



# 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: 19/02/2021

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

Dear Sir,

**Sub: Submission of Annual Report under SEBI (listing obligations And disclosure requirements) regulations, 2015**

Please find enclosed herewith the Annual Report for the Financial Year 2019-2020.

<b>For RAJ RAYON INDUSTRIES LIMITED</b>  <i>Kanodia SN</i>  <b>(SUSHIL KUMAR KANODIA)</b>  <b>CEO CFO</b>	
---	--



---

RAJRAYONINDUSTRIESLIMITED

---

27<sup>th</sup> ANNUAL REPORT  
2019-2020

**RAJ RAYON INDUSTRIES LIMITED**  
L17120DN1993PLC000368

*“Spinning the Quality of Perfection”*

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



---

RAJRAYONINDUSTRIESLIMITED

---

### Index

<b>Sr. No</b>	<b>Particulars</b>	<b>Page Numbers</b>
1.	Company Information	01
2.	Notice of AGM	02
3.	Directors Report	10
4.	Annexures to Directors Report	20
5.	Management Discussion Analysis	25
6.	Corporate Governance Report	28
7.	Auditors Report	44
8.	Balance Sheet	55
9.	Statement of Profit and Loss account	56
10.	Cash Flow	57
11.	Notes to accounts	58



RAJRAYONINDUSTRIESLIMITED

### COMPANY INFORMATION

#### **Insolvency Professional**

Mr. Abhishek Nagori  
Resolution Professional of Raj Rayon  
Industries Limited  
Regn. No. IBBI/IPA-001/IP-P00020/2016-  
17/10044  
330/348, Third Floor, Tower-A, Atlantis K-10,  
Opp. Vadodara Central, Sarabhai Main Road,  
Vadodara-390 023, Gujarat- India.  
E-mail: cirp.rril@ddip.in, jlnusb@gmail.com

#### **DISSOLVED BOARD OF DIRECTORS:**

Mrs. Rajkumari Kanodia  
(Non Executive Chairperson & Director)  
Mr. Mayadhar Ravindar Mahakud  
(Managing Director )  
Mr. Rajendraprasad Rampratap Sharma  
( Independent Director )  
Mr. Banti Parasar  
(Independent Director )

Mr. Sushil Kumar Kanodia  
(CEO & CFO)

#### **Company Secretary**

Mr. Nikunj Gatecha  
(From 15/02/2019 till 23/04/2019)

#### **REGISTERED OFFICE:**

Survey No. 177/1/3,  
Village - Surangi, Dist-Silvassa,  
Dadra and Nagar Haveli (U.T.) - 396 230  
(INDIA)  
Tel: 7977290784  
Website: www.rajrayon.com  
Email: mumbai@rajrayon.com/  
[investors@rajrayon.com](mailto:investors@rajrayon.com)

#### **CORPORATE OFFICE:**

5- C, 196 & 197, "AKSHAY",  
Mittal Industrial Estate, Sakinaka,  
Andheri (East), Mumbai- 400 059,  
Maharashtra (INDIA)  
Tel: 7977290784  
Website: www.rajrayon.com  
Email: mumbai@rajrayon.com/  
[investors@rajrayon.com](mailto: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)

#### **SHARE TRANSFER AND DEMAT REGISTRARS:**

M/S LINK INTIME INDIA PRIVATE  
LIMITED  
C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi  
Nagar, Vikhroli West, Mumbai, Maharashtra  
400083  
Tel.: 022 - 4918 6000

#### **AUDITORS:**

M/s. Chaturvedi & Patel  
Chartered Accountant  
Firm registration No.: 121351W

## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the members of **Raj Rayon Industries Limited** will be held on Friday, March 12, 2021 at 4.00 p.m. through Video Conferencing / Other Audio Visual Means ("VC" / "OAVM") Facility to transact the following business(es): to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2020 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.

**By order Abhishek Nagori**  
**Insolvency Professional**  
**Resolution Professional of**  
**Raj Rayon Industries Limited**  
Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044

**Place: Gujarat**  
**Date: 17/01/2021**

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

### NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing norm and continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 27<sup>th</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 27<sup>th</sup> AGM shall be Registered Office of IP of the Company.
2. Further the Company has filed the application with NCLT for further extension for holding AGM for FY 19-20 and based on that scheduling AGM on 12<sup>th</sup> March, 2021.

3. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 27th AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 27th AGM through VC/OAVM Facility and e-Voting during the 27th AGM.
4. The Members may join the 27th AGM through VC/ OAVM Facility by following the procedure mentioned herein below in the Notice which shall be kept open for the Members from 3:45 P.M. IST i.e. 15 (fifteen) minutes before the time scheduled to start the 27th AGM and the Company may close the window for joining the VC/OAVM Facility 15 (fifteen) minutes after the scheduled time to start the 27th AGM. Members may note that the VC/OAVM Facility, allows participation of at least 1,000 Members on a 'first come first served' basis. The large Shareholders (i.e. shareholders holding 2% or more), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors etc. can attend the 27th AGM without any restriction on account of 'first come first served' basis.
5. The attendance of the Members participating in the 27th AGM through VC/ OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Voting rights shall be reckoned on the paid-up value of shares registered in the name of member/beneficial owners (in case of electronic shareholding) as on the cut-off date i.e. Friday, March 05, 2021.
7. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the MCA Circulars issued by the MCA and SEBI Circular, the Annual Report for the year 2019- 20 including Notice of the 27th AGM of the Company, inter alia, indicating the process and manner of e-voting is being sent only by Email, to all the Members whose Email IDs are registered with the Company/ Registrar and Share Transfer Agent or with the respective Depository Participant(s) for communication purposes to the Members and to all other persons so entitled.

Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the MCA Circulars issued by MCA and SEBI Circular, the Annual Report including Notice of the 27th AGM of the Company will also be available on the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and on the website of LinkIntime India Private Limited at <https://instavote.linkintime.co.in>.

8. Since the 27th AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.

9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agent, Link Intime India Private Limited.
10. Members must quote their Folio No. /Demat Account No. and contact details such as e-mail address, contact no. etc. in all their correspondence with the Company/Registrar and Share Transfer Agent.
11. Ms.Riddhi Shah, Practicing Company Secretary, Mumbai has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
12. During the 27th AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act.
13. In terms of the applicable provisions of the Act and Rules thereto, the Company has obtained e-mail addresses of its Members and have given an advance opportunity to every Member to register their e-mail address and changes therein from time to time with the Company for service of communications/documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents) through electronic mode.  
  
Although, the Company has given opportunity for registration of e-mail addresses and has already obtained e-mail addresses from some of its Members, Members who have not registered their E-mail address so far are requested to register their e-mail for receiving all communications including Annual Report, Notices and Circulars etc. from the Company electronically. Members can do this by updating their email addresses with their depository participants.
14. In case of joint holders attending the 27th AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
15. Securities of listed companies would be transferred in dematerialised form only w.e.f. April 1, 2019. In view of the same, Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company's RTA for assistance in this regard.

**VOTING:**

16. In compliance with provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide its Members the facility to cast their votes either for or against each resolutions set forth in the Notice of the 27th AGM using electronic voting system ('remote e-voting') and e-voting (during the 27th AGM), provided by Link Intime India Private Limited ("Link Intime") and the business may be transacted through such voting.

Only those Members who will be present in the 27th AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the 27th AGM.

The voting period begins on Tuesday, March 09, 2021 (9.00 AM IST) and ends on Thursday, March 11, 2021 (5.00 PM IST). During this period, Members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on Friday, March 05, 2021 may cast their votes electronically. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of 27th AGM and holds shares as of the cut-off date i.e. Friday, March 05, 2021, may obtain the login ID and password by sending a request at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). However, if a Member is already registered with Link Intime for e-voting, then he/she can use existing user id and password/PIN for casting the vote.

The Scrutinizer shall, immediately after the conclusion of voting at the 27th AGM, first count the votes cast during the 27th AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the 27th AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Results declared along with the report of the Scrutinizer shall be placed on the website of Link Intime India Private Limited (<https://instavote.linkintime.co.in>) immediately. The result will also be displayed on the Notice Board of the Company at its Registered Office. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the 27th AGM i.e. March 12, 2021.

**(A) THE INSTRUCTIONS FOR E-VOTING ARE AS FOLLOWS:**

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>  
Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

► Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -



- A. User ID: Enter your User ID
- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
  - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
  - Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company.
- B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable).
- C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
- D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
- Shareholders/ members holding shares in CDSL demat account shall provide either 'C' or 'D', above
  - Shareholders/ members holding shares in NSDL demat account shall provide 'D', above
  - Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- ▶ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under 'SHARE HOLDER' tab.
  2. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.
  3. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
  4. E-voting page will appear.
  5. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
  6. After selecting the desired option i.e. Favour / Against, click on 'Submit'.
- A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

7. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

**If you have forgotten the password:**

- o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- o Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
  - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
  - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
  - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

**(B) INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO ATTEND THE 27TH AGM THROUGH INSTAMEET:**

1. Shareholders/Members are entitled to attend the 27th AGM through VC/OAVM provided by LinkIntime by following the below mentioned process.Facility for joining the 27th AGM through VC/OAVMshall open 15 (fifteen) minutes before the

- timescheduled for the 27th AGM and will be available tothe Members on first come first serve basis.
2. Shareholders/Members are requested toparticipate on first come first serve basis asparticipation through VC/OAVM is limited and willbe closed on expiry of 15 (fifteen) minutes fromthe scheduled time of the 27th AGM. Shareholders/Members with >2% shareholding, Promoters,Institutional Investors, Directors, KMPs, ChairPersons of Audit Committee, Nominationand Remuneration Committee, StakeholdersRelationship Committee and Auditors etc. may beallowed to the meeting without restrictions of firstcome-first serve basis. Members can log in and join15 (fifteen) minutes prior to the schedule time ofthe meeting and window for joining shall be keptopen till the expiry of 15 (fifteen) minutes after theschedule time. Participation is restricted upto 1000members only.
  3. Shareholders/ Members will be provided withInstaMeet facility wherein Shareholders/ Membersshall register their details and attend the 27<sup>th</sup>AGM as under:
    1. Open the internet browser andlaunch the URL for InstaMeet<<<https://instameet.linkintime.co.in>>> andregister with your following details:
      - a. DP ID / Client ID or Beneficiary ID or FolioNo.: Enter your 16 digit DP ID / ClientID or Beneficiary ID or Folio Numberregistered with the Company.
      - b. PAN: Enter your 10 digit PermanentAccount Number (PAN)
      - c. Mobile No.
      - d. Email ID
    2. Click “Go to Meeting”

**Note:**

Shareholders/ Members are encouraged to join theMeeting through Tablets/ Laptops connected throughbroadband for better experience.

Shareholders/ Members are required to use Internet witha good speed (preferably 2 MBPS download stream) toavoid any disturbance during the meeting.

Please note that Shareholders/Members connecting fromMobile Devices or Tablets or through Laptops connectingvia Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is thereforerecommended to use stable Wi-Fi or LAN connection tomitigate any kind of aforesaid glitches.

In case the shareholders/members have any queriesor issues regarding e-voting, you can write an email toinstameet@linkintime.co.in or Call us: - Tel : 022-49186175,InstaMeet Support Desk, Link Intime India Private Limited.

**(C) INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO REGISTER THEMSELVES AS SPEAKERS DURING 27TH AGM:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.

2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

**(D) INSTRUCTIONS FOR SHAREHOLDERS/MEMBERS TO VOTE DURING THE 27TH AGM THROUGH INSTAMEET:**

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for Voting “Cast your vote”
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/registered email Id) received during registration for InstaMeet and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/ Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:**

Shareholders/ Members, who will be present in the 27th AGM through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote Voting prior to the 27th AGM will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting. In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call us: - Tel : , 022-49186175, InstaMeet Support Desk, Link Intime India Private Limited.



