particulars	Page Numbers
1.	Company Information	1
2.	Notice of AGM	2
3.	Directors Report	18
4.	Annexures to Directors Report	30
5.	Management Discussion Analysis	51
6.	Corporate Governance Report	54
7.	Auditors Report	68
8.	Balance Sheet	77
9.	Statement of Profit and Loss account	78
10.	Cash Flow	79
11.	Notes to accounts	80

COMPANY INFORMATION

BOARD OF DIRECTORS:

Mrs. Rajkumari Kanodia
(Non Executive Chairperson & Director)

Mr. Prahlad Rai Jajodia
(Independent Director- till 11-06-2018)

Mr. Bibhuti Bhusan das
(Nominee Director till 14-11-2017)

Mr. Naval Babulal Kanodia
(Whole Time Director till 12-03-2018)

Mr. Jugal Parikh
(Independent Director- till 04-08-2018)

Mr. Raju Chowkidar
(Independent Director- till 27-06-2018)

Mr. Mayadhar Ravindar Mahakud
(Additional Director w.e.f 28/01/2019)

Mr. Rajendraprasad Rampratap Sharma
(Additional Director- Independent w.e.f
28/01/2019)

Mr. Banti Parasar
(Additional Director- Independent w.e.f
28/01/2019)

Mr. Sushil Kumar Kanodia
(CEO & CFO)

Company Secretary

Ms. Deepa Gehani
(till 19/07/2017)

REGISTERED OFFICE:

Survey No. 177/1/3,
Village - Surangi, Dist-Silvassa,
Dadra and Nagar Haveli (U.T.) - 396 230
(INDIA)

Tel: 91- 07096038229

Fax:-91-0260-2699185

Website: www.rajrayon.com

Email: [mumbai@rajrayon.com/](mailto:mumbai@rajrayon.com)
investors@rajrayon.com

CORPORATE OFFICE:

5- C, 196 & 197, "AKSHAY",
Mittal Industrial Estate, Sakinaka,
Andheri (East), Mumbai- 400 059,
Maharashtra (INDIA)

Tel: 91-22- 4034 3434

Fax: 91-22- 4034 3400

Website: www.rajrayon.com

Email: [mumbai@rajrayon.com/](mailto:mumbai@rajrayon.com)
investors@rajrayon.com

PLANT LOCATIONS:

(i) Survey No. 272/1/1,
Plot No. 1, Village -Dadra,
Dadra-Demani Road, Dist-Silvassa,
Dadra & Nagar Haveli (U.T.) - 396 230
(INDIA)

(ii) Survey No. 185/1/1,
Plot No.17, Dokmandi, Village- Amla, Dist-
Silvassa,
Dadra & Nagar Haveli (U.T.) - 396 230
(INDIA)

(iii) Survey Number 177/1/3,
Village - Surangi, Dist-Silvassa,
Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)

SHARE TRANSFER AND DEMAT REGISTRARS:

M/S LINK INTIME INDIA PRIVATE
LIMITED
C-13, PANNALAL SILK MILLS COMPOUND
L. B. MARG, BHANDUP (W)
MUMBAI - 400 078
Tel.: 022 - 25923837

AUDITORS:

M/S. AGARWAL DESAI & SHAH
CHARTERED ACCOUNTANTS



RAJ RAYON INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 25th **Annual General Meeting** of the members of **Raj Rayon Industries Limited** will be held on Sunday, February 24, 2019 at 10.00 a.m at Hotel Green Wood, Naroli Road, Opp DSB Bank Sillvassa 396230 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.

SPECIAL BUSINESS

2. To Appoint Auditors of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Agarwal Desai & Shah, Chartered Accountants (Firm Registration No.124850W), be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the AGM of the Company to be held for the financial year 2022-23, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of the Section 152, 161 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force Mr. Mayadhar Ravindar Mahakud (DIN: 08340476), who was appointed as an Additional Director of the Company w.e.f. January 28,2019 and holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013, be and is hereby confirmed and regularized as a Director of the Company.”

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Banti Parasar (DIN 08340462),



RAJ RAYON INDUSTRIES LIMITED

who was appointed as an Additional Director on. January 28,2019, pursuant to the provisions of sub-section (1) of section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company upto January, 2024, not liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajendraprasad Rampratap Sharma (DIN 08340471), who was appointed as an Additional Director on. January 28,2019, pursuant to the provisions of sub-section (1) of section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company upto January, 2024, not liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), M/S S. S. Sawant & Company, Practicing Cost Accountant, Membership No. A 11811 be appointed as Cost Auditor by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the year 2018-2019 and issue Cost Audit Report at a remuneration of Rs. 15,000/- (apart from service tax including applicable taxes as applicable and reimbursement of actual travel and out-of-pocket expenses)

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board of Directors
Sd/-



RAJ RAYON INDUSTRIES LIMITED

RAJKUMARI SUSHILKUMAR KANODIA
Chairperson

Place: Mumbai
Date: January 28, 2019
Registered Office:
SURVEY NO 177/1/3,
VILLAGE SURANGI
SILVASSA DN 396230 IN

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY(S) TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY.
2. Pursuant to the provisions of section 105 of the Companies, a person can act as proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than 10% (ten per) of the total share capital of the Company. However, a member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.
3. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business of the meeting is annexed as Annexure I to the Notice.
6. The Notice of the Annual General Meeting along with the Annual Report 2017-2018 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the Company www.rajrayon.com. To support the 'Green Initiative' Members who have not registered



RAJ RAYON INDUSTRIES LIMITED

their e-mail addresses are requested to register the same with the Company's registrar and transfer agents, M/s. Link Intime India Private Limited / Depositories.

7. Register of Members and the Share Transfer Books of the Company will remain closed between February 17, 2019 to February 26, 2019 (both days inclusive).
8. Pursuant to provisions of Section 124 (Section 205A of the erstwhile companies act, 1956) and section 125 and other applicable provisions, if any of the companies act, 2013, the dividend which remains unclaimed for a period of seven years, transferred by the company to the Investor Education and Protection Fund (IEPF).
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 will be available for inspection by Members at the AGM.
12. Voting through electronic means (e-voting):

The Company is pleased to offer e-Voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

Instructions for members for voting electronically are as under:

- i. The e-voting period begins on Thursday, 21st February, 2019 (9.00 a.m.) and ends on Saturday, 23rd February, 2019 (5:00 p.m.) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on Shareholders / Members
- iv. Now Enter your User ID
 - a) For CDSL : 16 digits beneficiary ID,
 - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:



RAJ RAYON INDUSTRIES LIMITED

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on Notice.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in capital letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Date of Birth (DOB)	Enter the Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login in.

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the RAJ RAYON INDUSTRIES LIMITED No.: 190204008.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.



RAJ RAYON INDUSTRIES LIMITED

- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
13. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 18th February, 2019.
14. Ms. Riddhi Shah, Practicing Company Secretary, Mumbai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
15. At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, order voting through ballot paper for all those members who are present but have not cast their votes electronically using the remote e-voting facility.
16. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.



RAJ RAYON INDUSTRIES LIMITED

17. The Result along with the Scrutinizer's Report shall be placed on the Company's website: www.rajrayon.com and on the website of CDSL immediately after the result is declared by the Chairman or any other person authorised by Chairman, and the same shall be communicated to the BSE.
18. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the registered office of the Company on all working days between 10.30 a.m. and 1.00 p.m., up to the date of the AGM.
19. The members are requested to note:
- i. Change of Address/ Bank Details: Members holding shares in physical form are requested to inform M/s. Link Intime India Private Limited (Company's Registrar & Transfer Agent), immediately of any change in their address and bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
 - ii. Section 72 of the Companies Act, 2013, provides for Nomination by the Shareholders of the Company in the prescribed Form No. SH-13 for shares held in physical form. Blank forms will be supplied by M/s. Link Intime India Private Limited on request. Members holding shares in dematerialized form may contact their respective Depository Participants for recording of nomination.
 - iii. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
 - iv. Members attending the Annual General Meeting are requested to bring with them the followings (as applicable):
 - a) Members holding shares in dematerialized form, their DP & Client ID Numbers.
 - b) Members holding shares in physical form their folio numbers.
 - c) Copy of the Annual Report & Notice.
 - d) The Attendance slip duly completed as per the specimen signature lodged with the Company.
 - e) Member Companies/Institutions are requested to send a copy of the resolution of their Board/ Governing Body,



RAJ RAYON INDUSTRIES LIMITED

Annexure -I

Explanatory Statement

The following explanatory statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), sets out all material facts relating to the business mentioned at the accompanying Notice dated 28th January, 2019.

ITEM NO. 3

The Board of Directors ("Board") upon recommendation of the Nomination and Remuneration Committee, appointed Mr. Mayadhar Ravindar Mahakud as an Additional (Non-Executive) Director of the Company effective January 28, 2019. Pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company, Mr. Mayadhar Ravindar Mahakud will hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, proposing the candidature of Mr. Mayadhar Ravindar Mahakud for the office of Director. Mr. Mayadhar Ravindar Mahakud, once appointed, will be liable to retire by rotation.

The Company has received from Mr. Mayadhar Ravindar Mahakud (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act.

The profile and specific areas of expertise of Mr. Mayadhar Ravindar Mahakud are provided as annexure to this Notice.

Except Mr. Mayadhar Ravindar Mahakud, None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, are concerned or interested in the Resolution mentioned at Item No. 3 of the Notice.

The Board recommends the ordinary resolution set forth in Item No. 3 for the approval of the Members.

ITEM NO. 4

The Board of Directors ("Board") upon recommendation of the Nomination and Remuneration Committee, appointed Mr. Banti Parasar as an Additional (Independednt) Director of the Company effective January 28, 2019. Pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company, Mr. Banti Parasar will hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, proposing the candidature of Mr. Banti Parasar Singh for the office of Director.



RAJ RAYON INDUSTRIES LIMITED

The Company has received from Mr. Banti Parasar (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Banti Parasar for the office of Director of the Company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Banti Parasar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Banti Parasar possesses appropriate skills, experience and knowledge.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Banti Parasar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Banti Parasar as an Independent Director for a terms of five years , for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. Banti Parasar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Mr. Banti Parasar does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not on the board of any other Company. He is not related to any of the Directors on the Board of the Company.

The profile and specific areas of expertise of Mr. Banti Parasar are provided as annexure to this Notice.

Except Mr. Banti Parasar, None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, are concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the ordinary resolution set forth in Item No. 4 for the approval of the Members.

ITEM NO. 5



RAJ RAYON INDUSTRIES LIMITED

The Board of Directors ("Board") upon recommendation of the Nomination and Remuneration Committee, appointed Mr. Rajendraprasad Rampratap Sharma as an Additional (Independednt) Director of the Company effective January 28, 2019. Pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company, Mr. Rajendraprasad Rampratap Sharma will hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, proposing the candidature of Mr. Rajendraprasad Rampratap Sharma for the office of Director.

The Company has received from Mr. Rajendraprasad Rampratap Sharma (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Rajendraprasad Rampratap Sharma for the office of Director of the Company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Rajendraprasad Rampratap Sharma that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajendraprasad Rampratap Sharma possesses appropriate skills, experience and knowledge.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajendraprasad Rampratap Sharma as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajendraprasad Rampratap Sharma as an Independent Director for a terms of five years , for the approval by the shareholders of the Company.

Copy of the draft letter for appointment of Mr. Rajendraprasad Rampratap Sharma as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Mr. Rajendraprasad Rampratap Sharma does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not on the board of any other Company. He is not related to any of the Directors on the Board of the Company.



RAJ RAYON INDUSTRIES LIMITED

The profile and specific areas of expertise of Mr. Rajendraprasad Rampratap Sharma are provided as annexure to this Notice.

Except Mr. Rajendraprasad Rampratap Sharma, None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, are concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the ordinary resolution set forth in Item No. 5 for the approval of the Members.

ITEM NO. 6

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit Committee. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s S.S. Sawant & Company , Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2018-2019 at a remuneration of Rs. 15,000/-.

As per the provisions of Section 148 of Companies Act, 2014 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No.6 of the accompanying Notice.

The Resolution at item No.6 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

Information on Directors being appointed/re-appointed as required under Regulation 36 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Brief profile of Mr. Banti Parasar

He is B.A Passed from University of Rajasthan, he is hardworking individual and working independently.

Brief profile of Mr. Rajendra Prasad Sharma



RAJ RAYON INDUSTRIES LIMITED

He is 12th Passed from University and he is manager in Mr Shreeniwasa Roadlines.

Brief profile of Mr. Mayadhar Ravindar Mahakud

He is 10th Passed looking the General purchase in private company.

Information on Directors being appointed/re-appointed as required under Regulation 36 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards- 2 on General Meetings:

Name of the Director	Mr. Mayadhar Ravindar Mahakud	Mr. Banti Parasar	Mr. Rajendraprasad Rampratap Sharma
Date of Birth	28/10/1971	21/07/1980	19/12/1956
Date of appointment on the board	28/01/2019	28/01/2019	28/01/2019
Number of shares held in the company	NIL	NIL	NIL
Number of Meetings of the Board attended/ held	1/1	1/1	1/1
Directorships held in other public companies (excluding foreign companies and Government Bodies)	NIL	NIL	NIL



RAJ RAYON INDUSTRIES LIMITED

Chairman/ member in the committees of the boards of companies in which he is Director (includes only Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee)	Audit Committee NIL Stakeholders' Relationship Committee NIL Nomination and Remuneration Committee NIL	Audit Committee NIL Stakeholders' Relationship Committee NIL Nomination and Remuneration Committee NIL	Audit Committee NIL Stakeholders' Relationship Committee NIL Nomination and Remuneration Committee NIL
---	--	--	--



RAJ RAYON INDUSTRIES LIMITED

**ATTENDANCE SLIP
(To be presented at the entrance)**

Regd. Folio No./Client ID No. _____

No. of shares held _____

FOLIO NO/DP ID-CLIENT ID: _____

I certify that I am a Member/Proxy for the member of the Company. I hereby record my presence at 25th ANNUAL GENERAL MEETING of the **Raj Rayon Industries Limited**, held on Sunday, February 24, 2019 at 10.00 a.m at Hotel Green Wood, Naroli Road, Opp DSB Bank Silvassa 396230.

Member's/ Proxy's name in BLOCK Letters

Signature of Member/Proxy

NOTE : Please fill up this attendance slip and hand it over at the entrance of the venue for the meeting. Members are requested to bring their copies of the Annual Report to the meeting.

FORM NO. MGT.11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L17120DN1993PLC000368

Name of the company : **RAJ RAYON INDUSTRIES LIMITED**

Registered office : **SURVEY NO 177/1/3, VILLAGE SURANGI SILVASSA DN 396230 IN**

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/ Client Id:	
DP ID:	

I/We, being the member(s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature: _____, or failing him
2. Name:
Address:



RAJ RAYON INDUSTRIES LIMITED

- E-mail Id:
Signature: _____, or failing him
3. Name:
Address:
E-mail Id:
Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual general meeting of the company, to be held on Sunday, February 24, 2019 at 10.00 a.m at Hotel Green Wood, Naroli Road, Opp DSB Bank Sillvassa 396230 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
1	Adoption of Annual Accounts and Reports thereon for the financial year ended 31 st March, 2018.		
2	To appoint M/s. Agarwal Desai & Shah, Chartered Accountants (Firm Registration No.124850W) as a statutory auditors for the term of five years		
3	Appointment of Mr. Mayadhar Ravindar Mahakud (DIN: 08340476), as Director		
4	Appointment of Mr. Banti Parasar (DIN: 08340462), as Independent Director		
5	Appointment of Mr. Rajendraprasad Rampratap Sharma (DIN: 08340471) as Independent Director		
6	Approval of remuneration payable to Cost Auditor of the Company.		

Affix Revenue
Stamp

Signed this day of 2019

Signature of shareholder

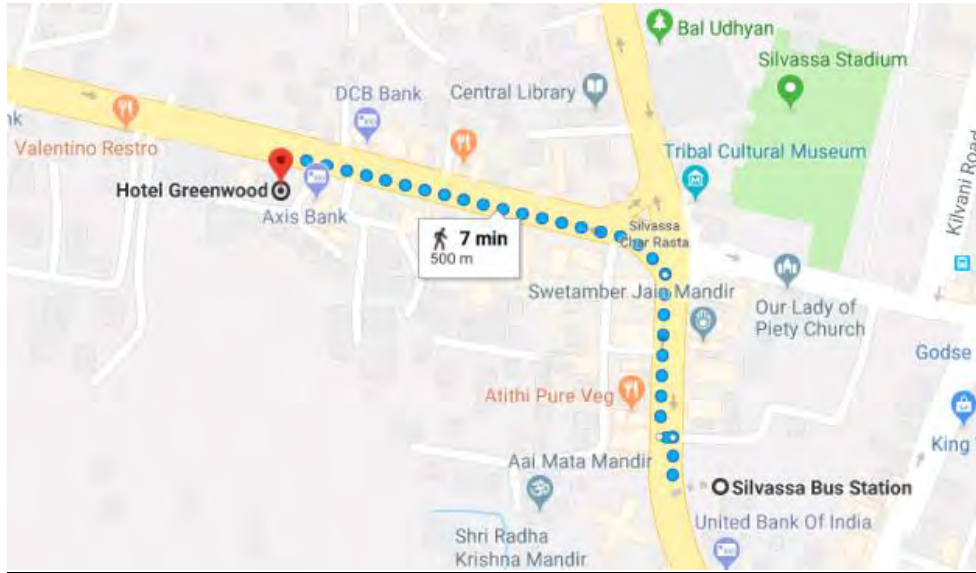
Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

MAP



RAJ RAYON INDUSTRIES LIMITED



BOARD'S REPORT

To
The Members,
RAJ RAYON INDUSTRIES LIMITED

Your Directors have pleasure in presenting 25th Annual Report of the Company together with the Audited Financial Statements of the Company for the year ended **31st March 2018**.

1. FINANCIAL RESULTS

Particular	For the financial year 2017-18 (Amount in Rs.)	For the financial year 2016-17 (Amount in Rs.)
Revenue from Operations	762704364.71	2742972968
Other Income	4116590	18071405.11
Total Income	766820954.71	2761044373.11
Less: Expenses	924165257.56	2946741253.12
Less: Depreciation & Amortization Expenses.	369550630	476858908.91
Profit/ (Loss) before tax	(526894932.85)	(662555788.92)
Tax Expenses		
Tax adjustment for earlier years	30133	46648.93
Profit/(Loss) after Tax	(526925065.85)	(662602437.85)

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the financial year under review the Company has earned a total revenue of Rs. **766820954.71/-** as compared to the previous years' revenue of Rs. **2761044373.11/-**. The Company has earned a Loss of Rs. **526925065.85/-** as compared to the previous years' Net Loss of Rs. **662602437.85/-**. Your Directors are continuously looking for avenues for future growth of the company.