RAJRAYONINDUSTRIESLIMITED

## BOARD'S REPORT

To  
The Members,  
**RAJ RAYON INDUSTRIES LIMITED**

Your Directors have pleasure in presenting 27<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements of the Company for the year ended **31<sup>st</sup> March 2020**.

### 1. FINANCIAL RESULTS

Particular	For the financial year 2019-20 (Amount in Rs. Lakhs.)	For the financial year 2018-19 (Amount in Rs. Lakhs.)
Revenue from Operations	Nil	1,815.99
Other Income	340.61	25.98
<b>Total Income</b>	<b>340.61</b>	<b>1,841.97</b>
Less: Expenses	121.15	1845.54
Less: Depreciation & Amortization Expenses.	3,610.58	3,669.64
Profit/ (Loss) before tax	<b>(3,391.12)</b>	<b>(4,825.88)</b>
<b>Tax Expenses</b>		
Tax adjustment for earlier years		0.30
Profit/(Loss) after Tax	<b>(3,391.12)</b>	<b>(4,826.18)</b>

### REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the financial year under review the Company has earned a total revenue of Rs. **340.61/-** lakh as compared to the previous years' revenue of Rs. 1,841.97 lakh. The Company has incurred a net loss of Rs. (3,391.12) as compared to the previous years' Net Loss of Rs. (4,826.18). Your Directors are continuously looking for avenues for future growth of the company.

#### DIVIDEND:

In absence of profits for the year ended 31<sup>st</sup> March, 2020 and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31<sup>st</sup> March, 2020.

#### DEPOSITS

During the financial year under consideration, your Company has not accepted any public deposits within the meaning of section 73 of the Companies Act, 2013 and the rules made there under.



### 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.

### THE BOARD OF DIRECTORS

The Board at present consists of 6 Directors. The Board of Directors is duly constituted.

**During the year, Six Board Meetings held. The dates of Board Meetings along with attendance of each Director are given below:**

Sr. No	Date of Board Meeting	Name of Director and Attendance details			
		<b>Rajkumari Kanodia</b>	<b>Banti Parasar</b>	<b>Rajendraprasad Rampratap Sharma</b>	<b>Mayadhar Ravindar Mahakud</b>
1.	17/04/2019	Present	Present	Present	Present
2.	17/07/2019	Present	Present	Present	Present
3.	27/07/2019	Present	Present	Present	Present
4.	13/08/2019	Present	Present	Present	Present
5.	14/11/2019	Present	Present	Present	Present
6.	24/02/2020	Present	Present	Present	Present

Details of all the Committee along with their composition and meetings held during the year under review are given in the Corporate Governance Report. The intervening gap between the companies was within the period prescribed under the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Separate meetings of Independent Directors, pursuant to Section 149 (7) read with Schedule VI of the Companies Act, 2013 was held on 24<sup>th</sup> February, 2020.

There was no change in the composition of Director during the review period.



**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.

**STATUTORY AUDITORS:**

Pursuant to Companies (Audit and Auditors) Second amendment Rules, 2017 dated 22nd June, 2017 Company is out of the ambit of applicability of rotation of Auditors, considering the same the Board of Directors recommended appointment of M/s. Chaturvedi & Patel, Chartered Accountants (Firm Registration No. 121351W), as Statutory Auditors of the Company for the further term of five (5) financial years i.e. up to 2023-2024.

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 contains qualification, reservation.

As the company is under Corporate Insolvency Resolution Process the Mr. Abhishek Nagori as the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code.

**FRAUD REPORTED BY AUDITOR UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013**

There was no instance of fraud reported by the auditor in their report under Section 143 (12) of the Companies Act, 2013.



---

RAJRAYONINDUSTRIESLIMITED

---

## **SECRETARIAL AUDIT**

The provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Riddhi Shah a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report (MR-3) is annexed herewith as Annexure -A.

## **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.

## **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.

## **MATTER LISTED WITH NCLT**

One operational creditor (Khanna & Khanna Ltd.) has gone into Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & Bankruptcy Code, 2016





---

## RAJRAYONINDUSTRIESLIMITED

---

(Insolvency Code) in terms of order dated 29 May 2019 passed by Hon'ble NCLT, Ahmedabad Bench. However, the same stands withdrawn dated 28 June 2019 due to mutual consent.

Further the State Bank of India has filed the petition with NCLT Ahmedabad under section 7 of the Insolvency and Bankruptcy Code. admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Raj Rayon Industries Limited and appointed Mr. Abhishek Nagorias the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code.

### **SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

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

### **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 Company has appointed 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 2018-2019, the E-Form CRA-2 for his appointment was not filed as this year no production. Further the Company not appointing the Cost Auditor to conduct the Cost Audit for the financial year 2019-2020, as per Section 148 of Companies Act, 2013 due to non- production year.



## **INTERNAL AUDITOR:**

The Board of directors 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.

## **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 available on company's website at : <http://www.rajrayon.com>

### **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**



---

RAJRAYONINDUSTRIESLIMITED

---

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.

**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.

**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, 2019, the Board consists of fourmembers CFO and three are independent directors. The Company has framed a Nomination, Remuneration and one Nominee Director and Evaluation Policy.



## **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 2019-20. 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.

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

Due to losses the Company has not paid any remuneration to the Board of directors except CFO Mr. Sushil Kumar Kanodia that to at diminishing rate under cost cutting policy of management. Pursuant to that 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 not provided in the Annual Report as Annexure B.

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.

## **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://www.rajrayon.com/Pdf/risk-management-policy.pdf>

#### **UNCLAIMED DIVIDEND:**

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

#### **ADDITIONAL DISCLOSURES UNDER COMPANIES ACT, 2013:**

- a) The Company has not issued any bonus shares, sweat equity shares, shares with differential voting rights and equity shares on rights basis during the year under review.
- b) The Company does not accept any deposit from its public.
- c) It is not proposed to transfer any amount to reserves.
- d) No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.
- e) There was no change in the nature of business during the year under review.



RAJRAYONINDUSTRIESLIMITED

- f) The provisions regarding receipt of remuneration or commission from holding or subsidiary of the Company are not applicable and hence, the disclosure under Section 197 (14) is not required.
- g) The Company has not received any complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- h) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- i) The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

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**

**Non Executive Chairperson & Director  
Rajkumari Kanodia**

**Abhishek Nagori  
Insolvency Professional  
Resolution Professional of Raj Rayon Industries Limited  
Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044  
330/348, Third Floor, Tower-A, Atlantis K-10,  
Opp. Vadodara Central, Sarabhai Main Road,  
Vadodara-390 023, Gujarat- India.**

**Dated: 25/07/2020**



RAJRAYONINDUSTRIESLIMITED

**Annexure -A**  
**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020

[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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2019 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.





---

RAJRAYONINDUSTRIESLIMITED

---

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:

*NCLT has passed an order dated 23.01.2020 and appointed Mr. Abhishek Nagori as Insolvency Professional (IP). The IP has written a letter to SEBI, Exchanges, Depositories, RTA regarding waiver of fees and penalties. On confirmation and receipt of benpos and data from the depository and RTA, the Company shall file the compliances with stock exchanges.*

*The company has received notice of demand from the income tax department for the Assessment Year 2011 - 2012 and 2012 - 2013 for Rs. 1,25,24,480/- & Rs. 1,60,68,990/- respectively, liability for which is not provided for as the company has preferred an appeal against the same.*

*The Company has not appointed the KMP- Company Secretary under section 203 of the Companies Act, 2013*

*Further the Company has not appointed the cost auditor and internal auditors.*

*The Newspaper publications of notices of meetings and financial results are not published as per requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

*The BSE NSE filing as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requirement is not done on timely manner due to non-availability of data from RTA and DPs.*

*The company has not provided the remote e-voting for the AGM held for FY 2018-19 due to nonpayment and non- co-operation of RTA and DPs but the quorum was present physically.*

*The company has not dispatched the Annual Report for FY 2018-19 but emailed for the same has been sent to the shareholders whose email ids was available.*

*Further post appointment Mr. Abhishek Nagori as Insolvency Professional (IP) the Board is dissolved and Board is working as per order of IP and NCLT.*

I further report that:

The Board of Directors of the Company is duly constituted. The Board should have one women Director.

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.



---

RAJRAYONINDUSTRIESLIMITED

---

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

**Date:** 25/08/2020  
**Place:** Mumbai

**Riddhi Shah**  
**C P No.:** 17035  
**DIN No -** A020168B000614146



## Annexure-B

(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 2019-20 are as under					
	Director's/ KMP/ Manager's Name	Remuneration of Director/KMP for financial year 2019-20	% increase in Remuneration in the Financial Year 2019-20	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr. Mayadhar Ravindar Mahakud - MD	Rs. 4.56 Lakh	Nil	NA	The Company incurred a Net Loss of Rs. (3,391.12) Lakhs for the year ended March 31, 2020 as compared to previous year's ended March 31, 2019 Net Loss of (4,826.18) Lakhs.

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



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Industry Structure and Development

The economic development of India is greatly dependent on export earning of Textile Industry. Textiles represent nearly 30% of the country's total exports, providing direct employment to over 45 million persons in the mill, power loom and handloom sectors making it the biggest employer in the country after the agricultural sector. India is the world's second-largest producer of textiles after China. It is also the world's third-largest producer of cotton after China and the USA. India's total exports of textiles and apparel are expected to grow at a CAGR of 12.03% to reach \$82 billion by 2021. At present, a third of India's textile production is exported. India is the world's second-largest exporter of textiles and apparel, and the textile industry contributes significantly to the country's economy, making up 7% of industry output, 2% of the national GDP, and 15% of the country's total exports earnings. The US and the European Union are the two largest markets for Indian textile exporters. With all the export promotion & development planning it is expected to grow to US\$2,600 billion by 2025.

However, the pandemic of COVID- 19 has affected all over the world economy. Due to Covid-19, The Indian Textile Industry fell as the yarn and ready-made garments exports fell by 90% during April as per the report. Till the quarter of March, the export of ready-made garments declined by 16% and by April further to 91%, whereas yarn exports fell about 30% during the quarter of March and further to 80-90% in April. China accounts for a third of India's yarn export and Bangladesh which accounts for a fifth of India's yarn export. Under the impact of Covid-19 garment, units were shuttered in these countries so their imports declined, as a result, the Indian export of yarn.

### Opportunities & Threats

Opportunities -

The black swan event has affected the Indian textile & apparel industry, in terms of both trade and domestic consumption. With the steep reduction in demand due to sudden halt of global trade and domestic sales due to the closure of retail stores, the industry is likely to face unprecedented and severe losses. The spread of the virus initiated in China and later spread to EU and the US, which are huge markets for Indian textile & apparel products. Hence, the Indian textile value chain is bound to face adverse repercussions of the pandemic.

### Threats

#### **Labour force and employment:**

T&A provides direct employment to over 45 million people but the nationwide lockdown have led to a temporary closure of factories and lay-offs have already begun among low wage worker.

#### **Import & Exports of raw material and readymade garment:**

The COVID-19 pandemic is primarily expected to adversely impact exports and with second-order impact on the domestic markets with both exports as well as domestic sales falling.



## OUTLOOK

The nationwide lockdown in India is likely to impact the textiles sector both in terms of demand and supply. The COVID-19 pandemic is likely to continue to impact the global textile production and supply chains and thereby textile product prices. The Indian textiles industry has taken a major hit because most of Indian yarn exports are to China. It is estimated that India's exports will be substantially hit till the first half of FY21, which had already reduced by more than 40 per cent till January 2020 due to the US-China trade war. The fabric industry is dominated by few players which have strong liquidity to manage the downside caused by COVID-19, while small and medium-size players would face the brunt of economic lockdown.

### **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



---

RAJRAYONINDUSTRIESLIMITED

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.

**Key Risks & Mitigation Measures**

The Company is under Corporate Insolvency Resolution Process and soon it will come out of the new plans for the safeguarded the interest of shareholders.

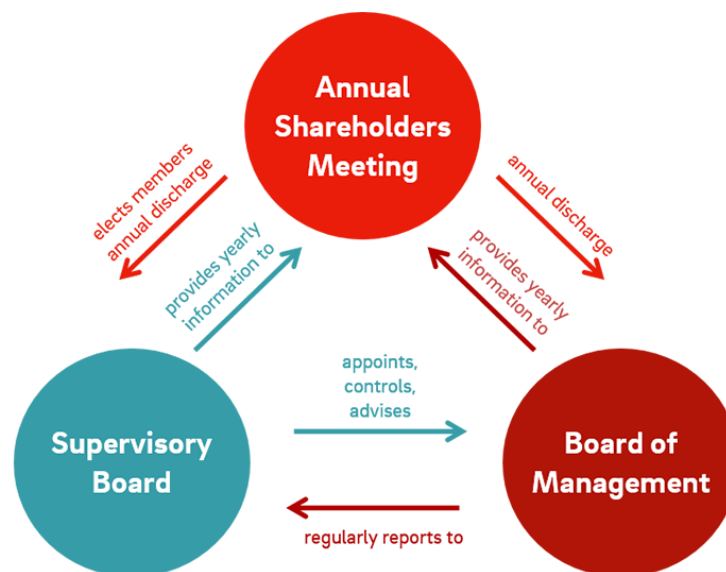


## CORPORATE GOVERNANCE REPORT

### 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 endeavour 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 Board of Directors provide strategic direction and thrust to the operations of the Company. The Board has a Non Executive Chairman who is the promoter of the Company and the numbers of independent directors are one-half of the total number of directors. None of the Directors on the Board is a Member in more than 10 Committees and Chairman of more than 5 Committees (as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the companies in which he is a Director. Hence, the Company complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) norms for Composition of Board of Directors.



**B. Details of Board of Directors:**

The names and categories of the Directors on the Board, their attendance at board meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herein below.

Name of the Director	Category of Director	No. of Board Meetings held	No. of Board Meetings attended	Names of Listed companies where the person is director and the category of directorship as on 31st March 2020	Committee Memberships	Committee Chairmanships	Last Annual General Meeting attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mrs. Rajkumari Sushilkumar Kanodia	Promoter Director & women Director	6	6	-	-	-	YES
Mr. Rajendraprasad Rampratap Sharma	Independent Director	6	6	-	-	3	YES
Mr. Banti Parasar	Independent Director	6	6	-	3	-	YES
Mr. Mayadhar Ravindar Mahakud	Managing Director	6	6	-	3	-	YES

**Note:**

1. Mr. Mayadhar Ravindar Mahakud was appointed as Managing Director(s) w.e.f. 17<sup>th</sup> April, 2019.





2. The Committees considered for the purpose of calculation of membership and/or chairmanship as discussed above are those as specified in the Listing Regulations i.e Audit Committee and Stakeholder Relationship Committee.

During the review period, the Board met 6 times on 17/04/2019, 17/07/2019, 27/07/2019, 13/08/2019, 14/11/2019 and 24/02/2020.

#### C. Other Provisions: Disclosure of relationships between directors inter-se

The Company confirms that it did not have any material pecuniary relationship or transaction with any Non-Executive Director during the year ended 31st March 2020, except for the payment of Sitting Fees for attending the Board and/or the Committee meetings and commission.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being made available to the Board. The Audit Committee of the Board of Directors periodically reviews the compliance report submitted by the Managing Director regarding compliance with the various laws applicable to the Company. The Company has a succession plan in place for appointment to the board of directors and senior management.

#### D. Skills/Expertise/Competencies

In accordance with Regulation 34(3) read with Part C of Schedule V of SEBI Listing Regulations, the Board has identified the following skills/expertise/ competencies as required in the context of its business (es) and sector(s) for it to function effectively and which are taken into consideration while nominating candidates to serve on the Board of the Company:

SrNo .	Name of the Director	Skills/Expertise/ Competencies
1.	Mrs. Rajkumari Sushilkumar Kanodia	Industry knowledge/experience & technical Expertise, Interpersonal skills, Leadership, Ethics, Commitment, Strategic thinking and decision making
2.	Mr. Banti Parasar	Industry knowledge/experience & technical Expertise, Ethics, Commitment
3.	Mr. Rajendraprasad Rampratap Sharma	Industry knowledge/experience & technical Expertise, Interpersonal skills, Ethics, Commitment
4.	Mr. Mayadhar Ravindar Mahakud	Industry knowledge/experience & technical Expertise, Interpersonal skills, Ethics, Commitment

#### E. Familiarisation programmes for Independent Director



To familiarize new Independent Directors with the strategy, operations and functions of our Company, the Company's presentation on strategy, operations, product offerings, markets, organization structure, finance, human resources, technology, etc. is given at the time of their induction and thereafter during the Board meetings and/or committees thereof.

### 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. During the year under review, the Independent Directors met on 24<sup>th</sup> February, 2020, inter alia to discuss:

- 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 24<sup>th</sup> February, 2020.

### 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.
- Meeting held and attendance:** During the year under review, Audit Committee met 4 times on 27<sup>th</sup> July, 2019, 13<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 14<sup>th</sup> February, 2020 with a gap of not more than four months. The details of the meetings attended by the Directors are given below:

Name of member	Member/ Chairman	Number of Meetings Held and Attended
Mr. Rajendraprasad Rampratap Sharma	Chairman	4
Mr. Banti Parasar	Member	4
Mr. Mayadhar Ravindar Mahakud	Member	4



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. Meeting held and Attendance:** During the year under review, the Nomination & Remuneration Committee met two times on 17<sup>th</sup> April, 2019 and 24<sup>th</sup> February, 2020. The composition of the Committee along with the details of the meeting attended by the Directors is given below:

Name of member	Member/ Chairman	Number of Meetings held & Attended
Mr. Rajendraprasad Rampratap Sharma	Chairman	2
Mr. Banti Parasar	Member	2
Mr. Mayadhar Ravindar Mahakud	Member	2

**VI. Stakeholders Relationship Committee**

- a. Meeting Held and attendance:** During the year under review, the Committee met two times on 27<sup>th</sup> May, 2019 and 24<sup>th</sup> February, 2020.

Name of member	Member/ Chairman	Number of Meetings Held and Attended
Mr. Rajendraprasad Rampratap Sharma	Chairperson	2
Mr. BantiParasar	Member	2
Mr. Mayadhar Ravindar Mahakud	Member	2

The Committee meets at frequent intervals to consider Shareholders' complaints. All valid share transfers received during the year 2019-20 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.



**Number of Shareholder complaints received during the year:**

During the year under review, no investor complaints was received by the Company. Details form RTA was not 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 theAGM/EGM
2016-2017 AGM	20-09-2017	SurveyNo.177/1/3,Village-Surangi,Dist-Silvassa,Dadra&NagarHaveli(U.T.)-396230	10.00 a.m	NIL
2017-2018	24-02-2019	Hotel Green Wood, Naroli Road, Opp DSB Bank Sillvassa 396230	10.00 am	NIL
2018-2019	30-09-2019	Hotel Green Wood, Naroli Road, Opp DSB Bank Sillvassa 396230	10.00 am	Appointment of Mr. Mayadhar Ravindar Mahakud (DIN: 08340476), as the Managing Director of the Company

**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.

**c. Details of total fees paid to statutory auditors**

Total fees for all services paid by the Company, on a consolidated basis, to the statutory auditors are as follows:

Particular	Financial Year 2019-20 (INR in Lakhs)
Audit Fees	2.12

**d. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. The below table provides details of complaints received/disposed during the financial year 2019-20:

Number of complaints filed during the financial year	NIL
Number of complaints disposed of during the financial year	NIL
Number of complaints pending as on end of the financial year.	NIL

**e. Disclosure on compliance with Corporate Governance Requirements specified in Listing Regulations**

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the Listing Regulations.

**f. Compliance with Non - Mandatory Requirements**

The Company is compliant with non Mandatory requirements of Regulation 27(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 to the extent it is applicable to the Company.

- i. The Chairperson is a executive director.
- ii. The position of the Chairman of the Board of Directors and the CEO is separate.
- iii. The Internal Auditor reports directly to the Audit Committee in all functional matters.



**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 <a href="http://www.rajrayon.com">www.rajrayon.com</a> .
Website	<a href="http://www.rajrayon.com">www.rajrayon.com</a> 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 <a href="http://www.corpfiling.co.in">www.corpfiling.co.in</a> .
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 <a href="http://www.rajrayon.com">www.rajrayon.com</a> .



RAJRAYONINDUSTRIESLIMITED

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	On or before 31.12.2020
Time	Business Hours
Venue	Video Conferencing / Other Audio Visual Means ("VC" / "OAVM")
Registered office	Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)- 396230 (INDIA)
Corporate Office	5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai-400059, Maharashtra (INDIA) Tel: 91-22-40343434, Fax: 91-22-40343400 E-mail: <a href="mailto:investors@rajrayon.com">investors@rajrayon.com</a>
Plant Location	1) Survey No. 272/1/1, Plot No. 1, Village Dadra, Dadra-Demani Road, Dist - Silvassa, Dadra & Nagar Haveli (U.T.)- 396230 (INDIA) 2) Survey No. 185/1/1, Plot No. 17, Dokmandi, Village-Amli, Dist- Silvassa, Dadra & Nagar Haveli (U.T.)- 396230 (INDIA) 3) Survey No. 177/1/3, Village- Surangi, Dist - Silvassa, Dadra and Nagar Haveli (U.T.) - 396230 (INDIA)
Listing Fees	<b><u>The Company has not paid the Listing Fees of the exchange for FY 19-20</u></b>
Financial Year	April 1, 2019 to March 31, 2020
Book Closure Date	18/10/2020 to 24/10/2020 (both days Inclusive) for 27 <sup>th</sup> Annual General Meeting.
Dividend	Not Declared for the financial Year 2019-20
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



RAJRAYONINDUSTRIESLIMITED

Financial Calender	<b>Financial Year:</b> <b>1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020</b> Results for the quarter ending June Midweek of August Results for quarter ending September Midweek of November Results for quarter ending December Midweek of February Results for year ending March 31, Last week of May, Annual General Meeting September
Registrars and Transfer Agents (R&TA):	<b>LINK INTIME INDIA PRIVATE LIMITED</b> 247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Phone: 02249186000 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>
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: <b>Link Intime India Private Limited</b> 247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Phone: 02249186000 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>(OR)</b> <b>Directly to the Company to: Director</b> <b>Raj Rayon Industries Ltd. Corporate office:</b> 5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai-400059, Maharashtra (INDIA) Tel: 91-22-40343434, Fax: 91-22-40343400 E-mail: <a href="mailto:investors@rajrayon.com">investors@rajrayon.com</a> 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 2019	0.19	0.19
May 2019	0.19	0.19
June 2019	0.19	0.19
July 2019	0.19	0.19
August 2019	0.19	0.19
September 2019	0.19	0.19
October 2019	0.19	0.19
November 2019	0.19	0.19
December, 2019	0.19	0.19
January 2020	0.19	0.19





RAJRAYONINDUSTRIESLIMITED

February 2020	0.19	0.19
March 2020	0.19	0.19

**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 2020**

*\* as per the data available with the Company as RTA has not provide the information*