DIVIDEND:

In absence of profits for the year ended 31st March, 2018 and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31st March, 2018.

TRANSFER TO RESERVES:

In absence of profits for the year ended 31st March, 2018 and past accumulated losses, your directors does not recommend for transfer of any amount to reserves for the year ended 31st March, 2018

MDAR:

Management Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company, as stipulated under Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Agreement with the Stock Exchange of India, is presented in a separate section forming part of the Annual Report.

CORPORATE DEBT RESTRUCTURING (CDR):

The detailed key features of the CDR Proposal are given in under Notes forming part of Notes to Accounts given in this Annual Report.

Material changes and commitment affecting financial position between the end of the financial year and date of the report:

There have been no such material changes or commitments affecting the financial position from the end of the Financial Year 2017-2018 till date of this report, as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business.

MATTER LISTED WITH NCLT

One of the Creditor M/s Khanna & Khanna Limited has filed petition to Hon'ble National Company Law Tribunal (NCLT) under section 9 of the Insolvency and Bankruptcy Code, 2016 at Ahmedabad Branch

The petition filed by Creditor was listed before NCLT on 04.01.2019 and the hearing has admission on 11.02.2019

INTERNAL CONTROL SYSTEM AND ADEQUACY:

The Board has adopted the policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial disclosures.

The Company's Internal Audit department evaluates the efficiency and adequacy of internal control system and gives its report and recommendations to the Chairman of Audit Committee and based on Internal Audit Report the corrective actions are taken.

SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

Your Company does not have any subsidiary company or joint ventures Companies, and associate Company.

DEPOSITS

During the year under review, the Company has not accepted any deposits within the meaning of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Hence there are no details to be disclosed under Rule 8(5) (v) of the Companies (Accounts) Rules, 2014.

STATUTORY AUDITORS:

M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W), had expressed their inability to continue as the Statutory Auditors of the Company, in view of their unforeseen circumstances and resigned as Auditors of the Company during the financial year under review.

The Company in terms of Section 139(8) of the Companies Act, 2013 took the consent of the members via postal ballot on 02/07/2018 and appointed M/s. Agarwal Desai & Shah, Chartered Accountants (Firm Registration No.124850W) as the Auditors of the Company for the financial year 2017-2018 to fill up the casual vacancy.

Pursuant to the provisions of section 139 and all other applicable provisions, if any of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time, M/s. Agarwal Desai & Shah, Chartered Accountants (Firm Registration No.124850W) Membership No.: 126656 are to be appointed for the period of 5 years at the ensuing Annual General Meeting. Accordingly, the appointment of M/s. Agarwal Desai & Shah, Chartered Accountants (Firm Registration No.124850W), as the Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the FY 2022-2023 of the Company.

The Notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

AUDITORS' OBSERVATION AND MANAGEMENT'S RESPONSE TO AUDITORS' OBSERVATION:

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 has charged Interest for April 2016) have not charged interest on the company's borrowings I loans or reversed the interest charged. 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 Comprehensive income (Loss) is estimated to be understated by Rs.10,645 .94 Lakhs for the year ended 31st March 2018 and the Surplus in statement of profit and loss and Total Other Equity under "Note No. 16 other Equity" is estimated to be understated by 20,049.51 Lakhs.

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.

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 interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations to lenders I rescheduling of debt and resuming normal operations.

Term Loan, Working Capital Term Loan (WCTL) , Funded Interest Term Loan and Working Capital loans availed by the Company from various banks under consortium advance including the loans of South Indian Bank taken over by Asset Reconstruction Company remained unpaid and overdue since 2015 - 16.

In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding as on the date of Balance Sheet

The Company has been served with Summon/ Notice from the Debt Recovery Tribunal at the instance of State Bank of India and the Phoenix A RC 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

It is clarified that management is continuously implementing various long term measures to improve its cash flows and revival of the operation of the company and accordingly the companies's financial statement have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by SEBI. The report on Corporate Governance as prescribed in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance along with a declaration signed by the Chairman and Managing Director stating that Members of the Board and Senior Management Personnel have affirmed the compliance vide Code of Conduct of the Board and Senior Management is attached to the report on Corporate Governance.

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

COST AUDITOR:

The Central Government had approved appointment of M/s S S Sawant & Co, Cost Accountant, Mumbai as Cost Auditor to conduct Cost Audit relating to the products manufactured by your

Company for the financial year 2017-2018, the E-Form CRA-2 for his appointment was filed on time. Further the Company has also appointed M/s S S Sawant & Co as Cost Auditor to conduct the Cost Audit for the financial year 2018- 2019, as per Section 148 of Companies Act, 2013 and there remuneration has to be ratified at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR:

Appointment

The Company had appointed Ms. Pooja Malkan, Practicing Company Secretaries, Mumbai to undertake Secretarial Audit of the Company, pursuant to Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct Secretarial Audit for the financial year 2017-2018.

The Secretarial Audit Report for the financial year 2017-2018 forms part of the Annual Report as Annexure II to the Board's Report.

Secretarial Auditors' observation and Management's response to Auditors' observation:

- *It was observed that as per the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s. Fine Fashion Private Limited falls into Promoter or Promoter Group but the same has been inadvertently missed out to reclassify in promoter or promoter group.*
- *Due to resignation of the Board of directors the Board was not as per the Companies Act, 2013 and Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (LODR)*
- *The management has appointed the Board members at the Board meeting 28/01/2019 due to which the AGM was not scheduled and conducted within the time limit of Companies Act, 2013 and the Company didn't received any extension for the same.*
- *The Company was not able to conduct Board meeting as per the Companies Act 2013 and Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and Exchange compliance for the quarter ended 30th September, 2018 and 31st December, 2018 was not as per the time line of LODR and company has received the notice for suspension of trading form exchanges on January 2019.*
- *The Company has paid the penalty and completed the compliances with exchanges for the quarter ended 30th September, 2018 and 31st December, 2018 and pursuant to which the suspension of trading was revoked.*
- *The Company secretary of the Company put her resignation on July 19, 2017 and management are looking forward to appoint Company secretary.*
- *The creditors of the Company has filed the petition against the company with NCLT under insolvency and bankruptcy code.*

INTERNAL AUDITOR:

The Board of directors has discussed the appointment of Internal Auditor for the financial year 2017-2019, but after a detailed discussion at a board of directors meeting held on January 28, 2019, it was decided that since the company is not in a position to meet the remuneration of internal auditors due to huge losses, the company has postponed the appointment of the internal auditors.

SHARE CAPITAL AND NET WORTH:

During the financial year there was no change in the paid up Share Capital of the Company.

Further the net worth of the Company has Decreased to (Loss of Rs. 48,864.29Lakhs) as compared to (Loss of Rs. 43,599.42Lakhs) in previous year. Since the net worth of the Company had fully eroded.

EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 134 (3) (a) of the Companies Act, 2013 an extract of the Annual Return in Form No. MGT - 9 is annexed herewith as Annexure I.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows

A) Conservation of energy:

Use of LED LIGHTS for saving electrical consumption

We have taken a forward steps towards the conservation of energy in terms of electrical power saving by using the LED LIGHTS . In this year we have replaced the plant lighting bulbs by the energy saving LED LIGHTS. Step by step we will try to replace the whole lighting bulbs by these LED .

Less use of Pta charging electrical host for saving electrical consumption .

Pta is the key raw material for CP plant. Now we brings the Pta in tankers to our plant. which save the electrical energy consume during the PTA bag lifting up & down movement of electrical hoist .

Demand Based Use of Cooling tower Fan & Air Cooler Fan.

Due to the day & night atmosphere temp.difference. In day we require the 2 fans of both type of cooler to be run. In night we stopped the one electrical fan of both cooler.

Demand Based Reduction of load on chiller & cooling tower.

By optimizing the plant process parameter & process activity we reduce the load on cooling tower & chiller.

Use of turbo vent in place of electrical operated exhaust fan

B) Technology absorption

Installed HT Capacitor Bank for increasing power factor

We have taken our steps towards the modern days technology absorption by installing the H.T. Power capacitor bank which will increase the power factor so thus it will be save the power consumption directly

Installing direct polymer melt (DPM) to poy

We have installed the direct melt line to poy which will save the energy consumption along with convenient source for supplying the polymer to poy.

Installing new POY plant

We have installed the new poy plant which will decrease the power consumption ratio of per ton of production. New poy plant all machinery equipment efficiency is higher as compared to the old one .

Saving of power cost (Power Purchase from IEX)

We have taken a forward steps by purchase power from (Shot Term Open Access) Power Exchange & it's per unit power rate is too less compared to the DNHPCL power rate.

(C) Foreign exchange earnings and Outgo:

The particulars regarding foreign exchange earnings and outgo are given in Note No. 42 to 45 of Financial statement.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as per provisions of Section 135 of Companies Act, 2013 to spend in various CSR initiatives as provided under schedule VII of the Companies Act, 2013 and rules made thereunder.

However due to losses suffered and your company been into Corporate Debt Restructuring (CDR), the company has not spent on any CSR activities/projects. However your Company is enthusiastic to serve the society at large, which it will do in the coming years.

LISTING AND DEMATERIALISATION:

The Equity Shares of the Company are listed on the BSE Limited & NSE Limited. Shareholders are requested to convert their holdings to dematerialized form to derive its benefits by availing the demat facility provided by NSDL and CDSL.

The Details of Directors and Key Managerial Personnel Who Were Appointed or Resigned During the year:

During the year under review following directors were resigned

Name of Directors	Designation	Date of resignation
Mr. Prahlad Rai Jajodia	Independent Director	11-06-2018
Mr. Naval Babulal Kanodia	Whole Time Director	12-03-2018
Mr. Bibhuti Bhusan das	Nominee Director	14-11-2017
Mr. Jugal Parikh	Independent Director	04-08-2018
Mr. Raju Chowkidar	Independent Director	27-06-2018

Post above resignation the Board were not constituted as per the Companies Act, 2013 and as per LODR

After efforts by Management the following members were appointed as directors.

Name of Directors	Designation	Date of appointment
Rajendraprasad Rampratap Sharma	Independent Director	28/01/2019
Banti Parasar	Independent Director	28/01/2019
Mayadhar Ravindar Mahakud	Additional Director	28/01/2019

Post above appointment the Board were constituted properly.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria for Independence as laid down in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016.

FORMAL ANNUAL EVALUATION:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the directors individually as well as evaluation of working of committees of Board of Directors.

Executive Directors were evaluated on the basis of targets / criteria given to them by the board from time to time as well as per their terms of appointment. Independent Directors, being evaluated by entire board except of Director being evaluated ,on meeting their obligations connected with their independence criteria as well as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV of the Companies Act, 2013. Chairman and other Non-Independent Directors were being evaluated by Independent Directors, who also reviewed the performance of secretarial department. Performance evaluation of the Committees and that of its members in effectively discharging their duties, were also being carried out by board.

The overall performance of Chairman, Executive Directors and Non-Executive Directors of the Company is satisfactory. The review of performance was based on criteria of performance, knowledge, analysis, quality of decision making etc.

COMPANY'S POLICY ON NOMINATION, APPOINTMENT, REMUNERATION AND EVALUATION:

The Current policy is to have an appropriate proportion of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. On March 31, 2018, the Board consists of six members, including a, whole-time director and three are independent directors. The Company has framed a Nomination, Remuneration and one Nominee Director and Evaluation Policy.

Board of Directors Meeting:

Committees of Board

Following are the various Committees formed by Board:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Allotment Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

The details of the composition of committees, its roles and responsibility along with no. of meetings held are given in the Report of Corporate Governance and is also placed on the Company's website at (<http://rajrayonindustries.com/Pdf/COMMITTEE.pdf>).

VIGIL MECHANISM

Pursuant to the requirement of the Companies Act 2013 and provisions of Listing Agreement applicable to the Company, your Company has adopted Vigil mechanism (Whistle Blower Policy) for complying with the Company's Code of Conduct and Ethics, and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. The reportable matters may be disclosed by the employees to the Management / Managing Director / Chairman of the Audit Committee. No complaint was received during the Financial Year 2017-18. During the year under review, no employee was denied access to the Audit Committee.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS:

All the related party transactions which were entered by the Company during the financial year were done on arm's length basis and were in the ordinary course of business of the Company. Also there are no materially significant related party transactions made by the company with Directors, Key Managerial Personnel, Promoter or any other designated persons which may conflict with the interest of the Company at large. Details of AOC-2 are given under Annexure-

IV The policy on Materiality of Related Party Transactions as approved by the Board of Directors is uploaded on company's website.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as Annexure III.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided in the Annual Report. However there were no employees who were in receipt of remuneration for which details need to be disclosed.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that –

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY:

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

Therefore, in accordance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Competition, Business risk, Technology obsolescence, Investments, Retention of talent and Expansion of facilities.

Risk Management framework shall primarily focus on the elements such as Risk to Company Assets and Property, Employees Related Risks, Foreign Currency Risks, Risks associated with Non-Compliance of Statutory enactments, Competition Risks, Operational Risks and various other types of risks which may affect the business or organization. Business risk, inter-alia, further includes financial risk, Political risk, Fidelity risk, Legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Pursuant the provision of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the formation of the Risk Management Committee is not applicable to your Company. Detailed policy framework is disclosed on the website of the Company at <http://rajrayonindustries.com/admin/Pdf/risk-management-policy.pdf>.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE:

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company has adopted Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, to provide protection to employees at the workplace. The Company has constituted Internal Complaints Committee as per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to consider and redress complaints of sexual harassment. The Committee has not received any complaints of sexual harassment during the year.

UNCLAIMED DIVIDEND:

Your Company would like to bring to the notice of the shareholders that the unpaid dividend transfer to transferred to Investor Education & Protection Fund as per Section 125 of the Companies Act, 2013.

Other Disclosures / Reporting:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise,
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme,

Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

Acknowledgements:

Your Directors' would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff members and Workers of the Company.

For and on behalf of the Board of the Directors

SD/-

**Non Executive Chairperson & Director
Rajkumari Kanodia**

**Place: Mumbai
Dated: 28/01/2019**

Annexure - I

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L17120DN1993PLC00368
ii.	Registration Date	17th August, 1993
iii.	Name of the Company	Raj Rayon Industries Limited
iv.	Category / Sub-Category of the Company	Public Company Limited by shares Indian Non-Government Company
v.	Address of the Registered office and contact details	Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) Tel: 91- 07096038229, Fax:-91-0260-2699185 E-mail: investors@rajrayon.com
vi.	Whether listed company	Yes listed on BSE and NSE
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L. B. Marg, Bhandup (w) Mumbai - 400 078 Tel.: 022 - 25923837

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company:-

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Textured Yarn of Polyesters and Polyesters Chips	131	98.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

SR No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	NIL				

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Dem at	Physi cal	Total	% of Total Shares	Dem at	Physi cal	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	23315000	0	23315000	'6.7296	23315000	0	23315000	'6.7296	'0.0000
(b)	Central Government / State Government(s)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Financial Institutions / Banks	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Any Other (Specify)									
	Bodies Corporate	94720930	0	94720930	'27.3401	94720930	0	94720930	'27.3401	'0.0000
	Sub Total (A)(1)	118035930	0	118035930	'34.0697	118035930	0	118035930	'34.0697	'0.0000
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b)	Government	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Institutions	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Foreign	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000

	Portfolio Investor									
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	118035930	0	118035930	'34.0697	118035930	0	118035930	'34.0697	'0.0000
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b)	Venture Capital Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Alternate Investment Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Foreign Venture Capital Investors	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Foreign Portfolio Investor	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(f)	Financial Institutions / Banks	1418963	0	1418963	'0.4096	1418963	0	1418963	'0.4096	'0.0000
(g)	Insurance Companies	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	1418963	0	1418963	'0.4096	1418963	0	1418963	'0.4096	'0.0000

[2]	Central Government / State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	56377 600	75910 0	57136 700	'16.4919	66682 595	75910 0	674416 95	'19.4663	'2.9744
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	90119 914	30000 00	93119 914	'26.8780	87920 758	30000 00	909207 58	'26.2432	'- 0.6348
(b)	NBFCs registered with RBI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Any Other (Specify)									
	Hindu Undivided Family	28644 294	0	28644 294	'8.2678	28171 611	0	281716 11	'8.1314	'- 0.1364
	Non Resident Indians (Non Repat)	64306 5	0	64306 5	'0.1856	52807 0	0	528070	'0.1524	'- 0.0332
	Non Resident Indians	52501 53	76000	53261 53	'1.5373	51166 56	71000	518765 6	'1.4974	'- 0.0399

	(Repat)									
	Clearing Member	1220223	0	1220223	'0.3522	506784	0	506784	'0.1463	'-0.2059
	Market Maker	7901	0	7901	'0.0023	46664	0	46664	'0.0135	'0.0112
	Bodies Corporate	40821857	79000	40900857	'11.8056	34116869	79000	34195869	'9.8702	'-1.9354
	Sub Total (B)(3)	223085007	3914100	226999107	'65.5207	223090007	3909100	226999107	'65.5207	'0.0000
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	224503970	3914100	228418070	'65.9303	224508970	3909100	228418070	'65.9303	'0.0000
	Total (A)+(B)	342539900	3914100	346454000	'100.0000	342544900	3909100	346454000	'100.0000	'0.0000
(C)	Non Promoter - Non Public									
[1]	Custodian/D R Holder	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Total (A)+(B)+(C)	342539900	3914100	346454000	'100.0000	342544900	3909100	346454000	'100.0000	

ii) Shareholding of Promoters -

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% change in shareholding during the year
		NO.OF SHARES HELD	% of total company	%of Shares /encumbered to total shares	NO.OF SHARES HELD	% of total company	%of Shares Pledged/encumbered to total shares	