	Category	Number of Shares Held	Percentage holding
<b>A.</b>	<b>Promoters' Holding</b>		
<b>1.</b>	<b>Promoters</b>		
	- Indian Promoters	11,80,35,930	34.07
	- Foreign Promoters	Nil	0.00
<b>2.</b>	<b>Persons acting in Concert</b>	Nil	0.00
	<b>Sub-Total (1+2)</b>	<b>11,80,35,930</b>	<b>34.07</b>
<b>B.</b>	<b>Non-Promoters' Holding</b>		
<b>3.</b>	<b>Institutional Investors</b>		
	a. Mutual Funds and UTI	Nil	Nil
	b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions	1166963	0.34
	c. FIIs (Foreign Institutional Investors)	Nil	0.00
	<b>Sub-Total</b>	<b>Nil</b>	<b>Nil</b>
<b>4.</b>	<b>Others</b>		
	a. Private Sector Corporate Bodies and others	32393480	9.35
	b. Indian Public	194857627	56.24
	<b>Grand Total</b>	<b>346454000</b>	<b>100.00</b>

**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.



---

RAJRAYONINDUSTRIESLIMITED

---

### **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, 2020 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, 2020

**For Raj Rayon Industries Limited**

**Rajkumari Kanodia**  
**Non Executive Chairperson & Director**

**By order Abhishek Nagori**  
**Insolvency Professional**  
**Resolution Professional of**  
**Raj Rayon Industries Limited**

Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044

**Date: 25/07/2020**



RAJRAYONINDUSTRIESLIMITED

**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 2019-20 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**

**SUSHIL KUMAR KANODIA  
CEO & CFO**

**Date: 25/07/2020**



RAJRAYONINDUSTRIESLIMITED

**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, 2020 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, 2013, 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:*

*NCLT has passed an order dated 23.01.2020 and appointed Mr. Abhishek Nagori as Insolvency Professional (IP). The IP has written a letter to SEBI, Exchanges, Depositories, RTA regarding waiver of fees and penalties. On confirmation and receipt of benpos and data from the depository and RTA, the Company shall file the compliances with stock exchanges.*

*The company has received notice of demand from the income tax department for the Assessment Year 2011 - 2012 and 2012 - 2013 for Rs. 1,25,24,480/- & Rs. 1,60,68,990/- respectively, liability for which is not provided for as the company has preferred an appeal against the same.*

*The Company has not appointed the KMP- Company Secretary under section 203 of the Companies Act, 2013*

*Further the Company has not appointed the cost auditor and internal auditors.*



RAJRAYONINDUSTRIESLIMITED

*The Newspaper publications of notices of meetings and financial results are not published as per requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

*The BSE NSE filing as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requirement is not done on timely manner due to non-availability of data from RTA and DPs.*

*The company has not provided the remote e-voting for the AGM held for FY 2018-19 due to nonpayment and non-co-operation of RTA and DPs but the quorum was present physically.*

*The company has not dispatched the Annual Report for FY 2018-19 but emailed for the same has been sent to the shareholders whose email ids was available.*

*Further post appointment Mr. Abhishek Nagori as Insolvency Professional (IP) the Board is dissolved and Board is working as per order of IP and NCLT.*

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 M/s Chaturvedi & Patel**  
**Chartered Accountants**  
**Firm Registration No.: 121351W**

\_\_\_\_\_  
**Deepak Karwa**  
**Proprietor**  
**Membership No.: 175321**

Place: Mumbai  
Date: 25/07/2020



RAJRAYONINDUSTRIESLIMITED

**CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)**

To  
The Members,  
M/s. RAJ RAYON INDUSTRIES LIMITED

I have examined the relevant registers, records, forms, returns and disclosure received from the Directors of RAJ RAYON INDUSTRIES LIMITED having CIN L17120DN1993PLC000368 and having registered office at SURVEY NO 177/1/3, VILLAGE SURANGI SILVASSA DN 396230 IN (hereinafter referred to as 'the Company') produced before us by the Company for the purpose of issuing this certificate in accordance with Regulation 34(3) read with Schedule V Para C sub Clause (10)(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

In my opinion and to the best of my knowledge and according to the verifications including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanation furnished to us by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below have been debarred or disqualified for the financial year ended 31<sup>st</sup> March 2020 from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or such other statutory Authority.

Sr. No.	Name of The Director	DIN	Date of appointment in the Company
1.	RAJKUMARI SUSHILKUMAR KANODIA	00229331	28/12/2003
2.	BANTI PARASAR	08340462	28/01/2019
3.	RAJENDRAPRASAD RAMPRATAP SHARMA	08340471	28/01/2019
4.	MAYADHAR RAVINDAR MAHAKUD	08340476	28/01/2019

Ensuring the eligibility for the appointment or continuity of every Director on the Board of above referred Company is the responsibility of the management of the Company. My responsibility is to express an opinion as stated above based on the verification. This certificate is neither an assurance as to the future viability of the Company or effectiveness with which the management has conducted the affairs of the Company.

Riddhi Krunal Shah  
C.P. No. : 17035

Date: 25/07/2020  
Place: Mumbai

# CHATURVEDI & PATEL

Independent Auditor's Report

Raj Rayon Industries Limited

---

Chaturvedi & Patel  
Chartered Accountants  
Ground Floor, Tushar Banglow, Near  
Thakur House, Ashok Chakravati Road,  
Kandivali East, Mumbai 400101  
Mobile – 9082841065  
E-mail id: deepak@cnp.firm.in

---

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RAJ RAYON INDUSTRIES LIMITED

#### Qualified Opinion

We have audited the standalone financial statements of **Raj Rayon Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effect of the matters described in Basis for Qualified Opinion section of our report**, the aforesaid standalone 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 March 31, 2020, and its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis of Qualified Opinion:

- 1. Due to defaults in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the lenders under Consortium advance. The lenders have not charged interest on the company's borrowings / loan since April 2016. Therefore, no provision has been made for such Interest in the books of accounts of the company.*
- 2. The Company's account stands exited from CDR Mechanism. Pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of security Interest act 2002, State Bank of India has taken over the possession of the properties which is given in the possession notice dated 31<sup>st</sup> July 2018 published in free press journal newspaper. There has been no production activity carried out since then.*
- 3. We draw attention to the note no. 42 of the attached statement regarding the financial results of the company having been prepared on the going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has been continuously incurring losses past many years and its net worth stands fully eroded. These conditions indicate the existence of material uncertainty that cast significant doubt about company's ability to continue as going concern.*
- 4. The properties of the company including Plant & Machineries has been taken into possession by the State Bank of India on 31<sup>st</sup> July 2018, hence physical verification of inventories and fixed assets could not be carried out by the management and by us. Hence, we are unable to comment on the actual physical existence of the same.*
- 5. The company has obtained unsecured loans amounting to Rs. 1,000.00 Lakhs, the same is outstanding from previous years and has been shown under Long-Term Borrowings in the Balance Sheet. However, loan agreement in respect of these loans have not been furnished and in absence of the same the terms of repayment, chargeability of interest and other terms are not verifiable.*

# CHATURVEDI & PATEL

## Independent Auditor's Report

### Raj Rayon Industries Limited

---

6. *The company has booked "General Expenses" of Rs. 59.38 Lakhs, "Travelling & Conveyance Expenses" of Rs. 33.23 Lakhs, "Legal & Professional Charges" of Rs. 25.41 Lakhs, "Stationery" of Rs. 0.69 Lakhs and "Postage" of Rs. 0.57 Lakhs. No documents / invoices have been provided to us for verification. Hence, we are unable to comment on such expenses whether incurred for business purpose.*
7. *Balances under sundry debtors and sundry creditors, loans and advances given by the company and parties from whom unsecured loans have been taken are subject to confirmations and adjustments, if any. In the absence of such pending confirmations and reconciliations, consequential impact of the same on financial statements of the company cannot be ascertained.*
8. *In view of pending confirmations / reconciliations from banks, lender liabilities, trade payables and any other liabilities including contingent, we are unable to comment on the impact, if any, on the financial statement arising out of such pending confirmations / reconciliations. In the absence of such pending confirmations and reconciliations, consequential impact of the same on financial statements of the company cannot be ascertained.*

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty Related to Going Concern:**

We draw attention to the Note No. 42 accompanying the financial statements, regarding preparation of financial statements on going concern basis, notwithstanding the fact that the company continue to incurred the cash losses, defaulted to repayment of principal and interest to its lenders, resulting into impairment for non-current assets and substantial erosion of its net-worth, also its current liability exceeds current assets by Rs. 71,871.49 Lakhs. These conditions coupled with weakened internal controls and other matters set forth in notes to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The appropriateness of the assumptions of the going concern is critically depended upon the Company's ability to raise finance and generate cash flows in future to meet its obligation and to restructure its borrowing with the lenders. Our opinion is not modified in respect of this matter.

#### **Emphasis of Matter:**

1. *One operational creditor (Khanna & Khanna Ltd.) has gone into Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & Bankruptcy Code, 2016 (Insolvency Code) in terms of order dated 29<sup>th</sup> May 2019 passed by Hon'ble NCLT, Ahmedabad Bench. However, the same stands withdrawn dated 28<sup>th</sup> June 2019 due to mutual consent. Further the State Bank of India has filed the petition with NCLT Ahmedabad under section 7 of the Insolvency and Bankruptcy Code. admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Raj Rayon Industries Limited and appointed Mr. Abhishek Nagori as the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code.*
2. *The company has not carried out detailed assessment of the useful life of Company's assets and hence depreciation has not been adjusted, as per the notification to Schedule II of the Companies Act, 2013. We are unable to comment on the impact on statement of Profit & Loss Account.*



# CHATURVEDI & PATEL

## Independent Auditor's Report

### Raj Rayon Industries Limited

---

3. *In our opinion, securities provided to banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.*
4. *The company has received notice of demand from the income tax department for the Assessment Year 2011 – 2012 and 2012 – 2013 for Rs. 1,25,24,480/- & Rs. 1,60,68,990/- respectively, liability for which is not provided for as the company has preferred an appeal against the same.*

***Our opinion is not modified in respect of these matters.***

#### **Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Non-Verification of Fixed Assets and Inventories:**

Refer Note No 3.4 and 8.2 wherein it is stated by the management that due to possession of factory premises by lenders, the company was unable to physically verify Fixed Assets and Inventories of the company. We have considered the same as a Key Audit Matter due to following reasons:

As at March 31, 2020, value of Net Block of Fixed Assets of Rs. 16,118.60 Lakhs and Inventories of Rs. 60.38 Lakhs is significant item which was not verified physically and no assurance could have been provided for physical existence of the same.

#### **Our procedures included the following:**

We have approached with alternate method of analysing the fixed asset register which again was not available with the company leading us to qualify the matter. In case of Inventories, since physical verification was not done, we were unable to confirm its existence thereby leading us to qualify the matter. These issues were discussed with the management.

#### **2. Non conduct of Internal Audit and Non availability of Internal Financial Controls:**

We were not provided with copy of Internal Audit Report and Risk Control Matrix including Standard Operating Procedures of the company which we consider to be significant key matter.

#### **Our procedures included the following:**

In the absence of Internal Financial Controls, we have discussed the issues with the management at length and to conclude have qualified the report.

#### **Other Information:**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

# CHATURVEDI & PATEL

## Independent Auditor's Report

### Raj Rayon Industries Limited

---

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard **except for matters described in the 'Basis for Qualified Opinion' and 'Emphasis of Matters' para stated above.**

#### **Management's Responsibility for the Standalone Financial Statements:**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, 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. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

# CHATURVEDI & PATEL

## Independent Auditor's Report

### Raj Rayon Industries Limited

---

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of sub-section (11) of the Act, we give in Annexure 'A' to this Report, a statement on the matters specified in paragraph 3 and 4 of the said Order, to the extent applicable.
2. **As required by Section 143 (3) of the Act, based on our audit 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 **except for matters described in the 'Basis for Qualified Opinion' and 'Emphasis of Matters' para stated above;**
  - c. The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
  - d. In our 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 except for matters described in the 'Basis for Qualified Opinion' and 'Emphasis of Matters' para stated above;**
  - e. In our opinion, the matter described in the Basis for Qualified Opinion paragraph above, may have an adverse effect on the functioning of the Company.
  - f. With respect 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".