1	RAJ MONEY MARKET LTD	94720930	'27.3401	'27.3401	94720930	'27.3401	'27.3401	'0.0000
2	RAJKUMARI KANODIA	9175000	'2.6483	'2.6483	9175000	'2.6483	'2.6483	'0.0000
3	SUSHIL KUMAR KANODIA	6800000	'1.9627	'1.9627	6800000	'1.9627	'1.9627	'0.0000
4	AKANKSHA JATIN MEHTA	1818000	'0.5247	'0.5247	1818000	'0.5247	'0.5247	'0.0000
5	RADHESH YAM KANODIA (H.U.F.)	1700000	'0.4907	'0.4907	1700000	'0.4907	'0.4907	'0.0000
6	SUSHIL KUMAR KANODIA	1648000	'0.4757	'0.4757	1648000	'0.4757	'0.4757	'0.0000
7	SAMIKSHA KANODIA	1574000	'0.4543	'0.4543	1574000	'0.4543	'0.4543	'0.0000
8	SAVITA AGRAWAL	600000	'0.1732	'0.1732	600000	'0.1732	'0.1732	'0.0000
	Total	118035930	'34.0697	'34.0697	118035930	'34.0697	'34.0697	'0.0000

iii) Change in Promoters' Shareholding :

	Name & Type of Transaction	NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	RAJ MONEY MARKET LTD	94720930	27.3401			94720930	27.3401
	AT THE END OF THE YEAR					94720930	27.3401
2	RAJKUMARI KANODIA	9175000	2.6483			9175000	2.6483
	AT THE END OF THE					9175000	2.6483

	YEAR						
3	SUSHIL KUMAR KANODIA	6800000	1.9627			6800000	1.9627
	AT THE END OF THE YEAR					6800000	1.9627
4	AKANKSHA JATIN MEHTA	1818000	0.5247			1818000	0.5247
	AT THE END OF THE YEAR					1818000	0.5247
5	RADHESHY AM KANODIA (H.U.F.)	1700000	0.4907			1700000	0.4907
	AT THE END OF THE YEAR					1700000	0.4907
6	SUSHIL KUMAR KANODIA	1648000	0.4757			1648000	0.4757
	AT THE END OF THE YEAR					1648000	0.4757
7	SAMIKSHA KANODIA	1574000	0.4543			1574000	0.4543
	AT THE END OF THE YEAR					1574000	0.4543
8	SAVITA AGRAWAL	600000	0.1732			600000	0.1732
	AT THE END OF THE YEAR					600000	0.1732

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) :

Sr No.		Shareholding at the beginning of the year - 2017	Transactions during the year	Cumulative Shareholding at the end of the year - 2018
--------	--	--	------------------------------	---

	Name & Type of Transaction	NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	FINE FASHION PRIVATE LIMITED	30471815	8.7953			30471815	8.7953
	Sell			07 Apr 2017	-803759	29668056	8.5633
	Buy			23 Jun 2017	900000	30568056	8.8231
	Sell			15 Sep 2017	-788214	29779842	8.5956
	Sell			22 Sep 2017	-1316461	28463381	8.2156
	Sell			29 Sep 2017	-1061500	27401881	7.9092
	Sell			06 Oct 2017	-834573	26567308	7.6684
	Sell			08 Dec 2017	-142030	26425278	7.6274
	Sell			15 Dec 2017	-30000	26395278	7.6187
	Sell			22 Dec 2017	-52000	26343278	7.6037
	Sell			29 Dec 2017	-50000	26293278	7.5893
	Sell			05 Jan 2018	-169411	26123867	7.5404
	Sell			12 Jan 2018	-942000	25181867	7.2685
	Sell			19 Jan 2018	-950000	24231867	6.9943
	Sell			26 Jan 2018	-350000	23881867	6.8932
	Sell			09 Feb 2018	-149098	23732769	6.8502
	Sell			16 Feb 2018	-50000	23682769	6.8358
	AT THE END OF THE YEAR					23682769	6.8358
2	JITENDRA B SALECHA	14000000	4.0409			14000000	4.0409

	Sell			26 Jan 2018	-305152	13694848	3.9529
	Sell			02 Feb 2018	-50000	13644848	3.9384
	AT THE END OF THE YEAR					13644848	3.9384
3	SUBRAMANI AN P	12197200	3.5206			12197200	3.5206
	AT THE END OF THE YEAR					12197200	3.5206
4	SAMPOODE VI KAILASHCH ANDRA KANODIA	10450100	3.0163			10450100	3.0163
	AT THE END OF THE YEAR					10450100	3.0163
5	SURYAKANT KAILASHCH AND KANODIA	10450100	3.0163			10450100	3.0163
	Sell			19 Jan 2018	-150000	10300100	2.973
	Sell			26 Jan 2018	-20000	10280100	2.9672
	Sell			16 Feb 2018	-60000	10220100	2.9499
	AT THE END OF THE YEAR					10220100	2.9499
6	AJAYKUMAR KAILASHCH ANDRA KANODIA	10450100	3.0163			10450100	3.0163
	Sell			19 Jan 2018	-250000	10200100	2.9441
	Sell			26 Jan 2018	-60000	10140100	2.9268
	Sell			09 Feb 2018	-22750	10117350	2.9203
	Sell			16 Feb 2018	-60000	10057350	2.9029
	AT THE END OF THE YEAR					10057350	2.9029
7	RITU AJAY KANODIA	10450100	3.0163			10450100	3.0163

	Sell			19 Jan 2018	-150000	10300100	2.973
	Sell			26 Jan 2018	-60000	10240100	2.9557
	Sell			09 Feb 2018	-100000	10140100	2.9268
	Sell			16 Feb 2018	-150000	9990100	2.8835
	AT THE END OF THE YEAR					9990100	2.8835
8	SEEMADEVI SURYAKANT KANODIA	10450100	3.0163			10450100	3.0163
	Sell			19 Jan 2018	-150000	10300100	2.973
	Sell			26 Jan 2018	-60000	10240100	2.9557
	Sell			02 Feb 2018	-50000	10190100	2.9413
	Sell			09 Feb 2018	-100000	10090100	2.9124
	Sell			16 Feb 2018	-114278	9975822	2.8794
	AT THE END OF THE YEAR					9975822	2.8794
9	SURYAKANT KAILASHCH AND KANODIA	10450100	3.0163			10450100	3.0163
	Sell			06 Oct 2017	-2510000	7940100	2.2918
	Sell			19 Jan 2018	-200000	7740100	2.2341
	Sell			26 Jan 2018	-60000	7680100	2.2168
	Sell			02 Feb 2018	-50000	7630100	2.2023
	Sell			16 Feb 2018	-60000	7570100	2.185
	AT THE END OF THE YEAR					7570100	2.185
10	SANJAY B JAIN	7000000	2.0205			7000000	2.0205
	AT THE END OF THE YEAR					7000000	2.0205

v) Shareholding of Directors and Key Managerial Personnel

SR. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mrs. Rajkumari Kanodia				
	At the beginning of the year	9175000	2.65	9175000	2.65
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No Change during the year			
	At the end of the year	9175000	2.65	9175000	2.65
2	Mr. Sushil Kumar Kanodia				
	At the beginning of the year	8448000	2.43	8448000	2.43
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change during the year			
	At the end of the year	8448000	2.43	8448000	2.43

V. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	69,486.60	2,400		71,886.60

ii) Interest due but not paid				
iii) Interest accrued but not due	4952.71	11.40		4,964.11
Total (i+ii+iii)	74439.71	2411.40		76,851.11
Change in Indebtedness during the year				
	100.15	-		100.15
• Addition	100.15	0.00		100.15
• Reduction				
Net Change	100.15	0.00		100.15
Indebtedness at the end of the				
i) Principal Amount	69386.45	2,400		71,786.45
ii) Interest due but not paid				
iii) Interest accrued but not due	4,953.70	11.40		4,965.10
Total (i+ ii+ iii)	7433.92	2411.40		9,845.32

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNAL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil

vi REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Naval Babulal Kanodia Whole Time Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	2,00,000	2,00,000
	(b) Value of perquisites u/s. 17 (2) Income-tax	-	-
	(c) Profits in lieu of Salary under section 17 (3) Income - tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit	-	-
5	Others, please specify	-	-
	Total (A)	NIL	NIL
	Ceiling as per the Act	As per Schedule V of Companies Act,	

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Suresh Gupta	Jugal Kishore Pooranmal Pareek	Mr. Prahlad Rai Jajodia	
					-
1.	Independent Directors	-		-	-
	• Fee for attending board committee meetings	NIL	25,000	25,000	50,000
	• Commission	-		-	-
	• Others, please specify	-		-	-
	Total (1)	NIL	25,000	25,000	50,000
2.	Other Non- Executive Directors	Mrs. Rajkumari Kanodia		-	-
	• Fee for attending board committee meetings	25,000		-	25,000
	• Commission	-		-	-
	• Others, please specify	-		-	-
	Total (2)	25,000		-	25,000
	Total (B) = (1+2)	-		-	75,000
	Total Managerial				
	Overall Ceiling as per the		As per Schedule V of Companies Act,		

B. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sushil Kumar Kanodia CEO & CFO	Ms. Deepa Gehani Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	29,79,120	NIL	29,79,120
	(b) Value of perquisites u/s. 17 (2) Income-tax Act, 1961	-	-	-

	(c) Profits in lieu of Salary under section 17 (3) Income - tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify..	-	-	-
5	Others, please specify	-	-	-
	Total	29,79,120	NIL	29,79,120

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Annexure -II
Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Raj Rayon Industries Limited
CIN: L17120DN1993PLC000368
R.O.: SURVEY NO 177/1/3,
VILLAGE SURANGI,
SILVASSA, DN: 396230

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Raj Rayon Industries Limited** (hereinafter called the company) CIN: **L17120DN1993PLC000368**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. **Raj Rayon Industries Limited**'s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') ;
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)** and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit period)**
- (vi) Other laws as per the representation made by the Company are as follows;
- Factories Act, 1948
 - Industrial Disputes Act, 1947
 - Payment of Wages Act, 1936
 - Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - Employees State Insurance Act, 1948
 - Environment Protection Act, 1986
 - Indian Contracts Act, 1872
 - Income Tax Act, 1961 and Indirect Tax Laws
 - Pollution Control Laws

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings are generally complied.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- *We further report that, the Company's account stands exited from CDR Mechanism.*
- *We further report that, 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.*
- *Company has not filed the promoter disclosure and changes in the same w.r.t. Regulation 30(1) and 30(2) - SEBI Takeover Regulations 2011 but details of open offer were there with BSE.*
- *We further report that*
 - *Due to resignation of the Board of directors the Board was not as per the Companies Act, 2013 and Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (LODR)*
 - *The management has appointed the Board members at the Board meeting 28/01/2019 due to which the AGM was not scheduled and conducted within the time limit of Companies Act, 2013 and the Company didn't received any extension for the same.*
 - *The Company was not able to conduct Board meeting as per the Companies Act 2013 and Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and Exchange compliance for the quarter ended 30th September, 2018 and 31st December, 2018 was not as per the time line of LODR and company has received the notice for suspension of trading form exchanges on January 2019.*
 - *The Company has paid the penalty and completed the compliances with exchanges for the quarter ended 30th September, 2018 and 31st December, 2018 and pursuant to which the suspension of trading was revoked.*
 - *The Company secretary of the Company put her resignation on July 19, 2017 and management are looking forward to appoint Company secretary.*
 - *The creditors of the Company has filed the petition against the company with NCLT under insolvency and bankruptcy code.*

I have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and regulations to the Company.

I further report that:

The Board of Directors of the Company is not duly constituted due to resignation of directors but with the efforts of management the Board constitutes as per Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 w.e.f 28/01/2019.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no instance of :

- (i) Public/Right/Preference issue of shares / debentures / sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations.

Further, my report of even dated to be read along with the following clarifications:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, were followed provide as reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws and regulations and happening
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Place: Mumbai
Date: 28/01/2019

POOJA APURVA MALKAN
C.P. No. : 19938

Annexure-III

(I) The percentage increase in remuneration of each Director, other Key Managerial Personnel (KMP), Ratio of the remuneration of each director to the median remuneration of the employees of the company and the comparison of the remuneration of each KMP against the performance of the Company during the financial year 2017-18 are as under					
	Director's/ KMP/ Manager's Name	Remuneration of Director/KMP for financial year 2017-18	% increase in Remuneration in the Financial Year 2017-18	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr. Naval Babulal Kanodia Whole Time Director	2,00,000	Nil	1.79	The Company incurred a Net Loss of Rs. 5264.87 Lakhs for the year ended March 31, 2018 as compared to previous year's ended March 31, 2017 Net Loss of 6628.82 Lakhs.
2	Mr. Sushil Kumar Kanodia CEO & Chief Financial Officer	29,79,120	Nil	15.93	
3	Miss Deepa Gehani Company Secretary	NIL	N. A.	2.98	
Miss Deepa Gehani has resigned with effect from July , 19 2017					

No remuneration or sitting fees is paid to the Non-executive Directors or Independent Directors of the Company.

Annexure- IV
AOC-2

Note 40: Related Party Disclosures (as per Ind AS 24 issued by ICAI) :

- I) Names of related parties and description of relationships
- a) Party owning an interest in voting power of the company that gives it significance influence over the company:
Raj Money Market Limited
Fine Fashion Private Limited
- b) Non-Execuitve Directors
Shri Prahladrai Jajodia
Shri Suresh Gupta (Resigned w.e.f. 31/03/2017)
Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)
Shri Bibhuti Bhusan Das (Appointed w.e.f. 05/04/2016)
- c) Key management personnel:
i) Mr. Naval Babulal Kanodia - Whole-time Director
ii) Mr. Sushil Kumar Kanodia - Chief Executive Officer (C.E.O.) & Chief Financial Officer (C.F.O.)
- d) Relatives of Key management personnel:
i) Pawan Kanodia (Brother of Sushil Kumar Kanodia)
ii) Akanksha Mehta (Daughter of Sushil Kumar Kanodia)
iii) Samiksha Arya (Daughter of Sushil Kumar Kanodia)

II) Transactions during the period and balances outstanding for the period ended with the related parties are as follows:

A) Expenses Details with Related Parties

Particulars	(Amount in Rs.)	
	Value of Transactions	
Expenses:	2017-18	2016-17
Director's Remuneration		
Mr. Naval Babulal Kanodia	200,000.00	300,000.00
Directors Sitting Fees		
Shri Prahladrai Jajodia	25,000.00	20,000.00
Smt. Rajkumari Kanodia	25,000.00	15,000.00
Shri Rajubhai Baba bhai Chokidar (Appointment w.e.f. 20/09/2017)	20,000.00	
Shri Suresh Gupta (Resigned w.e.f. 31/03/2017)	-	15,000.00
Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)	25,000.00	10,000.00
Shri Bibhuti Bhusan Das (Resigned w.e.f. 14/11/2017)	-	20,000.00
Salary		
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	2,997,120.00	2,997,120.00
Mr. Pawan Kanodia	588,000.00	588,000.00

Mrs Akansha Mehta	1,680,000.00	1,680,000.00
Mrs Samiksha Arya	1,008,000.00	1,008,000.00

B) Investments in Related Parties

Investments in Shares		2017-18	2016-17
Raj Money Market Limited		-	-
Sales (net of returns / rebate / discount)			
Fine Fashion Private Limited		613,323,237	185,250,027
Interest received			
Fine Fashion Private Limited		-	5,514,185
Interest paid			
Fine Fashion Private Limited		-	664,521
Unsecured Loan			
Fine Fashion Private Limited	Taken	-	-
	Repayment		(9,800,000)
Purchases			
Fine Fashion Private Limited		-	-
Third party payments / Receipts			
Fine Fashion Private Limited	Receipt from Customers	-	97,737,140
	Payments to Suppliers	-	214,167,375

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements, based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements, could thus differ materially from those projected in any such forward- looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

Overview

General:

Your Company enjoys a Star Export House status by the Director General of Foreign Trade and has certification of ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB). Your Company exports its product to countries in South America, Europe, Middle East, Africa, Far East, South East Asia etc.

Financial:

During the year the Company has registered:

Net Sales and other income of Rs. 7,668.21 Lakhs as compared to Rs. 27,610.44 Lakhs of previous year.

Loss for the year was (Rs.(5264.87) Lakhs Loss as compared to (Rs.6628.82) Lakhs Loss of previous year.

The Company incurred Cash losses of Rs. 1,856.97 Lakhs as compared to Cash losses of Rs. 1,573.44 Lakhs of previous year.

The Company incurred a Net Loss of Rs. (5264.87) Lakhs & EPS of (Rs. 1.52) as compared to Net Loss of Rs. (6628.82) Lakhs & EPS of (1.91) of previous year.

Export of the Company during the year was NIL

Industry outlook:

Indian Textile Industry Overview

India is the second largest manufacturer of textile and apparel in the world after China. Make in India campaign was launched to attract manufacturers and FDI. Technology Mission for Technical Textile has been continued. Under Union Budget 2015-16, government of India has allocated around USD584.49 million for Textile Industry. The major focus of this Budget is to attract the manufacturers, technology upgradation Integrated textiles parks, etc. Measures were also announced to be taken to foster faster clearance of import and export.

Textile plays a major role in the Indian economy

It contributes 14 per cent to industrial production and 4 per cent to GDP With over 45 million people, the industry is one of the largest source of employment generation in the country The industry accounts for nearly 13 per cent of total exports The size of India's textile market in 2014 was USD99.0 billion which is expected to touch USD226 billion market by 2023 at a CAGR of 8.7 per cent between 2009-23E.

Opportunities:

- Buoyant domestic economy leading to higher market growth.
- Growth of organized retail would increase the consumption of apparel.
- 100% FDI allowed in textile sector through the automated route.
- Export demand expected to pick up with global economic recovery leading to increased opportunities in export market.
- Demand of Man-made Fibers (MMF) is likely to improve, primarily driven by increased substitution of cotton by MMF.

Threats:

- Volatility of input costs
- Shortage of raw material in domestic market
- Cost increase in crude oil based raw materials due to weak rupee.
- High fluctuation in INR/USD rates has adversely impacted company's cost structure as the company was rely on imports of its main input raw material viz. PTA

Internal Controls:

- RRIL's well defined organisation structure, policy guidelines, predefined authority levels and an extensive system of internal controls, ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.
- RRIL has adequate system of internal control in place to ensure that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.
- RRIL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations and policies, plans and statutory requirements.
- RRIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- RRIL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

Research & Development:

The Company always strives to be innovative and cost competitive, aided by its fully equipped R & D facilities. Besides producing POY of Denier range fine to coarse, the Company's array of products includes yarn of various cross sections namely Round, Trilobal and Octalobal, as also

Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Doped Dyed Yarn, Fire Retardant and Anti Microbial yarns.

Quality Management:

RRIL continues to take quality improvement measures to enhance quality of various polyester yarns and polyester chips. The Company's ISO certification in respect of its products and processes stands upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

Environment and Safety:

Being conscious of the need for environmentally clean and safe operations, the Company conducts its operations ensuring safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Human Resources and Industrial Relations:

The Company recognises that Human Resources are its most valuable assets that provide competitive edge to stay ahead. The Company's focus is on developing the most superior work force so that the Company and individual employees can accomplish their work goals in service to customers.

The Company's strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals and by creating a culture for learning and growth. Industrial relations remained cordial in all the plants.

CORPORATE GOVERNANCE REPORT

I. PHILOSOPHY ON CORPORATE GOVERNANCE

At Raj Rayon Industries Limited, we believe in adopting the best Corporate Governance practices and appropriate disclosure norms towards protecting rights and interest of stakeholders. The Company believes in transparency, professionalism and accountability, which are also the basic principles of Corporate Governance. The Company would constantly endeavor to improve on these aspects.

The driving principles of our corporate governance framework are encapsulated in the following diagram:



Our Corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance. As the Board has developed the corporate governance framework to fulfill their responsibility.

II. BOARD OF DIRECTORS

A. Composition of the Board:

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors (IDs) to maintain the independence of the Board, and separate its functions of governance and management. Listing regulations mandates that for a company with Non-executive Chairman (Promoter Director) , at least one-half of the Board should be Independent Directors. As on 31st March, 2018 Board consist four (4) members out of that three are independent directors and one is promoter.

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

During the year under review, the Board of Directors of the Company consisted of following Directors:

Mrs. Rajkumari Kanodia - Chairperson and Non- Executive Promoter Director, Mr. Naval Kanodia- Whole Time Director (Executive Director). Mr. Raju Chowkidar and Mr. Prahlad Rai Jajodia- Non- Executive and Independent Directors, Mr. Jugal Kishore Pooranma Pareek - Non- Executive and Independent Directors and Mr. Bibhuti Bhushan Das Nominee Director.

All the Directors have periodically and regularly informed the Company about their Directorship and Membership on the Board/Committees of the Board of other companies. As per the disclosure received, none of the Directors of your Company hold memberships/Chairmanships more than the prescribed limits across all companies in which he/she is a Director.:

Name of the Director	Category of Director	No. of Board Meetings held	No. of Board Meetings attended	No. of other Directorships	Committee Memberships	Committee Chairmanships	Last Annual General Meeting attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mrs. Rajkumari Sushilkumar Kanodia	Promoter Director	5	5	-	-	-	YES
Mr. Prahlad Rai Jajodia	Independent Director	5	5	-	-	-	YES
Mr. Naval Babulal Kanodia	Whole Time Director	5	5	-	-	-	YES
Mr. Bibhuti Bhusan das	Nominee Director	5	3	-	-	-	YES
Mr. Jugal Parikh	Independent Director	5	5	-	-	-	YES
Mr. Raju Chowkidar	Independent Director	4	4	-	-	-	YES

Five (5) meetings of the Board of Directors were held during the financial year 2017-18. 30/05/2017, 14/08/2017,14/09/2017,14/12/2017 and 14/02/2018

III. Separate Meeting of Independent Directors:

Schedule IV of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligation Disclosure Requirement) Regulations, 2015 mandates that Independent Directors of the Company should hold at least one separate meeting in a year without the presence of Non-independent Directors and members of the Management. These meetings are expected to review the following:

- review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- to assess the quality, quantity and timeliness of flow of information between the company management and the Board.
- During the financial year Separate Independent Directors Meeting was held on February 14, 2018.

IV. AUDIT COMMITTEE

- Terms of reference:** The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors.
- Composition:** The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

During the year under review, the composition of the Audit Committee of the Board comprised the following Non-Executive Directors

Name of member	Member/ Chairman	Number of Meetings Held and Attended
Mr. Prahlad Rai Jajodia	Chairman	4/4
Mrs. Rajkumari Kanodia	Member	4/4
Mr. Raju Chowkidar	Member	3/3

Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 30/05/2017, 14/09/2017, 14/12/2017 and 14/02/2018.

All the recommendations made by the Audit Committee during the year were accepted by the Board. The Audit Committee is empowered, pursuant to its terms of reference and its role, inter alia, includes the following

V. Nomination & Remuneration Committee:

The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

During the year under review, the composition of the Nomination & Remuneration Committee of the Board comprised the following Non-Executive Directors

- a. **Nomination & Remuneration Committee** was constituted by the Board of Directors as follows :

Name of member	Member/ Chairman	Number of Meetings held & Attended
Mr. Prahlad Rai Jajodia	Chairman	1/1
Mrs. Rajkumari Kanodia	Member	1/1
Mr. Raju Chowkidar	Member	NA

During the year under review one (1) meeting were held on 30/05/2017

VI. Stakeholders Relationship Committee

A Committee was reconstituted as follows:

Name of member	Member/ Chairman	Number of Meetings Held and Attended
Mr. Prahlad Rai Jajodia	Chairperson	4/4
Mrs. Rajkumari Kanodia	Member	4/4
Mr. Raju Chowkidar	Member	3/3

The Committee meets at frequent intervals to consider Shareholders' complaints. All valid share transfers received during the year 2017-18 have been approved and attended to by the Committee. It may also be noted here that the Company now has a common Registrar and Transfer Agent for its physical and demat segments.

During the year under review four (4) meetings of the Stakeholders Relationship Committee were held on the following dates: 30/05/2017, 14/09/2017, 14/12/2017 and 14/02/2018.

Number of Shareholder complaints received during the year:

During the year under review, no investor complaints was received.

VII. General Body Meetings

The details of Annual General Meetings (AGM) held in the last three years are given hereunder:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2014-2015 AGM	30/09/2015	Survey No. 177/1/3, Village-Surangi, Dist -Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230	10.00 a.m	1) Approval under section 188 of companies act, 2013 & clause 49 of listing agreement for enter into transaction with related parties for maximum amount of Rs. 150.00 crs. 2) Approval of remuneration payable to Cost Auditor of the Company. 3) Approval of resolution passed under section 23 Of Sick Industrial (Special Provisions) Act, 1985
2015-2016 AGM	30/09/2016	Survey No. 177/1/3, Village-Surangi, Dist -Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230	10.00 a.m	1) Approval under section 188 of companies act, 2013 & Regulation 23 of SEBI (Listing Obligation and Disclosure Regulations) 2015 for enter into transaction with related parties for maximum amount of Rs. 150.00 crs.
				2) Approval of remuneration payable to Cost Auditor of the Company.
2016-2017 AGM	20-09-2017	Survey No. 177/1/3, Village-Surangi, Dist -Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230	10.00 a.m	NIL

VIII. Disclosures

- a. **Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- b. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years**

The Company has complied most of the requirements of the regulatory authorities on matters related to capital markets and paid the necessary penalties wherever applicable by the Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets.

IX. Means of communication

Publication of Quarterly Results	Quarterly Results are published in 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition newspapers and also displayed on the Company's website www.rajrayon.com .
Website	www.rajrayon.com In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies of the Company
Stock Exchange	Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI NEAPS(NSE Electronic Application Processing System) NEAPS is a web-based application designed by NSE for corporates. BSE Corporate Compliance & the Listing Centre BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically. Corp filing: Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on www.corpfiling.co.in .
SEBI Complaints Redress System (SCORES)	The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaints and its current status.

Whether it also displays official news releases	Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.rajrayon.com .
Annual Report	Annual Reports are sent to each shareholder at their address registered or on their e-mail address registered with the Company/R&TA/Depositories.
The presentations made to institutional investors or to	N.A.

14. GENERAL SHAREHOLDER INFORMATION:

AGM Date	24 th February, 2019
Time	10.00 A.M.
Venue	Hotel Green Wood, Naroli Road, Opp DSB Bank Silvassa 396230
Registered office	Survey No. 177/1/3, Village-Suranghi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)
Corporate Office	5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai – 400 059, Maharashtra (INDIA) Tel: 91-22- 40343434, Fax: 91-22- 40343400 E-mail: investors@rajrayon.com
Plant Location	1) Survey No. 272/1/1, Plot No. 1, Village Dadra, Dadra-Demani Road, Dist - Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230(INDIA) 2)Survey No. 185/1/1, Plot No.17, Dokmandi, Village - Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) 3)Survey No. 177/1/3, Village - Suranghi, Dist - Silvassa, Dadra and Nagar Haveli (U.T.) - 396 230(INDIA)
Financial Year	April 1, 2017 to March 31, 2018
Book Closure Date	18/02/2019 to 26/02/2019 (both days Inclusive) for 25 th Annual General Meeting.
Dividend	Not Declared for the financial Year 2017-18
Listing of Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited

Stock Code	BSE-530699 NSE Symbol-RAJRAYON
Demat ISIN No.	INE533D01024
CIN	L17120DN1993PLC000368
Financial Calender	Financial Year: 1st April, 2017 to 31st March, 2018 Results for the quarter ending June Mid week of August Results for quarter ending September Mid week of November Results for quarter ending December Mid week of February Results for year ending March 31, Last week of May, Annual General Meeting September
Registrars and Transfer Agents (R&TA):	LINK INTIME INDIA PRIVATE LIMITED 247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Phone:022 4918 6000 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
Address for Correspondence	For Transfer/ transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrant, loss of share certificates etc., should be addressed to: Link Intime India Private Limited 247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Phone:022 4918 6000 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in (OR) Directly to the Company to: Director Raj Rayon Industries Ltd. Corporate office: 5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai - 400 059, Maharashtra (INDIA) Tel: 91-22- 40343434, Fax: 91-22- 40343400 E-mail: investors@rajrayon.com Tel Nos.:022-40343434,40343412 Fax Nos.: 40343400

Market Price Data: High & Low price of equity shares on the Stock Exchange, Mumbai is as under:

Month	High (Rs.)	Low (Rs.)
April 2017	0.27	0.22
May 2017	0.25	0.22
June 2017	0.25	0.23

July 2017	0.23	0.19
August 2017	0.23	0.19
September 2017	0.24	0.2
October 2017	0.26	0.2
November 2017	0.29	0.21
December, 2017	0.36	0.3
January 2018	0.58	0.34
February 2018	0.63	0.42
March 2018	0.46	0.35

Performance in comparison to broad-based index i.e. BSE Sensex is as under:

Month	BSE Sensex	Closing Price of Shares
April 2017	29,918.40	0.25
May 2017	31,145.80	0.24
June 2017	30,921.61	0.24
July 2017	32,514.94	0.21
August 2017	31,730.49	0.21
September 2017	31,283.72	0.23
October 2017	33,213.13	0.22
November 2017	33,149.35	0.29
December, 2017	34,056.83	0.35
January 2018	35,965.02	0.56
February 2018	34,184.04	0.42
March 2018	32,968.68	0.35

Share Transfer System: The Company (now the Company's Registrars and Share Transfer Agents) normally registers shares sent for transfer in physical form within 30 days of the receipt of the documents. Shares under objection are returned within two weeks. The Company has, as per SEBI guidelines, also offered the facility of transfer-cum-demat.

Compliance Officer: The Company has appointed Mr. Sushil Kumar Radheshyam Kanodia, the CEO & CFO of the Company as the Compliance Officer.

Shareholding pattern of the Company as on 31st March 2018

	Category	Number of Shares Held	Percentage holding
A.	Promoters' Holding		
1.	Promoters		
	- Indian Promoters	11,80,35,930	34.07

	- Foreign Promoters	Nil	0.00
2.	Persons acting in Concert	Nil	0.00
	Sub-Total (1+2)	11,80,35,930	34.07
B.	Non-Promoters' Holding		
3.	Institutional Investors		
	a. Mutual Funds and UTI	Nil	Nil
	b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non- Government Institutions	1418963	0.41
	c. FIIs (Foreign Institutional Investors)	Nil	0.00
	Sub-Total	Nil	Nil
4.	Others		
	a. Private Sector Corporate Bodies and others	68636654	19.81
	b. Indian Public	158362453	45.71
	Grand Total	11034700	100.00

Subsidiary Companies

The Company does not have any subsidiary.

Code for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

CEO/CFO Certification

The Chief Executive Officer & Chief Financial Officer have certified to the Board in accordance with uniform Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2018 is annexed and forms part of this Report.

Compliance Report on Corporate Governance

Pursuant to The SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015, Compliance Report on Corporate Governance is not applicable to our Company.

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

This is to certify that the Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been uploaded on the Company's website

All the Board members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2018.

For Raj Rayon Industries Limited

Sd/-

**Rajkumari Kanodia
Non Executive Chairperson & Director**

**Place: Mumbai
Date: 28/01/2019**

**CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON
CORPORATE GOVERNANCE**

The Board of Directors

M/s. RAJ RAYON INDUSTRIES LIMITED

We have reviewed the financial statements and the cash flow statement RAJ RAYON INDUSTRIES LIMITED for the financial year 2017-18 and certify that:

- a. These statements to the best of our knowledge and belief:
 - I. Do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
 - II. Present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the year, which are fraudulent, illegal or violate of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- d. We have also indicated to the Auditors and the Audit Committee.
 - I. Significant changes in Internal Controls with respect to financial reporting during the year.
 - II. Significant changes in accounting policies during the Year and these have been disclosed in the notes to the financial statements.
- e. To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

For RAJ RAYON INDUSTRIES LIMITED

Sd/-

**SUSHIL KUMAR KANODIA
CEO & CFO**

Place: Mumbai

Date: 28/01/2019

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To
The Members
Raj Rayon Industries Limited**

We have examined the compliance of conditions of Corporate Governance by **Raj Rayon Industries Limited**, for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub- regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the condition of the corporate governance stipulated in SEBI Listing Regulations.

Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We Conducted Our Examination in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and Standards on Auditing specified under section 143(10) of Companies Act, 201, in so far applicable for the purpose of this certificate. The Guidance Note on Reports or Certificate for special purpose require that we comply with ethical requirements of the Code of Ethics issued by ICAI

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 *except the following:*

1. *As per section 149(1) of the Companies Act, 2013, every public company shall have 3 Directors. However, from 04.08.2018 to 28.01.2019 the Company had only 1 Director.*
2. *The Board of Directors of the Company was not duly constituted with respect to proper balance of Executive Directors, Non-Executive Directors, Independent Directors from 04.08.2018 to 28.01.2019.*
3. *As per Regulation 19(1)(a) of the SEBI (Listing Obligation and Disclosure Requirements), 2015, the Nomination and remuneration committee shall comprise of at least 3 Directors. Hence, the quarterly results for the Quarter ended 30th June, 2018 and 30th September, 2018, could not be*

adopted within due dates, Annual General Meeting of the Company could not be convened and held within due date nor extension has been sought from the Registrar of Companies.

Further, we state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is addressed and provided to the members of the company solely for the purpose to enable the company to comply with the requirements of Stock Exchange and SEBI Listing Regulations, and it should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care for another purpose or any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For Agarwal Desai & Shah
Chartered Accountants
Firm Registration No- 124850W**

**(CA. Bharat Kumar)
Partner
M No. 175787**

Place: Mumbai
Date: 28/01/2019



AGARWAL DESAI & SHAH

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
Raj Rayon Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Raj Rayon Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the Provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Basis for Qualified Opinion

The attached Balance Sheet as at 31st March 2018 is drawn on the basis of Principle of 'Going Concern'. We opine as follows in this connection:

- 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 has charged Interest for April 2016) have not charged interest on the company's borrowings / loans or reversed the interest charged. 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 Comprehensive Income/(Loss) is estimated to be understated by Rs.10,645.94 Lakhs for the year ended 31st March 2018 and the Surplus in statement of profit and loss and Total Other Equity under "Note No. 16:Other Equity" is estimated to be understated by 20,049.51 Lakhs.
- b) 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.
- c) 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 interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations to lenders / rescheduling of debt and resuming normal operations.

We further report that, except for the effect, if any, of the matters stated in paragraph (b) and (c) above, whose effect are not ascertainable, had the observations made under 'Basis for Qualified opinion considered, the loss after tax for the year ended March 31, 2018 would have been higher by Rs.10645.94 Lakhs and the Surplus in statement of profit and loss and Total Other Equity under "Note No. 16: Other Equity" would have been lower by 20,049.51 Lakhs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matters expressed in Basis for Qualified Opinion and Emphasis of matters paragraph, the aforesaid 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 31st March, 2018; and its Loss and cash flow for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the notes to the Financial Statements for which our opinion is not qualified:

- a) Term Loan, Working Capital Term Loan (WCTL), Funded Interest Term Loan and Working Capital loans availed by the Company from various banks under consortium advance including the loans of South Indian Bank taken over by Asset Reconstruction Company remained unpaid and overdue since 2015 - 16.
- b) In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding as on the date of Balance Sheet.
- c) The Company has been served with Summon/Notice from the Debt Recovery Tribunal 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.

As the matter is sub-judiced, our Report is not qualified in respect of the above matter.



Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (hereinafter referred to as the "Order"), and on the basis of such checks of the books of accounts and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, except for matters expressed in Paragraph "Basis for Qualified Opinion", the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With reference to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer "Note 32" to the financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There is no amount outstanding which needed to be transfer to Investor education and protection fund.
 - iv. In the absence of requisite information/details regarding Specified Bank Notes and other denomination notes, appropriate disclosure as required vide MCA Notification No. GSR 308(E), dated 31 March 2018, could not be made.