# CHATURVEDI & PATEL

## Independent Auditor's Report

### Raj Rayon Industries Limited

---

- g. With respect to the other matters to be included in the auditor's report in accordance with the requirements of Section 197(16) of the Act (as amended); In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year; and
- h. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts, if any.
  - iii. There is no amount outstanding which needs to be transferred to investor education and protection fund.

**For Chaturvedi & Patel**  
**Chartered Accountants**  
FRN: 121351W

CA Deepak Karwa  
Partner  
M.N: 175321  
**UDIN: 20175321AAAADY1302**  
Place: Mumbai  
Dated: 25<sup>th</sup> July 2020

# CHATURVEDI & PATEL

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

### Raj Rayon Industries Limited

---

#### ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of RAJ RAYON INDUSTRIES LIMITED of even date)

- (i). **(a)** As per the information and explanation given by the management, the Company has **not** maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b)** As per the information and explanation given by the management, the Fixed Assets have **not** been physically verified by the management during the year due to possession of premises by the lenders. In the absence of such physical verification, we are unable to comment on the physical existence of such fixed assets and relied on management certificate in this regard.
- (c)** According to the information and explanation given to us and the records examined by us and based on the examination of the scanned copies of the title deeds of the immovable properties pledged with the bankers as security against borrowings, we report that the title deeds of the immovable properties that have been pledged as security against borrowings and other facilities availed by the Company, are held in the name of the Company as at the balance sheet date.
- (ii) As per the information and explanation given by the management, the management has **not** conducted the physical verification of inventory at year end due to possession of premises by the lenders. In the absence of such physical verification, we are unable to comment on the physical existence of such inventories and relied on management certificate in this regard.
- (iii) As per the information and explanation given by the management, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- (v) As per the information and explanation given by the management, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) As informed to us, the maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribe accounts and records have not been made and maintained.
- (vii) **a)** According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues of provident fund, income-tax, sales tax, value added tax, cess and professional tax during the year with appropriate authorities and there have not been serious delays in a large number of cases.
- b)** According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax as at March 31, 2020 which have not been deposited with statutory authorities on account of a dispute pending are given as below:

# CHATURVEDI & PATEL

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

### Raj Rayon Industries Limited

Name of the Statute	Nature of the Dues	Amount in Lakhs 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		
		<b>127.50</b>			
		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		
		283.52 (**)	2005-2006 & 2006-2007		
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 Tax,2001 (including penalties & interest	Entry Tax	308.83 (Net of 250.00 Lakhs being amount recovered by the Department)	01-04-2012 to 31.01.2014	The company is in the process of filing reply to the show cause notice issued by the commercial tax officer, Ahmedabad	
State Bank of India	Loan	1,00,808.99	2017-2018	-	
Phoenix ARC Pvt Ltd	Loan	6,548.21	2018-2019	-	
Income Tax Department	Income Tax	125.24	2011-2012	-	
Income Tax Department	Income Tax	160.69	2012-2013	-	
# Payment made under protest					
* Assessment year					
** Represents penalty demand					

# CHATURVEDI & PATEL

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

### Raj Rayon Industries Limited

---

- (viii) In our opinion and according to the information and explanations given to us and records of the Company examined by us, *the Company has defaulted in repayment of loans or borrowings to banks and financial institutions*. The Company has not taken loan from the government and 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 upon the audit procedures performed and the information and explanations given by the management, we report that no prima facie fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xii) In our opinion and explanation given to us, all transactions with the related parties, if any 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.
- (xiii) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xiv) 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.
- (xv) In our opinion and explanation given to us, 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 Chaturvedi & Patel**  
**Chartered Accountants**  
FRN: 121351W

CA Deepak Karwa  
Partner  
M.N: 175321  
**UDIN: 20175321AAAADY1302**  
Place: Mumbai  
Dated: 25<sup>th</sup> July 2020

# CHATURVEDI & PATEL

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT Raj Rayon Industries Limited

---

### ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **RAJ RAYON INDUSTRIES LIMITED** of even date)

### Report on the Internal Financial Controls Over Financial Reporting 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, 2020 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 Board of Directors of the Company 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 respective 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.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 was 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 internal financial controls system over financial reporting of the Company.

#### 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



# CHATURVEDI & PATEL

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

### Raj Rayon Industries Limited

---

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.

#### **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 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.

#### **Disclaimer of Opinion:**

*The system of Internal Financial Control Over Financial Reporting with regard to the company were not made available to us to enable us to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial control was operating effectively. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.*

*We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.*

**For Chaturvedi & Patel**  
**Chartered Accountants**  
FRN: 121351W

CA Deepak Karwa  
Partner  
M.N: 175321  
**UDIN: 20175321AAAADY1302**  
Place: Mumbai  
Dated: 25<sup>th</sup> July 2020

**BALANCE SHEET AS AT 31st March 2020**

(All amounts are in Rs. Lakhs except unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>I Assets</b>			
<b>1- Non Current Assets</b>			
(a) Property, Plant and Equipment	3(a)	16,118.60	19,828.93
(b) Intangible Assets	3(b)	-	-
(c) Capital Work In Progress		-	-
(d) Financial Assets			
I - Investments	4	10.02	10.02
II - Other Financial Assets	5	9.33	9.33
(e) Deferred Tax Assets (Net)	6	-	-
(g) Other Non-Current Assets	7	1,052.26	1,050.47
<b>Sub Total - Non-Current Assets</b>		<b>17,190.21</b>	<b>20,898.75</b>
<b>2- Current Assets</b>			
(a) Inventories	8	60.38	60.38
(b) Financial Assets			
I- Trade Receivables	9	1,489.47	1,670.01
II- Cash And Cash Equivalentents	10	0.78	(0.85)
III- Bank Balances Other Than (II) Above	11	1.21	1.21
IV- Other Financial Assets	12	361.03	370.76
(c) Other Current Assets	13	0.77	0.77
<b>Sub Total - Current Assets</b>		<b>1,913.65</b>	<b>2,102.27</b>
<b>Total Assets</b>		<b>19,103.85</b>	<b>23,001.02</b>
<b>II Equity and Liabilities</b>			
<b>1- Equity</b>			
(a) Equity Share Capital	14	3,464.54	3,464.54
(b) Other Equity	15	(60,545.83)	(57,154.71)
<b>Sub Total Equity</b>		<b>(57,081.29)</b>	<b>(53,690.17)</b>
<b>2- Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
I- Borrowings	16	2,400.00	2,400.00
(b) Provisions	17	-	18.14
(c) Other Non- Current Liabilities		-	-
<b>Sub Total - Non-Current Liabilities</b>		<b>2,400.00</b>	<b>2,418.14</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
I- Borrowings	18	68,538.72	68,978.72
II- Trade Payables	19		
Total Outstanding Dues of Micro Enterprises and Small Enterprises			
Total Outstanding Dues of Creditors other than Micro Enterprises And Small Enterprises		86.93	132.27
III- Other Financial Liabilities	20	5,159.95	5,159.95
(b) Other Current Liabilities	21	(0.46)	2.11
(c) Provisions	22	-	-
<b>Sub Total - Current Liabilities</b>		<b>73,785.14</b>	<b>74,273.05</b>
<b>Total Equity and Liabilities</b>		<b>19,103.85</b>	<b>23,001.02</b>
<b>Significant accounting policies</b>			
Notes to Accounts	1 to 45		

The accompanying notes are an Integral part of the Standalone Financial Statements

Resolution Professional  
of M/s Raj Rayon Industries Limited

For and on behalf of the board (Dissolved)  
For Raj Royan Industries Ltd.

As per our attached report of even date

**For Chaturvedi & Patel**  
Chartered Accountants  
Firm Registration No. 121351W

*Abhishek Nagori*  
Insolvency Professional  
Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044

**Rajkumari Kanodia**  
Director  
DIN No. 00229331

**CA. Deepak Karwa**  
Partner  
Membership No. 175321  
UDIN: 20175321AAAADY1302

**Mayadhar Ravindar Mahakud**  
Managing Director  
DIN No. 08340476

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

Place: Mumbai  
Dated: 25th July, 2020

Dated: 25th July, 2020

RAJ RAYON INDUSTRIES LIMITED

**STATEMENT OF PROFIT AND LOSS** for the Financial Year Ended 31s March 2020

(All amounts are in Rs. Lakhs except share data unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Income</b>			
Revenue From Operations	23	-	1,815.99
Other Income	24	340.61	25.98
<b>Total Income (I)</b>		<b>340.61</b>	<b>1,841.97</b>
<b>Expenses</b>			
Cost Of Materials Consumed	25	-	1,152.68
Purchases Of Stock-In-Trade		-	-
Changes In Inventories of Finished Goods, Work In Progress and Manufactured Components	26	-	464.78
Employee Benefits Expense	27	-	90.28
Finance Cost	28	-	1.61
Depreciation And Amortisation Expense	29	3,610.58	3,669.64
Other Expenses	30	121.15	1,288.87
<b>Total Expenses (II)</b>		<b>3,731.73</b>	<b>6,667.85</b>
<b>Profit / (Loss) Before Exceptional Items and Tax Exceptional Item (Net) Profit / (Loss) Before Tax (I-II)</b>		<b>(3,391.12)</b>	<b>(4,825.88)</b>
<b>Tax Expense:</b>			
Current Tax		-	-
Deferred Tax		-	-
Mat Credit Entitlement		-	-
Tax Adjustment For Earlier Years		-	0.30
			<b>0.30</b>
<b>Profit / (Loss) for the Period</b>		<b>(3,391.12)</b>	<b>(4,826.18)</b>
<b>Other Comprehensive Income Item that will not be reclassified to Profit or Loss</b>			
Re-Measurment Gain / (Loss) on Defined Benefit Plans		-	-
Income Tax Effect on Above		-	-
<b>Total Other Comprehensive Income / (Loss)</b>			
<b>Total Comprehensive Income For The Year</b>		<b>(3,391.12)</b>	<b>(4,826.18)</b>
<b>Earning Per Equity Share</b>	31		
Basic		(0.98)	(1.52)
Diluted		(0.98)	(1.52)
<b>Significant Accounting Policies</b>	1 to 45		
<b>The accompanying notes are an Integral part of the Standalone Financial Statements</b>			
<b>Resolution Professional of M/s Raj Rayon Industries Limited</b>		For and on behalf of the board <b>(Dissolved)</b> For Raj Royan Industries Ltd.	
<b>Abhishek Nagori</b> <i>Insolvency Professional</i> Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044			
As per our attached report of even date			
<b>For Chaturvedi &amp; Patel</b> Chartered Accountants Firm Registration No. 121351W		<b>Rajkumari Kanodia</b> Director <b>DIN No. 00229331</b>	
<b>CA. Deepak Karwa</b> Partner Membership No. 175321 <b>UDIN: 20175321AAAADY1302</b>		<b>Mayadhar Ravindar Mahakud</b> Managing Director <b>DIN No. 08340476</b>	
Place: Mumbai Dated: 25th July, 2020		<b>Sushil Kumar Kanodia</b> C.E.O. & C.F.O.  Dated: 25th July, 2020	

**RAJ RAYON INDUSTRIES LIMITED**
**CASH FLOW STATEMENT** for the period ended 31st March, 2020

(All amounts are in Rs. Lakhs except unless otherwise stated)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and Extraordinary Items	(3,391.12)	(4,825.88)
<b>Adjustment for:</b>		
Depreciation	3,610.58	3,669.64
Provision for Bad & Doubtful Debts	-	695.70
Exchange Rate Change	-	(0.65)
(Profit) / Loss on Sale of Fixed Asset	(340.26)	6.82
Rent Income	-	-
Interest / Other Income	(0.35)	(14.30)
Expenses for Increase in Authorised Share Capital	-	-
Finance Costs	-	1.61
<b>Operating Profit Before Working Capital Changes</b>	<b>(121.15)</b>	<b>(467.07)</b>
<b>Adjustment For:</b>		
Inventories	0.00	604.37
Trade Receivables	180.54	(113.23)
Other Receivables, Loans & Advances (Current / Non Current)	7.93	78.49
Trade Payables	(45.34)	(226.03)
Other Payables, Provisions (Current / Non Current)	(20.71)	(58.53)
<b>Cash Used in Operations</b>	<b>1.28</b>	<b>(182.00)</b>
Direct Taxes Paid (Including Reversal of MAT Credit Entitlement)	-	45.54
Cash Flow Before Extraordinary Items	1.28	(136.47)
Extraordinary Items	-	-
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>1.28</b>	<b>(136.47)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	(1.54)
Sale of Fixed Assets	440.00	-
Investments / (Maturity) of FDRs	-	182.07
Interest / Other Income	0.35	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>440.35</b>	<b>180.53</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	-	-
Change in Working Capital Borrowing from Banks	(440.00)	(43.46)
Interest & Other Borrowing Cost	-	(1.61)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(440.00)</b>	<b>(45.08)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1.63</b>	<b>(46.55)</b>
Opening Balance of Cash and Cash Equivalents	(0.85)	45.70
Closing Balance of Cash and Cash Equivalents	0.78	(0.85)
	<b>1.63</b>	<b>(46.55)</b>

**Resolution Professional  
of M/s Raj Rayon Industries Limited**

**Abhishek Nagori  
Insolvency Professional**

Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044

As per our attached report of even date

**For Chaturvedi & Patel**

Chartered Accountants

Firm Registration No. 121351W

**CA. Deepak Karwa**

**Partner**

**Membership No. 175321**

**UDIN: 20175321AAAADY1302**

Place: Mumbai

Dated: 25th July, 2020

For and on behalf of the board **(Dissolved)**  
**For Raj Royan Industries Ltd.**

**Rajkumari Kanodia**

Director

**DIN No. 00229331**

**Mayadhar Ravindar Mahakud**

Managing Director

**DIN No. 08340476**

**Sushil Kumar Kanodia**

C.E.O. & C.F.O.

Dated: 25th July, 2020

**NOTES ON FINANCIAL STATEMENTS** for the year ended 31st March 2020

(All amounts are in Rs. Lakhs except unless otherwise stated)

**Note 3 (a): Property, Plant & Equipments**

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	GROSS CARRYING VALUE AS ON APRIL 1, 2019	ADDITIONS	DISPOSAL / ADJUSTMENT	GROSS CARRYING VALUE AS ON MARCH 31, 2020	ACCUMULATED DEPRECIATION AS ON APRIL 1, 2019	DEPRECIATION FOR THE PERIOD	DISPOSAL / ADJUSTMENT	ACCUMULATED DEPRECIATION AS ON MARCH 31, 2020	CARRYING VALUE AS ON MARCH 31, 2020	CARRYING VALUE AS ON MARCH 31, 2019
<b>Tangible Assets</b>										
Land	290.53	-	10.74	279.79	-	-	-	-	279.79	290.53
Air Condition System	601.04	-	4.55	596.49	560.14	9.27	-	569.40	27.09	40.90
Electrical Installation	3,403.21	-	3.47	3,399.74	2,808.96	117.49	-	2,926.44	473.30	594.25
Factory Building	6,710.74	-	80.35	6,630.39	2,075.51	210.31	-	2,285.81	4,344.57	4,635.23
D.G.Sets	190.96	-	-	190.96	101.85	8.06	-	109.91	81.05	89.11
Plant & Machinery	45,821.00	-	-	45,821.00	31,698.51	3,261.51	-	34,960.03	10,860.97	14,122.48
Furniture & Fixtures	153.29	-	0.36	152.93	140.41	1.68	-	142.09	10.83	12.87
Vehicle	38.75	-	0.12	38.63	36.81	-	-	36.81	1.82	1.94
Office Equipments	32.99	-	0.13	32.86	30.17	0.99	-	31.16	1.70	2.82
Computers	97.48	-	0.03	97.45	94.99	0.56	-	95.54	1.91	2.49
Office Premises	45.39	-	-	45.39	9.11	0.72	-	9.83	35.56	36.29
<b>Total Tangible Assets</b>	<b>57,385.38</b>	<b>-</b>	<b>99.74</b>	<b>57,285.64</b>	<b>37,556.45</b>	<b>3,610.58</b>	<b>-</b>	<b>41,167.04</b>	<b>16,118.60</b>	<b>19,828.93</b>
<b>Note 3 (b): Intangible Assets</b>										
Computer Software	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross Total Fixed Assets</b>	<b>57,385.38</b>	<b>-</b>	<b>99.74</b>	<b>57,285.64</b>	<b>37,556.45</b>	<b>3,610.58</b>	<b>-</b>	<b>41,167.04</b>	<b>16,118.60</b>	<b>19,828.93</b>

3.1: Property, plant and equipment are pledged as collateral against borrowings.

3.2: 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 review carried out by the management, there was no impairment loss on property, plant and equipment during the year ended 31st March, 2020.

3.3: State Bank of India (lead banker) acting as a leader of Consortium lenders (Banks), pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, has taken over the possession of the properties mortgaged with State Bank of India, description of the properties taken over by the Bank is given in the possession notice dated 31-07-2018 published in Free Press Journal Newspaper. The company has not received details of such auction being done by the bank and how the same has been adjusted in loan account of respective banks. Sale notice for Andheri office has also been published in Free Press Journal & Navshakti on 8th December 2019. In the absence of complete information on hand, the entire amount of net disposal of assets (after depreciation) of Rs. 99.74 Lakhs is accounted on account of such possession being taken over by State Bank of India. Company has booked profit of Rs. 340.25 Lakhs on account of such transfer.

3.4: Due to possession of factory premises by lenders, the company was unable to physically verify fixed assets of the company.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 4: Financial Assets- Investments</b>		
<b>Other than Trade: (Unquoted At Cost):</b>		
<b>Investments in fully paid equity instruments</b>		
Raj Money Markets Limited - 1,00,100 (1,00,100) Shares having face value of Rs. 10/- each	10.01	10.01
The Bharat Co-operative Bank (Mumbai) Limited - 10 (10) Shares having face value of Rs. 100/- each	0.01	0.01
<b>Total</b>	<b>10.02</b>	<b>10.02</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 5: Other Financial Assets</b>		
1 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.	-	-
2 Interest accrued on Fixed Deposits (Maturity Period more than 12 months)	-	-
3 Security Deposits	9.33	9.33
<b>Total</b>	<b>9.33</b>	<b>9.33</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 6: Deffered Tax Assets (Net)</b>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 7: Other Non-Current Assets</b>		
TUFS Benefit Receivable (Interest Subsidy)	776.64	776.64
Capital Advances	-	-
Prepaid Expenses	-	-
Prepaid Taxes (Net of Provisions)	25.60	23.84
Others (VAT Payment under Protest)	250.00	250.00
<b>Unsecured, Considered Doubtful</b>		
Capital Advances	117.79	117.79
<b>Less: Provision for doubtful Capital advances</b>	<b>(117.79)</b>	<b>(117.79)</b>
<b>Total</b>	<b>1,052.26</b>	<b>1,050.47</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 8: Inventories</b>		
Raw Materials	38.34	38.34
Work in Progress	9.84	9.84
Manufactured Components	-	-
Finished Goods	0.54	0.54
Stores, Spares and Others	10.63	10.63
Packing Materials	1.02	1.02
<b>Total</b>	<b>60.38</b>	<b>60.38</b>

8.1: Inventories are pledged / hypothecated as collateral against borrowings.

8.2: Due to possession of factory premises by lenders, the company was unable to physically verify inventories of the company.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 9: Trade Receivables</b>		
<i>Outstanding for a period exceeding six months from the date they are due for payments</i>		
Unsecured, considered good	1,489.47	1,669.51
Unsecured, considered doubtful	11,053.49	11,053.49
	<b>12,542.96</b>	<b>12,723.01</b>
<b>Less:</b> Provision for doubtful trade receivables	(11,053.49)	(11,053.49)
	<b>1,489.47</b>	<b>1,669.51</b>
<i>Outstanding for a period less than six months from the date they are due for payments</i>		
Unsecured, considered good	-	0.50
Unsecured, considered doubtful	-	-
	-	<b>0.50</b>
<b>Total</b>	<b>1,489.47</b>	<b>1,670.01</b>

9.1: In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. There has been no significant change in the credit quality of receivables past due for more than 180 days.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 10: Cash and Cash Equivalents</b>		
1 Balances with Banks	0.48	(1.63)
2 Cheques on Hand	-	-
3 Cash in Hand	0.30	0.77
<b>Total</b>	<b>0.78</b>	<b>(0.85)</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 11: Bank Balances other than Cash and Cash Equivalents</b>		
1 Balances with Banks in Unpaid Dividend Accounts	0.80	0.80
2 Fixed Deposits with Banks held as Security, Deposit, Margin Money for Letter of Credit and Bank Guarantees Issued	0.41	0.41
3 <b>Less:</b> Amount disclosed under Other Non Current Assets	-	-
<b>Total</b>	<b>1.21</b>	<b>1.21</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 12: Other Financial Assets</b>		
<b>Unsecured, Considered Good</b>		
Advances to Suppliers	-	0.03
Advances to Staff	-	0.40
Cenvat Credit Receivable (Net of Provision)	358.38	356.14
Balance with Excise Department	1.15	0.90
Prepaid Expenses	-	1.59
Deposits	1.50	1.50
Others	-	10.19
<b>Unsecured, Considered Doubtful</b>		
Advances to Suppliers	81.82	81.82
<b>Less:</b> Provision for Doubtful Advances to Suppliers	(81.82)	(81.82)
<b>Total</b>	<b>361.03</b>	<b>370.76</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 13: Other Current Assets</b>		
Interest accrued on Fixed Deposits	0.77	0.77
<b>Less:</b> Amount disclosed under Other Financial Assets (Maturity period less than 12 months)	-	-
	<b>0.77</b>	<b>0.77</b>
Export Benefit Receivable	-	-
<b>Total</b>	<b>0.77</b>	<b>0.77</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 14: Equity Share capital</b>		
<b>Authorised:</b>		
71,00,00,000 (71,00,00,000) Equity Shares of Rs 1/- each	7,100.00	7,100.00
1,50,00,000 (1,50,00,000) Preference Shares of Rs. 10/- each	1,500.00	1,500.00
<b>Total</b>	<b>8,600.00</b>	<b>8,600.00</b>
<b>Issued, Subscribed and paid-up :</b>		
34,64,54,000 (34,64,54,000) Equity Shares of Rs. 1/- each fully paid	3,464.54	3,464.54
<b>Total</b>	<b>3,464.54</b>	<b>3,464.54</b>
<b>14.a Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period :-</b>		
<b>(i) Equity shares :-</b>		
<b>Particulars</b>	<b>Year Ended March 31, 2020</b>	
	<b>Number of Shares</b>	<b>Rs. (In Lakhs)</b>
Outstanding at the beginning of the reporting period	34,64,54,000	3,464.54
Issued during the reporting period	-	-
Bought back during the reporting period	-	-
Outstanding at the end of the reporting period	<b>34,64,54,000</b>	<b>3,464.54</b>
<b>Particulars</b>	<b>Year Ended March 31, 2019</b>	
	<b>Number of Shares</b>	<b>Rs. (In Lakhs)</b>
Outstanding at the beginning of the reporting period	34,64,54,000	3,464.54
Issued during the reporting period	-	-
Bought back during the reporting period	-	-
Outstanding at the end of the reporting period	<b>34,64,54,000</b>	<b>3,464.54</b>
<b>14.b Terms / Rights Attached to Equity Shares</b>		
<b>The principle rights,powers,preferences and restrictions relating to each class of share capital are as follows:</b>		
<b>Equity Shares</b> - 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.		
<b>14.c Shareholders holding more than 5% share capital at the end of the year :</b>		
<b>Name of Shareholders</b>	<b>Year Ended March 31, 2020</b>	
	<b>Number of Shares</b>	<b>% of Holding</b>
<b>Equity Shares</b>		
Raj Money Market Limited	9,47,20,930.00	27.34
Fine Fashion Private Limited	2,16,61,258.00	6.25
Jitendra B Salecha	2,06,44,848.00	5.96
<b>Name of Shareholders</b>	<b>Year Ended March 31, 2019</b>	
	<b>Number of Shares</b>	<b>% of Holding</b>
<b>Equity Shares</b>		
Raj Money Market Limited	9,47,20,930.00	27.34
Jitendra B. Salecha HUF	1,40,00,000.00	4.04
Fine Fashion Private Limited	2,36,82,769.00	6.84
<b>14.d Information regarding issue of shares in the last five years</b>		
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.		
<b>Note 15: Other Equity</b>		
Capital Reserve on Forfeited Shares / Share Warrants:	114.47	114.47
Securities Premium Reserve	7,630.73	7,630.73
<b>Surplus in Statement of Profit and Loss:</b>		
Balance at the Beginning of the Year	(64,899.91)	(60,074.03)
<b>Add (Less): Profit (Loss) After Tax for the Reporting Period</b>	<b>(3,391.12)</b>	<b>(4,825.88)</b>
	<b>(68,291.03)</b>	<b>(64,899.91)</b>
<b>Total</b>	<b>(60,545.83)</b>	<b>(57,154.71)</b>



Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 16: Long Term Borrowings</b>		
<b>Secured loans:</b>		
<b>Term loans</b>		
<b>From Banks</b>		
Rupee Loans	-	58,939.42
	-	<b>58,939.42</b>
<b>Less:</b> Transfer to Short Term Borrowings (Including instalment defaulted and remained unpaid as at Balance Sheet Date)	-	58,939.42
<b>Sub-Total</b>	-	-
<b>Unsecured Loans:</b>		
Inter-corporate loans	1,000.00	1,000.00
15% Non Convertible Non Cumulative Redeemable Preference Shares of Rs. 10/- each	1,400.00	1,400.00
<b>Sub-Total</b>	<b>2,400.00</b>	<b>2,400.00</b>
<b>Total</b>	<b>2,400.00</b>	<b>2,400.00</b>

**A. Particulars of Securities and Rate of Interest:**

*In case of financial facilities from Lenders, Term Loan (TL), Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) including Fund Based Working Capital are secured by –*

- All chargeable present and 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
- 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.
- 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).
- *Rupee loan from banks and financial institution has been turned into NPA. Continuing on the routine compliance, the lenders are moving on the recovery measure and already serve the call up notice for their exposure. Therefore instead of structured repayment schedule, the entire exposure of that banks / financial institution is fallen due on immediate demand basis. Accordingly, all the Term Loans and Cash Credits from Banks have been classified as Loans Repayable on Demand.*

**B. Period and amount of continuing defaults as on the balance sheet date in repayment of principal and interest inclusive of earlier years**

Particulars	Year Ended March 31, 2020	
	Principal	Interest (*)
State Bank of India	-	-
State Bank of Hyderabad	-	-
State Bank of Mysore	-	-
State Bank of Travancore	-	-
State Bank of Bikaner & Jaipur	-	-
State Bank of Patiala	-	-
Phoenix ARC Private Limited	-	-
<b>Total</b>	-	-

Particulars	Year Ended March 31, 2019	
	Principal	Interest (*)
State Bank of India	26,449.57	13,209.60
State Bank of Hyderabad	12,801.50	7,794.22
State Bank of Mysore	5,040.89	2,757.19
State Bank of Travancore	4,862.46	2,541.82
State Bank of Bikaner & Jaipur	2,698.80	1,272.67
State Bank of Patiala	3,023.16	1,782.57
Phoenix ARC Private Limited	4,063.03	1,863.04
<b>Total</b>	<b>58,939.41</b>	<b>31,221.11</b>

*(\*) Since classification of account has been made as Non Performing Assets (NPA), Interest is neither charged by bankers nor provided by Company. During the FY 2019 - 2020, entire borrowings of the company is under default.*

**C. The Company has not provided for interest on loan on accrual basis and the same is accounted as and when recovered by respective lenders.**

**D. 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 Rs. 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, 2019 has been understated by Rs. 210 Lakhs.

**Shareholder holding more than 5% preference share capital at the end of the year :**

Name of Shareholders	% of Holding	
	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Preference Shares</b>		
Nakoda Limited (No of Shares CY 14000000, PY 14000000)	100.00	100.00

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 17: Provisions</b>		
Provision for Employee Benefits	-	18.14
<b>Total</b>	<b>-</b>	<b>18.14</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 18: Borrowings</b>		
Secured Loans:		
<b>Loan Payable on Demand / Working Capital Loans from Banks</b>		
Cash Credit / Demand Loans / Short Term / Regrouping of Long Term Loans	68,538.72	68,978.72
<b>Total</b>	<b>68,538.72</b>	<b>68,978.72</b>
<b>Nature of Security:</b>		
(i) For details of security, refer comments of long-term borrowings.		
(ii) The above borrowings include regrouped term loans.		
(iii) 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.		

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 19: Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	86.93	132.27
<b>Total</b>	<b>86.93</b>	<b>132.27</b>

**19.1** 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.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 20: Other Financial Liabilities</b>		
Interest Accrued & Due on Bank Loans	4,952.71	4,952.71
Interest Accrued & Due on Unsecured Loans	114.00	114.00
Advances from Customers	-	-
Unpaid Dividends	0.80	0.80
Other Liabilities	92.44	92.44
<b>Total</b>	<b>5,159.95</b>	<b>5,159.95</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 21: Other Current Liabilities</b>		
Statutory Liabilities	(0.46)	2.11
<b>Total</b>	<b>(0.46)</b>	<b>2.11</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 22: Provisions</b>		
Provision for Employees Benefits (Gratuity)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes on Financial Statements** for the year ended 31st March 2020

(All amounts are in Rs. Lakhs except unless otherwise stated)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 23: Revenue From Operations</b>		
<b>Sale of Products</b>		
Yarn - Local	-	1,793.58
Chips	-	-
PTA / MEG / Others	-	10.93
	-	1,804.51
<b>Other Operating Revenues</b>		
Scrap and Other Sales	-	11.48
	-	1,815.99
<b>Less: Excise Duty</b>	-	-
<b>Total</b>	<b>-</b>	<b>1,815.99</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 24: Other Income</b>		
<b>Interest Income:</b>		
On Fixed Deposits with Banks	0.35	14.12
On Delayed Payments from Customers	-	-
Profit on Sale of Assets	340.26	-
On Loan / Deposit / Others	-	0.19
	340.61	14.30
<b>Other Miscellaneous Income</b>	-	11.67
<b>Total</b>	<b>340.61</b>	<b>25.98</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 25: Cost of Materials Consumed</b>		
Chips	-	1,094.41
POY / FDY / PTY	-	-
PTA / MEG / Others	-	4.97
Yarn Oil	-	34.80
Spin Finish Oil	-	18.50
<b>Total</b>	<b>-</b>	<b>1,152.68</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 26: Changes in inventories of Finished Goods &amp; Work-in-Process</b>		
<b>Opening Inventories:</b>		
Finished Goods	0.54	208.92
Manufactured Components	-	19.10
Stock in Process	9.84	247.14
	10.39	475.16
<b>Less: Closing Inventories:</b>		
Finished Goods	0.54	0.54
Manufactured Components	-	-
Stock in Process	9.84	9.84
	10.39	10.39
<b>Add/Less: Provision for Excise Duty on Finished Goods (Net)</b>	-	-
<b>Total</b>	<b>-</b>	<b>464.78</b>

**Notes on Financial Statements** for the year ended 31st March 2020

(All amounts are in Rs. Lakhs except unless otherwise stated)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 27: Employee Benefit Expenses</b>		
Salaries and Wages	-	84.04
Contribution to Provident Fund and Other Funds	-	5.53
Staff Welfare Expenses	-	0.70
<b>Total</b>	<b>-</b>	<b>90.28</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 28: Finance Cost</b>		
Interest Expense	-	0.00
Other Borrowing Costs	-	1.61
Net Loss (Gain) on Foreign Currency Transactions	-	-
<b>Total</b>	<b>-</b>	<b>1.61</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 29: Depreciation and Amortisation Expenses</b>		
Depreciation	3,610.58	3,669.64
<b>Total</b>	<b>3,610.58</b>	<b>3,669.64</b>

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Note 30: Other Expenses</b>		
<b>Manufacturing Expenses:</b>		
Power and Fuel	-	280.62
Inward Transportation and Freight	-	7.51
Consumption of Stores and Spares	-	4.96
Repairs to Factory Buildings	-	-
Repairs to Machineries	-	0.18
Consumption of Packing Material	-	19.36
Labour / Job Charges	-	49.10
<b>Administrative Expenses:</b>		
Printing and Stationery	0.69	1.52
Postage and Courier	0.57	0.98
Telephone and Communication Charges	-	1.56
Travelling and Conveyance	33.23	53.30
Auditors' Remuneration	2.12	1.65
General Expenses	59.38	50.72
Rates and Taxes	-	7.93
Sundry Balance Written Off	(1.92)	45.88
Electricity Expenses	-	1.85
Insurance	0.46	6.27
Repairs and Maintenance	1.10	3.68
Legal and Professional Charges	25.41	36.56
Director Sitting Fees	-	0.31
Loss on Sale / Discard of Fixed Assets (Net)	-	6.82
Provision for Doubtful Trade Receivables	-	695.70
<b>Selling, Distribution and Other Expenses:</b>		
Advertisement and Publicity	0.09	13.06
Commission and Brokerage	-	-
Carriage Outward	-	-
Net Foreign Exchange (Loss)	-	(0.65)
<b>Total</b>	<b>121.13</b>	<b>1,288.87</b>

**RAJ RAYON INDUSTRIES LIMITED**
**Notes on Financial Statements for the year ended 31st March 2020**

(All amounts are in Rs. Lakhs except unless otherwise stated)

**Note 31: Earning per Equity Share**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Net Profit / (Loss) After Tax	(3,391.12)	(4,826.18)
Weighted average number of shares used in computing basic earnings per share	3,465	3,465
Weighted average number of shares used in computing diluted earnings per share	3,465	3,465
Face Value of Equity Shares	1	1
Basic Earnings Per Share	(0.98)	(1.39)
Diluted Earnings Per Share	(0.98)	(1.39)