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

Bharat
(CA. Bharat Kumar)
Partner
M No. 175787
Place: Mumbai
Date: 30th May 2018



ANNEXURE "A" REFERRED TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph under the heading of 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the financial statements of the Company for the year ended 31st March 2018)

- (i)
- a. In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. As per the information and explanation given to us, the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were reported on such verification by the management.
 - c. The title deeds of immovable properties as disclosed in Note - 03 on Property Plant & Equipment to the financial statements, are held in the name of the Company.
- (ii)
- a. As explained to us, Physical verification of inventory excluding stock with third party has been conducted by the management at reasonable intervals. In respect of Inventory lying with third party, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - b. The Discrepancies noticed on verification of Inventory as compared to books records were not material and these have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any Unsecured Loan to Companies as covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanation given to us, the company has complied with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of Loans, Investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed there under.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148 (1) of the Act in respect of its Products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)
- a) According to the records of the Company and the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, sales tax, Service Tax, Custom Duty, Excise duty, Value Added Tax, Cess and other statutory dues to the extent applicable to it. There are no undisputed statutory dues as referred to above as at 31st March 2017 outstanding for a period of more than six months from the date they become payable.
 - d) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess except the following:



Name of the Statute	Nature of the Dues	Amount in (Rs.) (Excluding penalties and interest, if any except otherwise stated)		Period to which the amount relate	Forum where dispute is pending
Central Excise Duty	Excise Duty	23.89		1995-1996	Additional Directorate of Anti Evasion
		32.09		1996-1997	
		38.30		1997-1998	
		25.82		1998-1999	
		7.40		1999-2000	
			127.50		
		0.09#		1999-2000	The Company is in the process of refund
			2.95	2003-2004	Appellate Tribunal of Central Excise
			3.35	2003-2004 & 2004-2005	The Company has filed reply to show Cause Notice received from Superintendent of Central Excise
			2.84#	2003-2004	The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
			174.57	2012-2013	The Company has filed an Appeal before the Custom, Excise & Service tax Appellate Tribunal, Ahmedabad
			283.52 (**)	2005 - 2006 & 2006 - 2007	The Company is in the process of filing the Appeal with the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
Textile Committee Act	Cess	0.35		1997-1998	Textile Cess Appellate Tribunal
		0.88		1998-1999	
		2.13		1999-2000	
		3.10		2000-2001	
		1.37		2001-2002	
			7.82		
Gujarat Tax on Entry of Specified Goods into Local Area Act, 2001 (Including Penalties & Interest)	Entry tax		308.83 (Net of 250.00 lacs being amount Recovered by the Department)	01.04.2012 to 31.01.2014	The Company has filed an appeal before the Deputy Commissioner of Commercial Tax Surat (Gujarat).
# Payment made under protest * Assessment year ** Represents Penalty demand					



- (viii) Based on our audit procedures and according to the information and explanation given by the management, the company has defaulted in repayment of dues to bank / financial institution as detailed in Annexure "C" to this report. The Company has not issued any debentures.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment of Shares during the year under review. The Company has not made any private placement of shares or fully or partly convertible debentures.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Bharat
(CA. Bharat Kumar)
Partner
M No. 175787



Place: Mumbai
Date: 30th May 2018

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Raj Rayon Industries limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of **Raj Rayon Industries Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

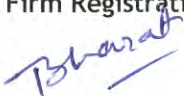
Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting to future periods are subject to the risk that the Internal Financial Control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the Internal Financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India".

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


(CA. Bharat Kumar)
Partner
M No. 175787



Place: Mumbai
Date: 30th May 2018

Annexure "C" to Independent Auditors' Report

[Referred to in paragraph viii of Annexure 'A' to Auditors reports of even date to the members of M/s. Raj Rayon Industries Ltd.]

Default in Repayment of dues to Banks towards Term Loans (` in lakhs):

Particulars	Period of Default	As at 31.03.2018	
		Principal	Interest
State Bank of India	Since 2015 - 16	26,627.34	8,750.84
State Bank of Hyderabad	Since 2015 - 16	12,801.50	5,349.92
State Bank of Mysore	Since 2015 - 16	5,040.89	1,841.71
State Bank of Travancore	Since 2015 - 16	4,862.46	1,691.09
State Bank of Bikaner & Jaipur	Since 2015 - 16	2,698.80	832.06
State Bank of Patiala	Since 2015 - 16	3,196.15	1,214.98
Phoenix ARC Pvt. Ltd. (*)	Since 2015 - 16	4,076.05	1,192.30
Total		59,303.19	20,872.90

The facilities being classified as Non-Performing Assets (NPAs), hence entire outstanding amount is considered as default by the Company.

(*) Phoenix ARC Pvt. Ltd. (an Assets Reconstruction Company) has acquired the loans from South Indian Bank.

Default in Repayment of dues to Banks towards Working Capital Facilities (` in lakhs)

Default in Repayment of dues to Banks towards Working Capital Facilities (` in lakhs)

Particulars	Period of Default	As at 31.03.2018	
		Principal	Interest
State Bank of India	Since 2015 - 16	4655.03	2,865.05
State Bank of Hyderabad	Since 2015 - 16	1689.99	433.39
State Bank of Travancore	Since 2015 - 16	820.13	217.46
State Bank of Mysore	Since 2015 - 16	491.61	155.47
State Bank of Bikaner & Jaipur	Since 2015 - 16	1415.78	366.51
Phoenix ARC Pvt. Ltd. (*)	Since 2015 - 16	1010.73	244.76
Total		10083.27	4,282.64

The facilities being classified as Non-Performing Assets (NPAs), the lenders have reduced the Drawing Power to "Nil", hence entire outstanding amount is considered as default by the Company.

(*) Phoenix ARC Pvt. Ltd. (an Assets Reconstruction Company) has acquired the loans from South Indian Bank.



Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
I ASSETS				
1- Non current assets				
(a) Property, Plant and Equipment	6	23690,34,403.61	27422,67,344.61	32038,10,111.58
(b) Intangible assets	6	-	-	-
(c) Capital work in progress	6	-	-	-
(d) Financial Assets				
i- Investments	7	10,02,000.00	10,02,000.00	10,02,000.00
ii- Other Financial Assets	8	79,72,560.00	210,82,975.00	253,81,254.00
(e) Deferred tax assets (net)	9	-	-	-
(f) Non Current tax assets (net)	10	22,64,442.00	6848252.00	6105928.93
(g) Other non-current assets	11	1034,22,415.00	1610,17,471.54	2292,13,597.00
		24836,95,820.61	29322,18,043.15	34655,12,891.51
2- Current assets				
(a) Inventories	12	664,75,462.00	1814,30,649.00	4684,79,261.00
(b) Financial Assets				
i- Trade receivables	13	2251,82,782.89	2096,34,514.33	2984,76,526.30
ii- Cash and Cash equivalents	14	45,69,537.77	178,61,529.93	37,93,099.70
iii- Bank Balances other than (ii) above	15	276,34,867.10	138,70,519.80	64,82,281.80
iv- Other Financial Assets	16	399,57,154.75	391,84,144.46	986,36,104.00
(c) Other current assets	17	44,04,869.00	241,61,843.00	193,25,214.00
		3682,24,673.51	4861,43,200.52	8951,92,486.80
TOTAL		28519,20,494.12	34183,61,243.67	43607,05,378.31
II EQUITY AND LIABILITIES				
1- Equity				
(a) Equity Share Capital	18	3464,54,000.00	3464,54,000.00	3464,54,000.00
(b) Other Equity	19	(52328,82,720.23)	(47063,96,180.38)	(40435,14,372.53)
		(48864,28,720.23)	(43599,42,180.38)	(36970,60,372.53)
2- Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
i- Borrowings	20	2400,00,000.00	38851,53,864.73	48740,30,526.09
(b) Provisions	21	10,32,205.00	26,97,167.00	32,37,866.00
(c) Other Non- Current Liabilities	22	-	-	32,00,000.00
		2410,32,205.00	38878,51,031.73	48804,68,392.09
Current liabilities				
(a) Financial Liabilities				
i- Borrowings	23	10083,26,593.93	10181,57,170.93	11830,75,975.89
ii- Trade Payables	24	358,30,065.12	600,55,723.52	2541,77,244.97
iii- Other Financial Liabilities	25	64516,35,565.30	28103,12,494.87	17336,28,544.05
(b) Other Current Liabilities	26	5,18,178.00	1854210.00	6308856.84
(c) Provisions	27	10,06,607.00	72,793.00	1,06,737.00
		74973,17,009.35	38904,52,392.32	31772,97,358.75
Total Equity And Liabilities		28519,20,494.12	34183,61,243.67	43607,05,378.31

Significant accounting policies

Notes to Accounts 1 to 53

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Agarwal Desai & Shah
Chartered Accountants
Firm registration No. 124850W

Bharat
CA. Bharat Kumar
Partner
Membership no.175787



Mumbai
Dated: 30th May, 2018

For and on behalf of the board

Rajkumari Kanodia
Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

(Sushil)
Sushil Kumar Kanodia
C.E.O. & C.F.O.

Mumbai
Dated: 30th May, 2018

RAJ RAYON INDUSTRIES LIMITED
Statement of Profit and Loss for the year ended 31st March 2018

(Amount in `)

Particulars	Note No.	figures for the current reporting period 2017-18	figures for the previous reporting period 2016-17
Revenue from operations	28	7850,42,635.71	30483,95,593.00
Less: Excise duty		<u>223,38,271.00</u>	<u>3054,22,625.00</u>
		7627,04,364.71	27429,72,968.00
Other income	29	<u>41,16,590.00</u>	<u>180,71,405.11</u>
Total Revenue		7668,20,954.71	27610,44,373.11
Expenses:			
Cost of materials consumed	30	5954,21,755.00	19808,10,122.00
Purchases of stock-in-trade	31	-	458,69,239.00
Changes in inventories of finished goods, work in	32	1045,47,914.00	1723,77,032.00
Employee benefits expense	33	304,22,566.00	737,01,653.00
Finance cost	34	4,23,981.25	169,39,792.64
Depreciation and amortisation expense	6	3695,50,630.00	4768,58,908.92
Other expenses	35	<u>1933,49,041.31</u>	<u>6570,43,414.48</u>
Total expenses		12937,15,887.56	34236,00,162.04
Profit / (Loss) before Tax		(5268,94,932.85)	(6625,55,788.92)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
MAT credit entitlement		-	-
Tax adjustment for earlier years		<u>30,133.00</u>	<u>46,648.93</u>
		30,133.00	46,648.93
Profit / (Loss) for the period		(5269,25,065.85)	(6626,02,437.85)
Other Comprehensive Income			
Item that will not be reclassified to profit or loss			
Re-measurement gain/(loss) on defined benefit plans		4,38,526.00	(2,79,370.00)
Income Tax effect on above		-	-
Total other Comprehensive Income / (Loss)		4,38,526.00	(2,79,370.00)
Total Comprehensive Income for the Year		(5264,86,539.85)	(6628,81,807.85)
Earning per equity share	36		
Basic		(1.52)	(1.91)
Diluted		(1.52)	(1.91)
Significant accounting policies			
Notes to Accounts	1 to 53		

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For Agarwal Desai & Shah
Chartered Accountants
Firm registration No. 124850W

Bharat
CA. Bharat Kumar
Partner
Membership no.175787



Mumbai
Dated: 30th May, 2018

For and on behalf of the board

Rajkumari Kanodia
Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

(Sushil)
Sushil Kumar Kanodia
C.E.O. & C.F.O.

Mumbai
Dated: 30th May, 2018

RAJ RAYON INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

(Amount in `)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Extraordinary Items	(5268,94,932.85)	(6628,35,158.92)
Adjustment for:		
Depreciation	3695,50,630.00	4768,58,908.92
CDR Expenses	-	-
Provision for Bad & Doubtful Debts	-	15,28,230.00
Provision for doubtful advance receivables	-	201,27,228.00
Investment Income:		
Exchange Rate Change	65,134.00	5,20,591.00
(Profit) / Loss on Sale of Fixed Asset	28,79,811.00	(5,688.70)
Rent Income	-	(54,50,000.00)
Interest /other Income	(28,68,001.00)	(91,05,902.00)
Expenses for Increase in Authorised Share Capital	-	-
Finance costs	4,23,981.25	169,39,792.64
Operating Profit before Working Capital changes	(1568,43,377.60)	(1614,21,999.07)
Adjustment for:		
Inventories	1149,55,187.00	2870,48,612.00
Trade receivables	(156,13,402.56)	867,93,190.97
Other Receivables, Loans & Advances (Current / Non Current)	715,32,596.25	852,44,983.00
Trade payables	(242,25,658.40)	(194,1,21,521.45)
Other Payables, Provisions (Current / Non Current)	(56,35,841.79)	(291,25,428.79)
Cash generated from operations	(158,30,497.10)	744,17,836.66
Direct Taxes Paid	45,53,677.00	(7,88,972.00)
(including reversal of Mat Credit Entitlement)		
Cash flow before Extraordinary Items	(112,76,820.10)	736,28,864.66
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(112,76,820.10)	736,28,864.66
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(22,500.00)	(68,90,812.24)
Sale of Investments	-	-
Purchase of Investments	-	-
Sale of Fixed Assets	8,25,000.00	2,66,667.00
Bank balances other than cash and cash equivalents	(6,05,708.00)	(24,90,602.00)
Interest / other income	77,88,588.00	99,63,139.00
Rent Income	-	60,01,250.00
Other Long Term Liabilities	-	(32,00,000.00)
NET CASH USED IN INVESTING ACTIVITIES	79,85,380.00	36,49,641.76
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	-	-
Expenses for Increase in Authorised Share Capital	-	-
Increase/(Decrease) in Unsecured Loan - Long Term (net)	-	(98,00,000.00)
Proceeds from long term borrowings (Refer note no. 4 & 4A)	-	939,81,800.13
Repayment of long term borrowings	(1,84,519.51)	(10,41,907.48)
Change in Working Capital Borrowing from Banks (Refer Note - 5)	(98,30,577.00)	(1649,18,804.96)
Interest & Other Borrowing Cost (Refer note no. 6)	(4,23,981.25)	185,68,836.12
NET CASH FROM FINANCING ACTIVITIES	(104,39,077.76)	(632,10,076.19)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(137,30,517.86)	140,68,430.23
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	178,61,529.93	37,93,099.70
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	45,69,537.77	178,61,529.93

Notes to cash flow statement:

- (*) Inclusive of Capital Work in Process.
- All figures in brackets are outflow.
- Refer Note no. 9 for details of cash and cash equivalents.
- The proceeds from long term borrowings are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.
- The Proceeds from Long Term borrowings during 2016 - 17 represents Interest Charged by bank in earlier year and accounted as "Interest Accrued & Due on borrowings" but not reversed by Bank on Classification of account as NPA.
- The Change in working capital borrowings from Banks are inclusive of Interest charged by Bank in earlier year and reversed during the year.
- The interest and other borrowing cost are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL and after adjusting the effect of Unrealised Interest reversed by Bank on Term Loan, Working Capital Term Loan, Funded Interest Term Loan & Cash Credit.

As per our attached report of even date:

For Agarwal Desai & Shah
Chartered Accountants
Firm registration No. 124850W

CA. Bharat Kumar
Partner
Membership no.175787



For and on behalf of the Board

Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Note 1: Corporate Information:

Raj Rayon Industries Limited ("the Company") is a limited Company domiciled and incorporated in India and its shares are publicly traded on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), in India. The registered office of the Company is situated at Survey No. 177/1/3, Village Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India.

Company is engaged in the business of manufacturing and trading of Polyester Chips, Polyester Yarn and Processed Yarn.

Note 2: Basis of Preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

For all periods up to year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the first financial statement, the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value / amortised cost.

The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency and all values are rounded to the nearest Lakhs with two decimal, except when otherwise indicated.

Note 3: Significant Accounting Policies:**3.1 Property, Plant and Equipment:**

Property, plant and equipment are carried at cost of acquisition or construction, net of Cenvat/Value added tax less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, borrowing cost and any cost directly attributable to the bringing the assets to its working condition for its intended use.

Depreciation on the property, plant and equipment is provided using straight line method over the useful life of assets as specified in schedule II to the Companies Act, 2013. Depreciation on property, plant and equipment which are added during the year, is provided on pro-rata basis succeeding to the month of addition. Freehold land is not depreciated.

The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Profits / losses arising in the case of retirement / disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

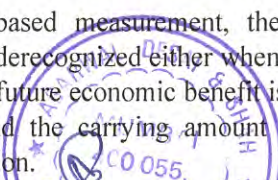
Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other cases, buildings constructed on leasehold lands are amortized over the primary lease period of the lands.

3.2 Investment Properties:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the statement of profit and loss when the changes arise.

Though the Company measures investment properties using cost-based measurement, the fair value of investment property is disclosed in the notes. Investment properties are derecognized either when they have been disposed-off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.



3.3 Intangible Assets:

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Computer software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives or period of three years, whichever is less. The assets' useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

3.4 Leases:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

3.5 Inventories:

In general, all inventories are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw Materials are valued on weighted average basis and Stores & Spares are determined on FIFO Basis. Waste, by products and trial run products are valued at net realisable value. Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

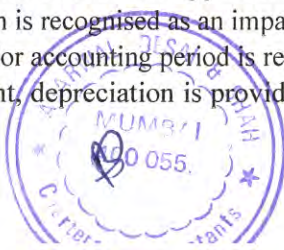
3.6 Cash and Cash Equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.7 Impairment of Assets:

An asset is considered as impaired when at the date of Balance Sheet, there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss. The impairment loss recognised in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.



3.8 Non-Current Assets Held for Sale:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the statement of profit and loss as a separate line item. On classification as held for sale, the assets are no longer depreciated. Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

3.9 Financial Instruments – Initial Recognition, Subsequent Measurement and Impairment:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets - Initial Recognition and Measurement:

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

ii) Financial Assets - Subsequent Measurement:

For the purpose of subsequent measurement of financial assets are classified in two broad categories:-

a) Financial assets at fair value

b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured **at amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

BUSINESS MODEL TEST: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.

Cash Flow Characteristics Test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

Cash Flow Characteristics Test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

Financial Assets - Equity Investment In Subsidiaries, Associates and Joint Venture:

The Company has accounted for its equity investment in subsidiaries, associates and joint venture at cost.

Financial Assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

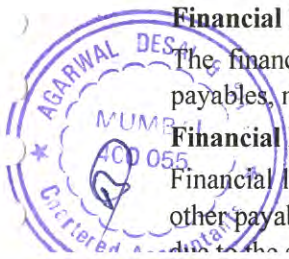
The Company has transferred its rights to receive cash flow from the asset.

Financial Liabilities - Initial Recognition and Measurement:

The financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities - Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.



3.10 Provisions, Contingent Liabilities, Contingent Assets and Commitments:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.11 Dividend Distribution:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

3.12 Revenue recognition and export incentive Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per the terms of the contracts, usually on delivery of the goods, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from Operations is measured at the fair value of the consideration received or receivable and includes sale of products, waste, services, export Incentives and excise duty and are net of sales tax, value added tax, discounts and claims.

Other Operating Income:

Export Incentives other than advance licence are recognised at the time of exports and the benefits in respect of advance licence received by the Company against export made by it is recognized as and when goods are imported against them.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income:

Dividend Income is recognised when the right to receive the payment is established.

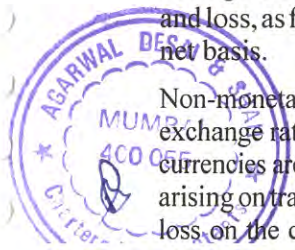
3.13 Foreign currency reinstatement and translation:

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the date of the transaction. Monetary Items denominated in foreign currencies at the year end are restated at year end rates. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition or construction of qualifying assets is adjusted to the carrying cost of such assets, in other cases such difference are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised to the statement of profit and loss over the balance life of the long term monetary item, however that the period of amortisation does not extend beyond 31st March, 2020.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, as finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is



3.14 Employee Benefits:

Short term employee benefits are recognised as an expense in the statement of profit and loss of the year in which the related services are rendered. Leave encashment being a defined benefit plan is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise.

Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in the statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

3.15 Taxes on income:

Income tax expense represents the sum of current tax (including MAT and income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

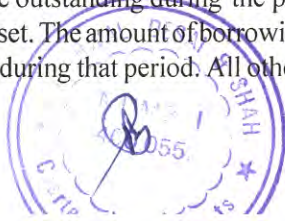
Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Minimum Alternative Tax (MAT) is applicable to the Company. Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

3.16 Borrowing cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.



3.17 Earnings per share:

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.18 Current and non-current classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading & manufacturing.
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading, & manufacturing.
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

3.19 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

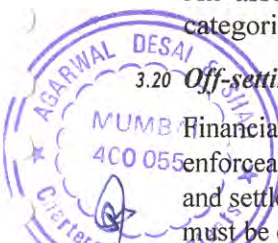
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

3.20 Off-setting financial instrument:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the



Note 4: Significant Accounting Judgements, Estimates and Assumptions:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Property, plant and equipment, investment properties and intangible assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per Schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

4.2 Income tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the standalone financial statements.

4.3 Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/ claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4.4 Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.5 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

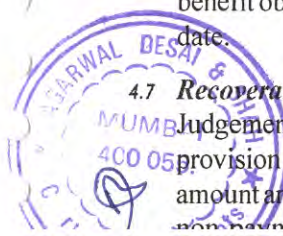
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

4.6 Defined benefits plans:

The Cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.7 Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterpart, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.



4.8 Provisions:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

4.9 Fair value measurement of financial instruments :

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Note 5: Debt Restructuring – Corporate Debt Restructuring (CDR) :

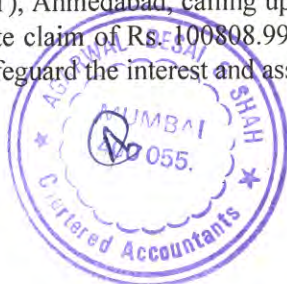
The Company, Raj Rayon Industries Limited, hereinafter referred to as ‘the Borrower’, have availed various financial facilities from the secured lenders from time-to-time. Due to defaults in payment of dues to the lenders the account of the Company has been classified as Non-Performing Asset (NPA) as per RBI norms during the financial year 2013-14.

The lenders have approved a CDR proposal of the Company for which the cut-off date was 01 August 2016.

As per Master Restructuring Agreement (MRA) executed between the borrower and the CDR Lenders as well as the provisions of the Master Circular on CDR issued by the Reserve Bank of India it gives a right to the CDR Lenders to get a recompense of their waiver and sacrifices made as a part of the CDR proposal. The recompense payable by the Borrower is contingent on various factors including improved performance of the Borrower and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made / to be made by CDR Lenders as per the MRA was approximately Rs. 37.06 crores for the Company.

However, As per the CDR EG meeting held on 29th August 2016 and the letter (Ref : CDR(DAP)/No. 223/2016-17 from the State Bank of India dated 30th August 2016 the account of the Company stands exited from CDR mechanism on account of failure of the approved restructuring package. 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 and machineries and immovable properties (Land and Buildings) located at Mumbai, Surangi, Amla and Dadra & Nagar Haveli as described under section 13 (4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of the Security Interest Act, 2002 and published the E-auction sale notice.

The Lenders have approached the Debt Recovery Tribunal (DRT) under section 19 of the Recovery of Debts Due to Banks and Financial Institution Act, 1993 and the Company is served with a Summon/Notice by Debt Recovery Tribunal (DRT), Ahmedabad, calling upon to appear and file written statement before the DRT against the recovery of aggregate claim of Rs. 100808.99 Lakhs. The Management of the Company is taking necessary steps in this regard to safeguard the interest and assets of the Company. The matter is sub-judiced



J RAYON INDUSTRIES LIMITED

Financial Statements for the year ended 31st March 2018

Note 6 (a): Property, Plant & Equipments

(Amount in `)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Additions during the period	Sold / discarded / deducted during the period	Total As at 31.03.2018	Provided upto 31.03.2017	Provided for the period	Written Back during the period	Total upto 31.03.2018	Total as at 31.03.2018	Total as at 31.03.2017
Land	296,83,326.00	-	-	296,83,326.00	-	-	-	-	296,83,326.00	296,83,326.00
Air Condition System	628,56,231.03	-	-	628,56,231.03	567,74,646.27	9,26,807.00	-	577,01,453.27	51,54,777.76	60,81,584.00
Electrical Installation	3431,78,187.69	-	-	3431,78,187.69	2519,18,884.29	164,46,722.00	-	2683,65,606.29	748,12,581.40	912,59,303.00
Factory Building	6803,85,401.98	-	-	6803,85,401.98	1697,91,207.83	217,23,589.00	-	1915,14,796.83	4888,70,605.15	5105,94,194.00
Air C.G.Sets	190,96,350.22	-	-	190,96,350.22	85,73,033.37	8,06,008.00	-	93,79,041.37	97,17,308.86	105,23,316.00
Plant & Machinery	46145,25,671.17	-	-	46145,25,671.17	25322,19,867.31	3280,38,742.00	-	28602,58,609.31	17542,67,061.86	20823,05,803.00
Furniture & Fixtures	157,49,316.15	-	-	157,49,316.15	132,95,576.90	6,32,078.00	-	139,27,654.90	18,21,661.25	24,53,739.00
Vehicle	98,09,684.38	-	57,58,596.00	40,51,088.38	53,52,505.75	3,70,887.00	20,53,785.00	36,69,607.75	3,81,480.63	44,57,178.00
Office Equipments	33,14,999.53	22,500.00	-	33,37,499.53	27,78,175.42	1,76,367.00	-	29,54,542.42	3,82,957.11	5,36,824.00
Computers	105,78,008.23	-	-	105,78,008.23	99,79,340.53	3,57,054.00	-	103,36,394.53	2,41,613.70	5,98,667.00
Office Premises	45,39,299.00	-	-	45,39,299.00	7,65,893.12	72,376.00	-	8,38,269.12	37,01,029.88	37,73,405.00
Note 6 (b): Intangible Assets										
Computer Software	7,50,000.00	-	-	7,50,000.00	7,50,000.00	-	-	7,50,000.00	-	-
Total as at 31.03.2018	57944,66,475.38	22,500.00	57,58,596.00	57887,30,379.38	30521,99,130.78	3695,50,630.00	20,53,785.00	34196,95,975.78	23690,34,403.61	27422,67,344.00
Total as at 31.03.2017	57975,75,130.14	1,45,719.24	32,54,374.00	57944,66,475.38	25937,65,018.56	4614,27,507.92	29,93,395.70	30521,99,130.78	27422,67,344.61	32038,10,111.00
Total as at 01.04.2016	57976,37,665.14	25,87,821.00	26,50,356.00	57975,75,130.14	21112,25,681.72	4834,69,149.85	9,29,813.00	25937,65,018.56	32038,10,111.58	36864,11,983.00
Note 6 (c): Capital work in progress										

1 Property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 21 and 25.

2 In accordance with the Indian Accounting Standard (Ind AS -36) on " Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Ind AS. On the basis of the view carried out by the management, there was no impairment loss on property, plant and equipment during the year ended 31st March, 2018.

3 The carrying value (Gross Block less accumulated depreciation and amortisation) as on 1st April, 2016 of the Property, plant and equipment and Intangible Assets is considered as a deemed cost on the date of transition.

4 Other intangible assets represents Computer software other than self generated.

d) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired have been adjusted net of tax, in the opening balance of statement of Profit and Loss amounting to nil (previous year ` 9.49) Lacs.



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Note 7: Financial Assets- Investments						
Other than trade:(at cost):	Numbers	Amount(`)	Numbers	Amount(`)	Numbers	Amount(`)
Investments in fully paid equity instruments (unquoted)						
Raj Money Markets Limited having face value of ` 10/- each	1,00,100	10,01,000.00	1,00,100	10,01,000.00	1,00,100	10,01,000.00
The Bharat Co-operative Bank (Mumbai) Limited, having face value of ` 100/- each	10	1,000.00	10	1,000.00	10	1,000.00
Total		<u>10,02,000.00</u>		<u>10,02,000.00</u>		<u>10,02,000.00</u>
Particulars	Book value (`)	Market value (`)	Book value (`)	Market value (`)	Book value (`)	Market value (`)
Aggregate value of:						
Quoted investments	Nil	N.A.	Nil	N.A.	Nil	N.A.
Unquoted investments	10,02,000.00	N.A.	10,02,000.00	N.A.	10,02,000.00	N.A.
Note 8: Other Financial Assets						
Fixed deposit with bank with maturity period more than 12 months held as security, deposit, margin money for letter of credit and bank guarantees issued		61,82,364.00		194,18,616.00		243,16,252.00
Interest accrued on fixed deposits (Maturity period more than 12 months)		8,97,472.00		7,61,635.00		1,62,278.00
Security deposits		8,92,724.00		9,02,724.00		9,02,724.00
Total		<u>79,72,560.00</u>		<u>210,82,975.00</u>		<u>253,81,254.00</u>
Note 9: Deferred tax assets (net)						
Deferred Tax Liabilities:						
Depreciation		-		-		(2213,15,849.00)
Deferred Tax Assets:						
Unabsorbed depreciation / Business Loss		-		-		6164,72,518.00
Deferment of disallowances / allowances as per the Income Tax Act 1961		-		-		2307,92,879.00
Total		<u>-</u>		<u>-</u>		<u>6259,49,548.00</u>
Less Reversal of Deferred Tax Assets (net)		-		-		(6259,49,548.00)
Total		<u>-</u>		<u>-</u>		<u>-</u>
Note 10: Non Current tax assets (net)						
Prepaid Taxes (Net of Provisions)		22,64,442.00		68,48,252.00		61,05,928.93
Total		<u>22,64,442.00</u>		<u>68,48,252.00</u>		<u>61,05,928.93</u>

10 (a): In view of the heavy losses and uncertainty of profits in years to come, the management of the Company has reversed the MAT Credit Entitlement amounting to Nil (Previous year `45096289/-) pertaining to earlier years and have been adjusted the same with the Balance in Statement of Profit & Loss under "Reserve & Surplus".



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Note 11: Other non-current assets			
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)	-	-	128,59,501.00
TUFS benefit receivable (interest subsidy)	776,63,902.00	776,63,902.00	732,83,848.00
Capital advances	5,44,163.00	5,44,163.00	123,23,363.00
Prepaid expenses	2,14,350.00	97,767.54	2,59,809.00
Unsecured, considered doubtful			
Capital advances	117,79,200.00	117,79,200.00	0.00
Less Provision for doubtful Capital advances	(117,79,200.00)	(117,79,200.00)	0.00
Others	250,00,000.00	827,11,639.00	1304,87,076.00
Total	1034,22,415.00	1610,17,471.54	2292,13,597.00

11 (a): The account of Raj Rayon Industries Ltd stands exited from CDR mechanism on account of failure of approved restructuring package, The unamortised amount of deferred revenue expenditure (CDR expense) has been charged to statement of profit & loss during the year.

Note 12: Inventories (Refer note no. 3.5)

(As taken, valued & certified by the management)

Raw Materials	156,00,814.00	79,82,579.00	685,11,658.00
Raw Materials - In transit	-	-	144,46,209.00
Work in progress	247,14,188.00	765,65,213.00	825,93,345.00
Manufactured components	19,09,925.00	248,82,380.00	493,11,255.00
Finished goods	208,92,239.00	569,43,757.00	2165,72,841.00
Stores, spares and others	23,42,925.00	104,28,243.00	267,19,149.00
Packing materials	10,15,371.00	46,28,477.00	103,24,804.00
Total	664,75,462.00	1814,30,649.00	4684,79,261.00

12.1 Inventories are pledged/hypothecated as collateral against borrowings, the details related to which have been described in note 17 and 20.

Note 13: Trade receivables

Outstanding for a period exceeding six months from the date they are due for payments

Unsecured, considered good	609,98,473.00	829,03,422.62	1137,68,377.75
Unsecured, considered doubtful	10357,79,732.94	10357,79,732.94	10342,51,502.94
	10967,78,205.94	11186,83,155.56	11480,19,880.69
Less: Provision for doubtful trade receivables	(10357,79,732.94)	(10357,79,732.94)	(10342,51,502.94)
	609,98,473.00	829,03,422.62	1137,68,377.75

Outstanding for a period less than six months from the date they are due for payments

Unsecured, considered good	1641,84,309.89	1267,31,091.71	1847,08,148.55
Unsecured, considered doubtful	-	-	-
	1641,84,309.89	1267,31,091.71	1847,08,148.55
Total	2251,82,782.89	2096,34,514.33	2984,76,526.30



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
-------------	------------------	------------------	------------------

13.1 Debts includes 103.58 Crore (As at 31st March, 2017 103.58 Crore and as at 1st April, 2016 103.43 Crore), which are overdue and against which the Company has initiated legal proceedings. The Company is of the view that this amount is recoverable. As a matter of prudence the company has made provision for the same.

Note 14: Cash and Cash Equivalents

Balances with banks	43,19,818.14	175,89,146.30	34,90,069.07
Cheques on hand	-	-	-
Cash in hand	2,49,719.63	2,72,383.63	3,03,030.63
	<u>45,69,537.77</u>	<u>178,61,529.93</u>	<u>37,93,099.70</u>
Total	<u>45,69,537.77</u>	<u>178,61,529.93</u>	<u>37,93,099.70</u>

Note 15: Bank Balances other than Cash and Cash Equivalents

Balances with banks in unpaid dividend accounts	79,643.10	1,57,255.80	1,57,255.80
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	337,37,588.00	331,31,880.00	306,41,278.00
Less : Amount disclosed under other non current assets (Refer note no. 5)	61,82,364.00	194,18,616.00	243,16,252.00
	<u>275,55,224.00</u>	<u>137,13,264.00</u>	<u>63,25,026.00</u>
Total	<u>276,34,867.10</u>	<u>138,70,519.80</u>	<u>64,82,281.80</u>

15.1 Deposit lien with banks includes 3.37 Crore (As at 31st March, 2017 3.31 Crore and as at 1st April, 2016 3.06 Crore) pledged as security with a bank for the credit facilities availed

Note 16: Other Financial Assets

Unsecured, considered good			
Advances to suppliers	2,82,600.21	47,47,177.00	92,47,517.00
Advances to staff	8,541.54	4,95,745.00	9,58,113.00
Cenvat credit receivable (Net of Provision)	383,93,689.00	270,98,932.00	780,47,179.00
Balance with Excise department	90,065.00	1,58,840.00	89,975.00
Prepaid expenses	8,03,442.00	26,75,562.46	53,25,902.00
Vat/Entry tax credit receivable	-	36,12,933.00	36,12,933.00
Deposits	1,50,000.00	1,50,000.00	2,00,000.00
Others	2,28,817.00	2,44,955.00	11,54,485.00
Unsecured, considered doubtful			
Advances to suppliers	83,48,028.00	83,48,028.00	-
Less Provision for doubtful advances to suppliers	(83,48,028.00)	(83,48,028.00)	-
Total	<u>399,57,154.75</u>	<u>391,84,144.46</u>	<u>986,36,104.00</u>



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Note 17: Other current assets						
Interest accrued on fixed deposits	1691460.00		10,97,862.00		6,64,470.00	
Less : Amount disclosed under other financial assets (Refer note no. 8)	897472.00		7,61,635.00		1,62,278.00	
(Maturity period less than 12 months)		7,93,988.00		3,36,227.00		5,02,192.00
Export benefit receivable		36,10,881.00		36,14,806.00		33,50,035.00
Excise Refund Receivable		-		146,96,625.00		17,16,219.00
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)		-		-		25,71,900.00
TUFS benefit receivable (interest subsidy)		-		-		43,80,054.00
Interest Receivable		-		55,14,185.00		68,04,814.00
Total		44,04,869.00		241,61,843.00		193,25,214.00

Note 18: Equity Share capital

	Numbers		Amount(`)		Numbers		Amount(`)	
Authorised:								
Equity Shares of ` 1/- each	7100,00,000		7100,00,000.00		7100,00,000		7100,00,000.00	
Preference Shares of ` 10/- each	150,00,000		1500,00,000.00		150,00,000		1500,00,000.00	
Total		8600,00,000.00		8600,00,000.00		8600,00,000.00		8600,00,000.00
Issued, Subscribed and paid-up :								
Equity Shares of ` 1/- each fully paid	3464,54,000		3464,54,000.00		3464,54,000		3464,54,000.00	
Total		3464,54,000.00		3464,54,000.00		3464,54,000.00		3464,54,000.00

18.a Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period :-

(i) Equity shares :-

Particulars	Numbers		Amount (`)		Numbers		Amount (`)	
Outstanding at the beginning of the reporting period	3464,54,000		3464,54,000.00		3464,54,000		3464,54,000.00	
Issued during the reporting period	-		-		-		-	
Bought back during the reporting period	-		-		-		-	
Outstanding at the end of the reporting period	3464,54,000		3464,54,000.00		3464,54,000		3464,54,000.00	

18.b The principle rights,powers,preferences and restrictions relating to each class of share capital are as follows;

Equity Shares - The Company has issued only one class of Equity Shares having a par value of Rs. 1/- per share. Each Holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the Shareholders.

18.c Shareholders holding more than 5% share capital at the end of the year :

Name of shareholders	Numbers		% of Holding		Numbers		% of Holding	
Equity Shares								
Raj Money Market Limited	947,20,930		27.34		947,20,930		27.34	
Fine Fashion Private Limited	236,82,769		6.84		304,71,815		8.80	



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18.d Information regarding issue of shares in the last five years			
a) The Company has not issued any shares without payment being received in cash.			
b) The Company has not issued any bonus shares.			
c) The Company has not undertaken any buy-back of shares.			
Note 19: Other Equity			
<u>Capital reserve-on forfeited shares/ share warrants:</u>			
As per last Balance Sheet	114,47,025	114,47,025	114,47,025
<u>Securities premium reserve:</u>			
As per last Balance Sheet	7630,72,854	7630,72,854	7630,72,854
<u>Surplus in statement of profit and loss:</u>			
Balance at the beginning of the year	-5480916059	(48180,34,251)	(12802,09,224)
Reversal of Deferred Tax Assets (net) of earlier years (Refer note no 9 (a))	0	-	(6259,49,548)
Reversal of Mat Credit Entitlement (Refer note no 10 (a))	0	-	(450,96,289)
Add (less): Profit (loss) after tax for the reporting period	-526486540	(6628,81,808)	(28667,79,190)
	(60074,02,599)	(54809,16,059)	(48180,34,251)
Total	(52328,82,720)	(47063,96,180)	(40435,14,373)

Note 20: Long term borrowings

Secured loans:			
Term loans			
From Banks:			
Rupee Loans	59303,18,649.37	59303,18,649.37	58363,36,849.24
Other parties:			
Daimler Financial India Private Ltd.	-	1,84,519.51	12,26,426.99
	59303,18,649.37	59305,03,168.88	58375,63,276.23
Less: Current maturities of long term debts	59303,18,649.37	22853,49,304.15	12133,32,750.14
(Including instalment defaulted and remained unpaid at Balance Sheet date)			
Sub-total	-	36451,53,864.73	46242,30,526.09
Unsecured loans:			
Inter-corporate loans	1000,00,000.00	1000,00,000.00	1098,00,000.00
15% Non Convertible Non Cumulative Redeemable Preference Shares of ` 10/- each	1400,00,000.00	1400,00,000.00	1400,00,000.00
Sub-total	2400,00,000.00	2400,00,000.00	2498,00,000.00
Total	2400,00,000.00	38851,53,864.73	48740,30,526.09



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A. Particulars of Securities and rate of Interest:			
1) In case of financial facilities from Lenders, Term Loan (TL), Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) aggregated to ` 59303.19 Lakhs and Fund Based Working Capital of `10083.27 Lakhs and Non Fund Based working Capital facility (Bank Guarantee) of ` 175.60 Lakhs are secured by –			
<ul style="list-style-type: none"> All chargeable present & future tangible / intangible movable assets of the Company, first charge on all chargeable on all present & future immovable assets of the Company, first charge on all the present & future chargeable current assets of the Company. Extension of equitable mortgage on residential Flat no.T-35/706, 7th Floor, "Golden Heights" Co-operative Housing Society Limited owned by Mrs. Rajkumari Kanodia. Lien on TDR of ` 29.00 Lacs. Personal Guarantee of Mr. Gourishankar Poddar, Mrs. Rajkumari Kanodia and Mr Sushil Kumar Kanodia. Corporate Guarantee of M/s Raj Money Market Limited. Pledge of 11,80,35,930 Equity Shares of the Company (held by promoters). 			
2) Term Loan from Daimler Financial India Private Ltd. is secured by hypothecation of specific vehicle.			
3) Rate of Interest on Term Loans ranges between 12% to 15.75%			
B. Maturity profile of secured long term loans / unsecured intercorporate loans (` In Lacs)	1-2 years	2-3 years	3-4 years
	-	-	2,400.00
C. Period and amount of continuing defaults as on the balance sheet date in repayment of principal and interest inclusive of earlier years (` in lacs)			

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Principal	Interest (*)	Principal	Interest (*)	Principal	Interest
State Bank of India	29,326.14	8,750.84	5,357.76	4,793.91	2,064.17	1,478.79
State Bank of Hyderabad	12,801.50	5,349.92	2,954.64	3,195.98	1,201.02	1,297.69
State Bank of Mysore	5,040.89	1,841.71	1,287.41	1,035.58	466.81	439.57
State Bank of Travancore	4,862.46	1,691.09	1,066.92	940.07	369.80	406.14
State Bank of Bikaner & Jaipur	2,698.80	832.06	477.87	441.04	100.59	144.31
State Bank of Patiala	3,196.14	1,214.98	604.97	711.77	253.02	261.88
Phoenix ARC Private Limited (**)	4,076.05	1,192.30	1,313.38	603.12	366.37	367.47

(*) Interest default comprises of interest reversed by bank since classification of account as Non Performing Assets (NPA) as well as Interest computed for current year though neither charged by bankers nor provided by Company.

(**) Phoenix ARC Pvt Ltd has acquired the loans from South Indian Bank (assignor bank) vide assignment agreement executed on March 17, 2017.

D. State bank of India (Lead Banker) and all consortium lenders have classified the advances given to the Company as "Non Performing Asset" (NPA) and hence term loans are considered as due to the extent of outstanding amount. The Company has not provided for interest on loan on accrual basis and the same is accounted as and when recovered by respective lenders.

E. State Bank of India and State Bank of Bikaner & Jaipur have written off an amount of ` 28775.76 lacs & ` 2527.82.65 lacs respectively toward Term Loan, Working Capital Term Loan & Funded Interest Term Loan. However the Company has shown the written off amount under the respective loan liability.

Preference Shares - The preference shareholders shall have the right to receive all notices of General Meetings of the Company but shall not confer thereon the right to vote at any meeting. The Preference Shareholders shall be entitled to receive dividend @15% per annum from the date of allotment till the date of redemption on proportionate basis. The preference shareholders shall rank in priority to the Equity shares for repayment of capital and payment of dividend. The Company shall redeem starting from the end of thirteenth year on yearly basis 1/3rd Preference Shares from the date of allotment at the rate of Rs. 10/- each at a premium of Rs. 20/- each till the end of fifteenth year. The Company shall have the option to prematurely redeem in part or in full the outstanding amount on preference shares at a price of Rs. 10/- each at a premium of Rs. 20/- each at any point of time after the end of three years from the date of allotment by giving three month notice in writing to the preference shareholders.

In term of section 47 (2) of the companies act 2013, the preference shareholders have been vested with the right to vote on all the resolutions placed before the company being dividend not paid for a period of more than 2 years. 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 year ended 31st March,2018 has been understated by Rs. 210 lakhs.



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
20.a Shareholder holding more than 5% preference share capital at the end of the year :						
Name of shareholders	Numbers	% of Holding	Numbers	% of Holding	Numbers	% of Holding
<u>Preference Shares</u>						
Nakoda Limited	140,00,000	100.00	140,00,000	100.00	140,00,000	100.00
Note 21: Provisions						
Provision for employee benefits (Refer note 35)		10,32,205.00		26,97,167.00		32,37,866.00
Total		<u>10,32,205.00</u>		<u>26,97,167.00</u>		<u>32,37,866.00</u>
Note 22: Other Non-Current Liabilities						
Deposits Received from Tenant		-		-		32,00,000.00
Total		<u>-</u>		<u>-</u>		<u>32,00,000.00</u>
Note 23: Borrowings						
Secured Loans:						
Working capital loans from banks						
Cash Credit / Demand Loans / Short Term Loans						
Rupee Loans		10083,26,593.93		10181,57,170.93		11830,75,975.89
(Sanctioned limit - ` 10239 lacs)						
Total		<u>10083,26,593.93</u>		<u>10181,57,170.93</u>		<u>11830,75,975.89</u>
Nature of security:						
(i) Rate of Interest on working capital (cash credit) ranges between 10% to 13%. For details of security given for short term borrowings, refer Note no. 5 above.						
(ii) The Working Capital Facilities being classified as non performing assets (NPA) The lenders have reduced the drawing power to Nil hence the Company has defaulted in repayment to the extent of outstanding amount and interest amount (approx) of Rs 4282.63 lakhs.						
Note 24: Trade payables						
Micro, small and medium enterprises		-		-		-
Other trade payables		358,30,065.12		600,55,723.52		2541,77,244.97
Total		<u>358,30,065.12</u>		<u>600,55,723.52</u>		<u>2541,77,244.97</u>

24 (a): On the basis of information and records available with the company, there are no Micro and Small Enterprises, which have registered with the competent authority under the Micro, Small and Medium Enterprises Development Act, 2006 and relied upon by the Auditors.



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

(Amount in `)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Note 25: Other Financial liabilities			
Current maturities of long term debts (Refer note no. 20)	59303,18,649.37	22853,49,304.15	12133,32,750.14
Interest accrued & due on Bank Loans	4952,70,957.79	4952,70,957.79	4564,01,785.03
Interest accrued & due on Unsecured Loans	114,00,000.00	114,00,000.00	147,60,544.00
Creditors for capital expenditure	-	-	67,45,093.00
Advances from customers	2,84,964.29	24,55,942.00	74,79,983.00
Forward contracts payable	-	-	-
Unpaid dividends	79,642.80	1,57,255.80	1,57,255.80
Other liabilities	142,81,351.05	156,79,035.13	347,51,133.08
Total	64516,35,565.30	28103,12,494.87	17336,28,544.05
Note 26: Other Current liabilities			
Statutory liabilities	5,18,178.00	18,54,210.00	63,08,856.84
	5,18,178.00	18,54,210.00	63,08,856.84
Note 27: Provisions			
Provision for employees benefits (Gratuity) (Refer note no.41)	10,06,607.00	72,793.00	1,06,737.00
Total	10,06,607.00	72,793.00	1,06,737.00



Particulars	figures for the current reporting period 2017-18	figures for the previous reporting period 2016-17
Note 28: Revenue from operations		
Sale of products		
Yarn - Local	7826,04,044.71	22097,77,966.00
Yarn - Export	-	4530,24,894.00
Chips	67,553.00	3320,72,785.00
PTA /MEG / Others	10,65,000.00	524,13,739.00
	<u>7837,36,597.71</u>	<u>30472,89,384.00</u>
Other operating revenue		
Export incentives (Net of short receipt)	-	6,14,809.00
Scrap and other sales	13,06,038.00	4,91,400.00
	<u>13,06,038.00</u>	<u>11,06,209.00</u>
	<u>7850,42,635.71</u>	<u>30483,95,593.00</u>
Less Excise Duty	223,38,271.00	3054,22,625.00
Total	<u><u>7627,04,364.71</u></u>	<u><u>27429,72,968.00</u></u>
Note 29: Other income		
Interest income:		
On fixed deposits with banks	25,55,828.00	25,40,945.00
On delayed payments from customers	23,916.00	60,01,464.00
On Loan / Deposit / Others	2,88,107.00	5,63,343.00
	<u>28,67,851.00</u>	<u>91,05,752.00</u>
Net foreign exchange gain / (loss)	-	34,79,923.65
Rent Received	-	54,50,000.00
Profit on sale / discard of fixed assets (Net)	-	5,688.70
Other Miscellaneous Income	12,48,739.00	30,040.76
Total	<u><u>41,16,590.00</u></u>	<u><u>180,71,405.11</u></u>
Note 30: Cost of materials consumed		
Chips	5359,45,063.00	266,59,893.00
POY/FDY/PTY	294,90,321.00	73,55,249.00
PTA /MEG / Others	2,39,572.00	18302,39,411.00
Yarn Oil	217,60,475.00	869,61,915.00
Spin Finish Oil	79,86,324.00	295,93,654.00
Total	<u><u>5954,21,755.00</u></u>	<u><u>19808,10,122.00</u></u>
Note 31: Purchases of stock-in-trade		
PTA /MEG / Others	-	458,69,239.00
Fabrics	-	-
Total	<u><u>-</u></u>	<u><u>458,69,239.00</u></u>
Note 32: Changes in inventories of Finished Goods & Work-in-Process		
Opening stocks:		
Finished goods	569,43,757.00	2165,72,841.00
Manufactured components	248,82,380.00	493,11,255.00
Stock in Process	765,65,213.00	825,93,345.00
	<u>1583,91,350.00</u>	<u>3484,77,441.00</u>
Less: Closing stocks:		
Finished goods	208,92,239.00	569,43,757.00
Manufactured components	19,09,925.00	248,82,380.00
Stock in Process	247,14,188.00	765,65,213.00
	<u>475,16,352.00</u>	<u>1583,91,350.00</u>
Add/Less: Provision for excise duty on finished goods (net)	(63,27,084.00)	(177,09,059.00)
Total	<u><u>1045,47,914.00</u></u>	<u><u>1723,77,032.00</u></u>
Note 33: Employee benefit expenses		
Salaries and Wages	283,11,847.00	707,24,363.00
Contribution to Provident Fund and other funds	13,49,398.00	29,86,288.00
Staff Welfare Expenses	3,22,795.00	2,70,372.00
Total	<u><u>299,84,040.00</u></u>	<u><u>739,81,023.00</u></u>



Particulars	figures for the current reporting period 2017-18	figures for the previous reporting period 2016-17
Note 34: Finance cost		
Interest expense	28,926.53	103,01,755.78
Other Borrowing Costs	3,95,054.72	66,38,036.86
Net loss(gain) on foreign currency transactions	-	-
Total	4,23,981.25	169,39,792.64
Note 06: Depreciation and amortisation expense		
Depreciation	3695,50,630.00	4614,27,507.92
CDR Expenses	-	154,31,401.00
	3695,50,630.00	4768,58,908.92
Note 35: Other expenses		
Manufacturing expenses:		
Power and fuel	1100,35,985.19	2754,82,189.58
Inward transportation and freight	19,26,375.00	333,59,113.00
Consumption of stores and spares	133,83,254.74	423,66,042.40
Repairs to:		
factory buildings	22,080.00	10,46,390.00
machineries	11,22,559.00	41,90,249.00
Consumption of packing material	283,80,132.50	1043,41,628.00
Labour / Job charges	193,44,952.00	1257,35,653.00
	1742,15,338.43	5865,21,264.98
Administrative expenses:		
Printing and stationery	3,80,388.65	11,41,521.94
Postage and courier	2,52,489.00	4,72,018.00
Telephone and communication charges	3,23,423.61	7,12,550.50
Travelling and conveyance	32,02,157.52	64,00,171.33
Auditors' remuneration (Refer note no. 32)	4,02,020.00	8,19,608.00
General expenses	10,75,562.78	15,58,718.07
Rates and taxes	8,36,312.00	17,30,037.00
Sundry balance written off	19,90,490.77	3,83,834.66
Electricity expenses	3,56,930.00	4,75,760.00
Insurance	25,95,922.00	24,47,502.00
Repairs and maintenance	14,03,820.00	16,34,945.00
Legal and professional charges	22,26,786.55	44,76,055.00
Director Sitting Fees	95,000.00	80,000.00
Loss on sale / discard of fixed assets (Net)	28,79,811.00	-
Provision for doubtful advance receivables	-	201,27,228.00
Provision for doubtful trade receivables	-	15,28,230.00
	180,21,113.88	439,88,179.50
Selling, distribution and other expenses:		
Advertisement and publicity	3,95,585.00	3,64,254.00
Commission and brokerage	5,16,622.00	89,93,811.00
Carriage outward	1,79,213.00	171,75,905.00
Net foreign exchange (loss)	21,169.00	-
	11,12,589.00	265,33,970.00
Total	1933,49,041.31	6570,43,414.48



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

Note 36: Earning per equity share

		2017-2018 (5264.86.539.85)	2016-2017 (6628.31.807.85)
Net profit/(loss) after tax			
Weighted average number of shares used in computing basic earnings per share	Numbers	3464,54,000	3464,54,000
Weighted average number of shares used in computing diluted earnings per share	Numbers	3464,54,000	3464,54,000
Face value of equity shares		1	1
Basic earnings per share		(1.52)	(1.91)
Diluted earnings per share		(1.52)	(1.91)

Note 37: Contingent liabilities and commitments (to the extent not provided for)

		Amount(') As at 31.03.2018	Amount(') As at 31.03.2017
(i) Contingent liabilities:			
(a) Notices / Show cause notices received from Excise department		594,81,004.00	926,84,545.00
(b) Show cause notices for levy of cess		7,82,156.00	7,82,156.00
(c) Notice received from SEBI, for delay in submission of certain information to BSE		1,75,000.00	1,75,000.00
(d) Order of assessment by Entry Tax / Commercial Tax Officer Ahmedabad (Net of ₹ 250.00 lacs being amount Recovered by the Department)		308,82,872.00	308,82,872.00
(e) Legal suit filed by the supplier		199,08,117.00	199,08,117.00
(f) Bank Guarantee		175,60,000.00	523,20,000.00
(g) Notice from Debts Recovery Tribunals		100808,98,625.00	-
(ii) Contingent commitments			
Estimated amount of contracts, net of advances, remaining to be executed on capital account.		0.00	0.00
Other commitments (Raw Materials)		0.00	0.00

Note 38: Payment to Auditors (Excluding service tax)

	Amount in ₹ for the year ended	
	31.03.2018	31.03.2017
Statutory audit under the Companies Act 1956	3,45,000.00	5,25,000.00
Tax Audit under the Income Tax Act 1961	-	1,25,000.00
Taxation matters	55,000.00	55,000.00
Certifications	-	91,500.00
Other matters	-	15,000.00
Reimbursement of cess	2,020.00	8,108.00
	<u>4,02,020.00</u>	<u>8,19,608.00</u>

Note 39: Segment reporting

The company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Ind AS-108 'Segment Reporting' is not applicable to the company.

Note 40: Related Party Disclosures (as per Ind AS 24 issued by ICAI) :

- I) Names of related parties and description of relationships
- Party owning an interest in voting power of the company that gives it significance influence over the company:
 - Raj Money Market Limited
 - Fine Fashion Private Limited
 - Non-Executive Directors
 - Shri Prahladrai Jajodia
 - Shri Suresh Gupta (Resigned w.e.f. 31/03/2017)
 - Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)
 - Shri Bibhuti Bhusan Das (Appointed w.e.f. 05/04/2016)
 - Key management personnel:
 - Mr. Naval Babulal Kanodia - Whole-time Director
 - Mr. Sushil Kumar Kanodia - Chief Executive Officer (C.E.O.) & Chief Financial Officer (C.F.O.)
 - Relatives of Key management personnel:
 - Pawan Kanodia (Brother of Sushil Kumar Kanodia)
 - Akanksha Mehta (Daughter of Sushil Kumar Kanodia)
 - Samiksha Arya (Daughter of Sushil Kumar Kanodia)

- II) Transactions during the period and balances outstanding for the period ended with the related parties are as follows.

Particulars	(Amount in ₹)		(Amount in ₹)	
	Volume of Transactions 2017-2018	2016-2017	Balances as on 2017-2018	2016-2017
Expenses:				
Director's Remuneration				
Mr. Naval Babulal Kanodia	2,00,000.00	3,00,000.00	-	-
Directors Sitting Fees				
Shri Prahladrai Jajodia	25,000.00	20,000.00	-	-
Smt. Rajkumari Kanodia	25,000.00	15,000.00	-	-
Shri Rajubhai Baba bhai Chokidar (Appointment w.e.f. 20/09/2017)	20,000.00	-	-	-
Shri Suresh Gupta (Resigned w.e.f. 31/03/2017)	-	15,000.00	-	-
Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)	25,000.00	10,000.00	-	-
Shri Bibhuti Bhusan Das (Resigned w.e.f. 14/11/2017)	-	20,000.00	-	-
Salary				
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	29,97,120.00	29,97,120.00	-	-
Mr. Pawan Kanodia	5,88,000.00	5,88,000.00	-	-
Mrs Akanksha Mehta	16,80,000.00	16,80,000.00	-	-
Mrs Samiksha Arya	10,08,000.00	10,08,000.00	-	-
Investments in Shares				
Raj Money Market Limited	-	-	10,01,000.00	10,01,000.00
Sales (net of returns / rebate / discount)				
Fine Fashion Private Limited	6133,23,237	1852,50,027	1448,53,129	786,86,985
Interest received				
Fine Fashion Private Limited	-	55,14,185	-	55,14,185



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

Interest paid			6,64,521		
Fine Fashion Private Limited					
Unsecured Loan					
Fine Fashion Private Limited	Taken				
	Repayment		(98,00,000)		
Purchases					
Fine Fashion Private Limited					(577,11,639)
Third party payments / Receipts					
Fine Fashion Private Limited	Receipt from Customers	877,26,335	977,37,140		
	Payments to Suppliers	4713,09,811	2141,67,375		

Note 42: C. I. F. value of imports:

				Amount in ` for the year ended	
				31.03.2018	31.03.2017
Raw Materials / Stock in Trade					2187,51,212.00
Capital goods					

Note 43: Expenditure in foreign currency

				Amount in ` for the year ended	
				31.03.2018	31.03.2017
Commission *			2,554.00	15,38,943.00	
Travelling			12,48,121.00	25,24,086.95	

* Considered on payment basis and previous year amount has been regrouped accordingly

Note 44: Raw material consumed and total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption
Note 44.1: Raw material consumed

				Amount in ` for the year ended	
				31.03.2018	31.03.2017
Particulars					
PTA / MEG / Others			2,39,572.00	18302,39,411.00	
Chips			5359,45,063.00	266,59,893.00	
POY/FDY/PTY			294,90,321.00	73,55,249.00	
Yarn Oil			217,60,475.00	869,61,915.00	
Spin Finish Oil			79,86,324.00	295,93,654.00	
Total			<u>5954,21,755.00</u>	<u>19808,10,122.00</u>	

Note 44.2: Total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption

			Amount in ` for the year ended		
			31.03.2018	31.03.2017	
			Consumption in `	% to total consumption	Consumption in ` % to total consumption
(a) Raw materials:					
Indigenous		5954,21,755.00	100.00	17664,61,734.00	89.18
Imported		-	-	2143,48,388.00	10.82
Total consumption and %		<u>5954,21,755.00</u>	<u>100.00</u>	<u>19808,10,122.00</u>	<u>100.00</u>
(b) Spare parts and components:					
Indigenous		133,83,254.74	100.00	423,66,042.40	100.00
Imported		-	-	-	-
Total consumption and %		<u>133,83,254.74</u>	<u>100.00</u>	<u>423,66,042.40</u>	<u>100.00</u>

Note 45: Earning in foreign currency

				(Amount in `)
			2017-2018	2016-2017
FOB Value of exports			-	3634,40,850
Above FOB value Includes FOB value as per shipping bill and custom rate for pending shipping bills for which BRCs are pending as on date				

Note 46: Financial and derivatives and unhedged transaction

The forward exchange contract (the "FEC") entered into by the company and outstanding at end of the reporting period is as under.

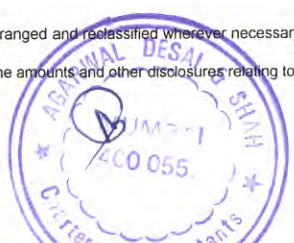
Particulars		2017-2018		2016-2017	
	No. of Contracts	US \$	(Amount in `)	No. of Contracts	US \$
Buy - Buyers credit / Letter of Credit	-	-	-	-	-
Sell - Performa invoices for export sale	-	-	-	1	45,847.90
			2017-2018	2016-2017	
			US \$	US \$	(Amount in `)
Unhedge foreign currency exposure					
Export Receivables			23,262.40	14,95,771.00	5,05,980.36
					333,54,225.30

Note 47: The company has incurred net loss of ` 5264.95 lacs during the year ended 31st March 2018 and have accumulated losses of ` 60074.11 lacs 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 management has prepared the Company's financial statements on a going concern basis.

Note 48: In the Opinion of the Board, the Current Assets / Non Current Assets, Loans & Advances (including Export benefits / incentive / interest subsidy under TUF), Trade Payables are approximately of the value stated, if realized / paid in the ordinary course of business and are subject to confirmation / reconciliation.

Note 49: The third party payments made / received on behalf of the Company as well as payment to third parties on behalf of suppliers by the Company are subject to confirmations from respective parties.

Note 50: Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.



Note 41: Employee benefit expenditure

The disclosures required under Ind AS-19 "Employee Benefits" :

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:

	(Amount in `)	
	2017-18	2016-17
Employer's Contribution to Provident Fund	1349398.00	2974246.00
Employer's Contribution to superannuation Fund	0.00	0.00
Employer's Contribution to Pension Fund	0.00	0.00

b.) Defined Benefit Plan:

Leave Encashment : During the year 2017-18, the amount paid to employees as leave encashment is ` 732805 (` 645416).

Gratuity : The employee's gratuity scheme is non -fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I) Reconciliation of opening and closing balances of Defined Benefit obligation

	(Amount in `)	
	Gratuity (Unfunded)	
	2017-18	2016-17
Defined Benefit obligation at beginning of the year	2769960.00	3344603.00
Current Service Cost	445108.00	847075.00
Interest Cost	148965.00	335203.00
Actuarial loss /(gain)	-438526.00	279370.00
Past Service Cost	543846.00	0.00
Benefits paid	(1430541.00)	(2036291.00)
Settlement cost	0.00	0.00
Defined Benefit obligation at year end	2038812.00	2769960.00

II) Reconciliation of opening and closing balances of fair value of plan assets

	(Amount in `)	
	Gratuity (Unfunded)	
	2017-18	2016-17
Fair value of plan assets at beginning of the year	0.00	0.00
Expected return on plan assets	0.00	0.00
Actuarial gain / (loss)	0.00	0.00
Employer contribution	1430541.00	2036291.00
Benefits paid	(1430541.00)	(2036291.00)
Fair value of plan assets at year end	0.00	0.00
Actual return on plan assets	0.00	0.00

III) Reconciliation of fair value of assets and obligations

	(Amount in `)	
	Gratuity (Unfunded)	
	2017-18	2016-17
Fair value of plan assets	0.00	0.00
Present value of obligation	2038812.00	2769960.00
Amount recognised in balance sheet	2038812.00	2769960.00

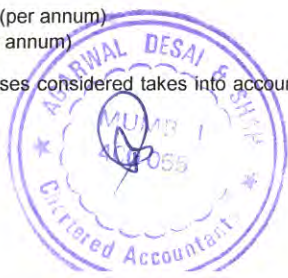
IV) Expense recognized during the year (Under the head "Payments to and Provisions for Employees "Refer Note no. 27")

	(Amount in `)	
	Gratuity (Unfunded)	
	2017-18	2016-17
Current Service Cost	445108.00	847075.00
Interest Cost	148965.00	335203.00
Expected return on plan assets	0.00	0.00
Actuarial losses / (gain)	(438526.00)	279370.00
Past Service Cost	0.00	0.00
Net Cost	155547.00	1461648.00

V) Actuarial assumption

	(Amount in `)	
	Gratuity (Unfunded)	
	2017-18	2016-17
Mortality Table		
Indian Assured Lives Mortality (2006-08)		
Mortality Table		
Discount rate (per annum)	7.25%	7.25%
Expected return on plan assets (per annum)	--	--
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.



RAJ RAYON INDUSTRIES LIMITED
Notes on Financial Statements for the year ended 31st March 2018
51 First-time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with a transition date of 1st April, 2015. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March, 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity).

Note 52: Discloser as required Ind AS-101 first time adoption of Indian accounting Standard (Ind AS)
52.1 Balance Sheet as at 1st April 2016 (date of Transition to Ind AS)

I ASSETS	Indian GAAP	Adjustments	Ind AS
1- Non current assets			
(a) Property, Plant and Equipment	32038,10,112	-	32038,10,112
(b) Intangible assets	-	-	-
(c) Capital work in progress	-	-	-
(d) Financial Assets			
i- Investments	10,02,000	-	10,02,000
ii- Other Financial Assets	134,85,896	118,95,358	253,81,254
(e) Deferred tax assets (net)	-	-	-
(f) Non Current tax assets (net)	-	61,05,929	61,05,929
(g) Other non-current assets	2411,08,955	(118,95,358)	2292,13,597
	34594,06,963	61,05,929	34655,12,892
2- Current assets			
(a) Inventories	4684,79,261	-	4684,79,261
(b) Financial Assets			
i- Trade receivables	2984,76,526	-	2984,76,526
ii- Cash and Cash equivalents	102,75,382	(64,82,282)	37,93,100
iii- Bank Balances other than (ii) above	-	64,82,282	64,82,282
iv- Other Financial Assets	1047,42,033	(61,05,929)	986,36,104
(c) Other current assets	193,25,214	-	193,25,214
	9012,98,416	(61,05,929)	8951,92,487
TOTAL	43607,05,378	(0)	43607,05,378
II EQUITY AND LIABILITIES			
1- Equity			
(a) Equity Share Capital	4864,54,000	(1400,00,000)	3464,54,000
(b) Other Equity	(40435,14,373)	-	(40435,14,373)
	(35570,60,373)	(1400,00,000)	(36970,60,373)
2- Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
i- Borrowings	47340,30,526	1400,00,000	48740,30,526
(b) Provisions	32,37,866	-	32,37,866
(c) Other Non- Current Liabilities	32,00,000	-	32,00,000
	47404,68,392	1400,00,000	48804,68,392
Current liabilities			
(a) Financial Liabilities			
i- Borrowings	11830,75,976	-	11830,75,976
ii- Trade Payables	2541,77,245	-	2541,77,245
iii- Other Financial Liabilities	-	17336,28,544	17336,28,544
(b) Other Current Liabilities	17399,37,401	(17336,28,544)	63,08,857
(c) Provisions	1,06,737	-	1,06,737
	31772,97,359	-	31772,97,359
Total Equity And Liabilities	43607,05,378	-	43607,05,378



RAJ RAYON INDUSTRIES LIMITED
Notes on Financial Statements for the year ended 31st March 2018
52.2 Balance Sheet as at 31st March 2017

I	ASSETS	Indian GAAP	Adjustments	Ind AS
	1- Non current assets			
	(a) Property, Plant and Equipment	27422,67,345	0	27422,67,345
	(b) Intangible assets	-	-	-
	(c) Capital work in progress	-	-	-
	(d) Financial Assets			
	i- Investments	10,02,000	-	10,02,000
	ii- Other Financial Assets	15,44,655	195,38,320	210,82,975
	(e) Deferred tax assets (net)	-	-	-
	(f) Non Current tax assets (net)	-	68,48,252	68,48,252
	(g) Other non-current assets	1805,55,792	(195,38,320)	1610,17,472
		29253,69,791	68,48,252	29322,18,043
	2- Current assets			
	(a) Inventories	1814,30,649	-	1814,30,649
	(b) Financial Assets			
	i- Trade receivables	2096,34,514	-	2096,34,514
	ii- Cash and Cash equivalents	317,32,050	(138,70,520)	178,61,530
	iii- Bank Balances other than (ii) above	-	138,70,520	138,70,520
	iv- Other Financial Assets	460,32,396	(68,48,252)	391,84,144
	(c) Other current assets	241,61,843	-	241,61,843
		4929,91,453	(68,48,252)	4861,43,201
	TOTAL	34183,61,244	0	34183,61,244
II	EQUITY AND LIABILITIES			
	1- Equity			
	(a) Equity Share Capital	4864,54,000	(1400,00,000)	3464,54,000
	(b) Other Equity	(47063,96,180)	-	(47063,96,180)
		(42199,42,180)	(1400,00,000)	(43599,42,180)
	2- Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	i- Borrowings	37451,53,865	1400,00,000	38851,53,865
	(b) Provisions	26,97,167	-	26,97,167
	(c) Other Non- Current Liabilities	-	-	-
		37478,51,032	1400,00,000	38878,51,032
	Current liabilities			
	(a) Financial Liabilities			
	i- Borrowings	10181,57,171	-	10181,57,171
	ii- Trade Payables	600,55,724	-	600,55,724
	iii- Other Financial Liabilities	-	28103,12,495	28103,12,495
	(b) Other Current Liabilities	28121,66,705	(28103,12,495)	18,54,210
	(c) Provisions	72,793	-	72,793
		38904,52,392	0	38904,52,392
	Total Equity And Liabilities	34183,61,244	0	34183,61,244



RAJ RAYON INDUSTRIES LIMITED
Notes on Financial Statements for the year ended 31st March 2018
52.3 Reconciliation of profit or loss for the year ended 31st March, 2017

Particulars	Indian GAAP	Adjustments	Ind AS
I Revenue from operations	30483,95,593	-	30483,95,593
II Less: Excise duty	<u>3054,22,625</u>	-	<u>3054,22,625</u>
III Other income	27429,72,968	-	27429,72,968
IV Total Revenue	<u>180,71,405</u>	-	<u>180,71,405</u>
	27610,44,373	-	27610,44,373
V Expenses:			
Cost of materials consumed	19808,10,122	-	19808,10,122
Purchases of stock-in-trade	458,69,239	-	458,69,239
Changes in inventories of finished goods and work in progress	1723,77,032	-	1723,77,032
Employee benefits expense	739,81,023	(2,79,370)	737,01,653
Finance cost	169,39,793	-	169,39,793
Depreciation and amortisation expense	4768,58,909	-	4768,58,909
Other expenses	6570,43,414	-	6570,43,414
Total expenses	<u>34238,79,532</u>	<u>(2,79,370)</u>	<u>34236,00,162</u>
VI Profit / (Loss) before Tax	<u>(6628,35,159)</u>	<u>2,79,370</u>	<u>(6625,55,789)</u>
VII Tax expense:			
Current tax	-	-	-
Deferred tax	-	-	-
MAT credit entitlement	-	-	-
Tax adjustment for earlier years	<u>46,649</u>	<u>-</u>	<u>46,649</u>
VIII Profit / (Loss) for the period	<u>46,649</u>	<u>-</u>	<u>46,649</u>
	<u>(6628,81,808)</u>	<u>2,79,370</u>	<u>(6626,02,438)</u>
IX Other Comprehensive Income			
Item that will not be reclassified to profit or loss			
Re-measurment gain/(loss) on defined benefit plans	-	(2,79,370)	(2,79,370)
Income Tax effect on above	-	-	-
Total other Comprehensive Income / (Loss)	<u>-</u>	<u>(2,79,370)</u>	<u>(2,79,370)</u>
X Total Comprehensive Income for the Year	<u>(6628,81,808)</u>	<u>-</u>	<u>(6628,81,808)</u>

53. Footnotes to the reconciliation of equity as at 1st april, 2016 and 31st Mar, 2017 and statement of profit and loss for the year ended 31st Mar, 2017
1 Financial liabilities :

The preference share are classified as a financial liability. The liability initially recognised on fair value and subsequently, the liability is measured at amortised cost using the effective interest rate. The impact on this account has been recognised in the reserve on the transition date and the subsequent impact are recognised in the statement of profit and loss.

2 Dividend and dividend distribution tax :

Under Indian GAAP, proposed dividends were recognised as an adjusting event occurring after the balance sheet date however under the Ind AS proposed dividend are non adjusting events after the balance sheet date and hence recognised as and when approved by the Shareholders.

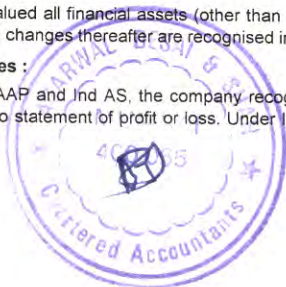
In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability for dividend of 19.20 Crore (including dividend distribution tax) for the year ended on 31st March, 2015 has been derecognised with corresponding impact in the reserve on 1st April, 2015.

3 Financial assets :

The Company has valued all financial assets (other than investment in subsidiaries which are accounted at cost), at fair value. The impact of the fair value changes on the date of transition, is recognised in the opening reserves and changes thereafter are recognised in the statement of profit and loss.

4 Defined benefit liabilities :

Both under Indian GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2018

5 Deferred tax :

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 "Income Taxes" approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. The impact of transitional adjustments for computation of deferred taxes has resulted in charge to reserve, on the date of transition, with consequential impact to the statement of Profit and Loss and OCI for the subsequent periods.

6 Investment properties :

The investment properties are reclassified from Property, plant and equipment and presented separately as on date of transition to Ind AS.

7 Loan processing fees / transaction cost :

Under Ind AS such expenditure are considered for calculating effective interest rate. The impact for the periods subsequent to the date of transition is reflected in the Statement of Profit and Loss.

8 Other comprehensive income :

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, Indian GAAP statement of profit or loss is reconciled with statement of profit or loss as per Ind AS.

9 Reconciliation of cash flows for the year ended 31st March, 2017

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flow from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the Indian GAAP.

As per our attached report of even date

For Agarwal Desai & Shah
Chartered Accountants
Firm registration No. 124850W

Bharat

CA. Bharat Kumar
Partner
Membership no.175787

Mumbai
Dated: 30th May, 2018



For and on behalf of the board

Rajkumari Kanodia

Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

(Sushil Kumar Kanodia)

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Mumbai
Dated: 30th May, 2018