**Note 32: Contingent Liabilities and Commitments (to the extent not provided for)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>(i) Contingent Liabilities:</b>		
(a) Notices / Show Cause Notices received from Excise Department.	594.81	594.81
(b) Show cause notices for levy of cess.	7.82	7.82
(c) Notice received from SEBI, for delay in submission of certain information to BSE.	-	1.75
(d) Order of assessment by Entry Tax / Commercial Tax Officer Ahmedabad (Net of Rs. 250.00 Lakhs being amount Recovered by the Department)	308.83	308.83
(e) Legal Suit Filed by the supplier (Withdrawal from Garden Silk Mills)	-	-
(f) Bank Guarantee	-	-
(g) Notice from Debts Recovery Tribunals	1,00,808.99	1,00,808.99
(h) Notice from Debts Recovery Tribunals (Phoenix ARC Pvt Ltd.)	6,548.21	-
(i) Demand Notice from Income Tax Department for Assessment Year 2011-12	125.24	-
(j) Demand Notice from Income Tax Department for Assessment Year 2012-13	160.69	-
<b>(ii) Contingent commitments</b>		
Estimated amount of contracts, net of advances, remaining to be executed on Capital Account.	-	-
Other Commitments (Raw Materials)	-	-

**Note 33: Payment to Auditors (Excluding service tax)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Statutory Audit under the Companies Act 1956	2.12	1.65
Taxation Matters	-	-
Reimbursement of Cess	-	-
<b>Total</b>	<b>2.12</b>	<b>1.65</b>

**Note 34: 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 35: Related Party Disclosures (As Per Ind AS 24 Issued by ICAI) :**

l) <b>Names of Related Parties and Description of Relationships</b>
a) <b>Party owning an interest in voting power of the company that gives it significance influence over the company:</b> Raj Money Market Limited Fine Fashion Private Limited
b) <b>Non-Executive Directors</b> Smt. Rajkumari Sushilkumar Kanodia
b) <b>Non-Executive Independent Directors</b> Shri Rajendra Prasad Rampratap Sharma (Appointment w.e.f. 28-01-2019) Shri Banti Parasar (Appointment w.e.f. 28-01-2019)
c) <b>Executive Managing Director</b> Shri Mayadhar Ravindar Mahakud (Appointment w.e.f. 28-01-2019)
d) <b>Key Management Personnel:</b> i) Mr. Mayadhar Ravindar Mahakud - Managing Director (Appointment w.e.f. 28-01-2019) ii) Mr. Sushil Kumar Kanodia - Chief Executive Officer (C.E.O.) & Chief Financial Officer (C.F.O.)
e) <b>Relatives of Key Management Personnel:</b> i) Pawan Kanodia (Brother of Sushil Kumar Kanodia) ii) Akanksha Mehta (Daughter of Sushil Kumar Kanodia) iii) Samiksha Arya (Daughter of Sushil Kumar Kanodia)

**RAJ RAYON INDUSTRIES LIMITED**
**Notes on Financial Statements** for the year ended 31st March 2020

(All amounts are in Rs. Lakhs except unless otherwise stated)

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Expenses:</b>		
<b>Director's Remuneration</b>		
Mr. Mayadhar Ravindar Mahakud	4.56	-
<b>Directors Sitting Fees</b>		
Shri Prahladrai Jajodia (Resigned w.e.f. 11/06/2018)	-	0.10
Smt. Rajkumari Kanodia	-	0.10
Shri Rajubhai Baba bhai Chokidar (Appointment w.e.f. 20/09/2017)	-	0.01
Shri Jugal Kishore Pareek (Appointed w.e.f. 12/08/2016)	-	0.10
<b>Salary</b>		
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	-	10.59
Mrs Akansha Mehta	-	8.18
Mrs Samiksha Arya	-	5.81
<b>Sales (Net of Returns / Rebate / Discount)</b>		
Fine Fashion Private Limited	-	1,849.32
<b>Third Party Payments / Receipts on Company's Behalf</b>		
Receipt from Fine Fashion Private Limited	167.10	1,219.88
Payments to Suppliers by Fine Fashion Private Limited	12.94	437.42
<b>Investments in Shares</b>		
Raj Money Market Limited	10.01	10.01
<b>Closing Balance</b>		
Fine Fashion Private Limited	1,460.51	1,640.55

**Note 36: C. I. F. Value of Imports:**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Raw Materials / Stock in Trade	-	-
Capital Goods	-	-

**Note 37: Expenditure in Foreign Currency**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Commission *	-	-
Travelling	-	18.32

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

**Note 38: Raw material consumed and total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption**
**Note 38.1: Raw Material Consumed**

	Year Ended March 31, 2020	Year Ended March 31, 2019
PTA /MEG / Others	-	-
Chips	-	-
POY/FDY/PTY	-	-
Yarn Oil	-	-
Spin Finish Oil	-	-
<b>Total</b>	-	-

**Note 38.2: Total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption**

Particulars	Year Ended March 31, 2020	
	Consumption in Rs.	% total consumption
(a) <b>Raw Materials:</b>		
Indigenous	-	-
Imported	-	-
<b>Total consumption and %</b>	-	-
(b) <b>Spare Parts and Components:</b>		
Indigenous	-	-
Imported	-	-
<b>Total consumption and %</b>	-	-

Particulars	Year Ended March 31, 2020	
	Consumption in Rs.	% total consumption
(a) <b>Raw Materials:</b>		
Indigenous	-	-
Imported	-	-
<b>Total consumption and %</b>	-	-
(b) <b>Spare Parts and Components:</b>		
Indigenous	-	-
Imported	-	-
<b>Total consumption and %</b>	-	-

**Note 39: Earning in Foreign Currency**

FOB Value of Exports  
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

FOB Value of Exports	-	-
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 40: Financial, 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	Year Ended March 31, 2020	
	IN USD	Rs in Lakhs
<b>Unhedge Foreign Currency Exposure</b>		
Export Receivables	-	-

Particulars	Year Ended March 31, 2019	
	IN USD	Rs in Lakhs
<b>Unhedge foreign currency exposure</b>		
Export Receivables	27,783.24	19,42,882.00

**Note 41: Employee Benefit Expenditure**

The disclosures required under Ind AS-19 "Employee Benefits":  
The Company has not made provision for gratuity and leave encashment for the year. In the absence of such valuation, relevant disclosures as per Ind AS-19 Employee Benefits have not been given.

**Note 42:** The management has prepared the Company's financial statements on a going concern basis notwithstanding the fact that the company has incurred net loss of Rs. 3,391.12 Lakhs during the year ended 31st March 2020 and have accumulated losses of Rs. 68,291.03 Lakhs 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 financial performance of the Company had deteriorated substantially. State Bank of India (lead banker) acting as a leader of consortium lenders has taken symbolic possession of the assets / properties of the Company. The Company continue to deal with a range of uncertainties. The Company is not able to service its debts.

**Note 43:** 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 44:** 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 45:** 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.

**The accompanying notes are an Integral part of the Standalone Financial Statements**

As per our attached report of even date  
**For Chaturvedi & Patel**  
Chartered Accountants  
Firm Registration No. 121351W

**Resolution Professional**  
of M/s Raj Rayon Industries Limited

For and on behalf of the board  
**For Raj Royan Industries Ltd.**

**CA. Deepak Karwa**  
Partner  
Membership No. 175321  
UDIN: 20175321AAAADY1302

**Abhishek Nagori**  
Insolvency Professional  
Regn. No. IBBI/IPA-001/IP-P00020/2016-17/10044

**Mayadhar Ravindar Mahakud**  
Managing Director  
DIN No. 08340476

**Rajkumari Kanodia**  
Director  
DIN No. 00229331

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

Place: Mumbai  
Dated: 25th July, 2020

Dated: 25th July, 2020

## RAJ RAYON INDUSTRIES LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> March 2020

#### 1. COMPANY OVERVIEW:

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.

#### 2. SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise stated.

##### 2.1 STATEMENT OF COMPLIANCE:

The Financial Statements (FS) have been prepared in accordance with the provisions of Companies Act, 2013 and the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards Rules) 2015 and amendments thereof issues by Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of the Companies Act, 2013.

##### 2.2 BASIS OF PREPARATION:

The Financial Statements are presented in the format prescribed in the Schedule III to the Companies Act, (the Act) 2013. The statement of Cash flows has been prepared and presented as per the requirement of Ind AS-7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss as prescribed in schedule III of the Act are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under notified Accounting Standards and SEBI (LODR) Regulations 2015, as amended.

##### 2.3 CURRENT AND NON-CURRENT CLASSIFICATION:

All Assets and Liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current /non-current classification of assets and liabilities.

##### **An asset is classified as current when it is:**

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- 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 current when:**

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.



- It is due to be settled within twelve months after the reporting period, or
- 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.

Deferred assets and liabilities are classified as non-current assets and liabilities.

## **2.4 USE OF ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS:**

In the preparation of financial statements, the Company makes critical judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the results are known. Key sources of estimation of uncertainty at the date of standalone financial statements, which may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement and are discussed below;

### **a) 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 recognized impairment loss in the statement of profit and loss. The impairment loss is recognized 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 assets and remaining useful life.

### **b) Employee Benefits:**

Short term employee benefits are recognized as an expense in the statement of profit and loss or 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 recognized as an expense in the year in which employees have rendered services the cost of providing gratuity. A defined benefit plan 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. Re-measurements 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. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

### **c) 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 in the principal market for the asset or liability or 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 maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

**Off-Setting Financial Instruments:**

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

**d) 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.

**e) 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 or pending matters with accuracy.

**f) Impairment of Financial Assets:**

The impairment provisions for financial assets are based on assumptions about risk of defaults and expected cash loss. The company uses judgment 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 period.

**g) Impairments of Non-Financial Asset:**

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 investment 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 group 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.

#### **h) Define Benefit Parts:**

The cost of the identified benefit plan and other post-employment benefits and the present value or 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.

#### **2.5 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 recognized in the statement of profit and loss in the year of occurrence. Leasehold lands are amortized 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 lease hold lands are amortized over the primary lease period of the lands.

#### **2.6 Intangible Assets:**

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets. Identifiable intangible assets are recognized 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 capitalized at the amounts paid to acquire the respective license for use and are amortized 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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and thy carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

#### **2.7 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 capitalized at the commencement of the lease at the inception date at fair value of the leased property or if lower at the present value or the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease liability. Lease payments arc apportioned between finance charges and reduction or the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized 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 recognized 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.

## **2.8 Inventories:**

In general, all inventories are measured at lower of cost and net realizable value. Net realizable 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 costs 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 realizable 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.

## **2.9 Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized 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 recognized 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 recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

## **2.10 Financial Instruments - Initial Recognition, Subsequent Measurement and Impairment:**

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

### **Financial Assets – Initial Recognition and Measurement:**

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets which are not 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 amortized cost.

### **Financial Assets – Subsequent Recognition and 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 amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income). A financial asset that meets the following two conditions is measured at amortized 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 needs 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.

### **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 asset (or, where applicable, a part of a financial assets or a part of a groups or similar financial assets) is primarily derecognized (i.e. removed from the Company's statement or 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:**

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables 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 measuring within one year from the balance sheet date. The carrying amounts approximate fair value due to short maturities of these instruments.

**2.11 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 or 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 or 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 de-recognition.

**2.12 Cash and Cash Equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at bank 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 consists 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

**2.13 No 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 lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognized 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.

**2.14 Dividend Distribution:**

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

## **2.15 Revenue Recognition and Export Incentive Revenue Recognition:**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer as per the terms or 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 Incentives and excise duty and are net official. Value added tax discounts and claims.

### **Other Operating Income:**

Export Incentives other than advance license are recognized at the time of exports and the benefits in respect of advance license 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 recognized 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 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 recognized when the right to receive the payment is established.

## **2.16 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 or monetary items are recognized 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 amortized to the statement or profit and loss over the balance life or the long term monetary item. However, that the period or amortization does not extend beyond 31st March 2020.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit. All other finance gains I losses arc presented in the statement of profit and loss on a new 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 currency 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.

## 2.17 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 recognized in the statement of profit and loss. Except to the extent that it relates to items recognized directly in equity or other comprehensive income in such cases the tax is also recognized directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognized in equity or other comprehensive income is also recognized in equity or other comprehensive income.

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

**Deferred Tax** is recognized on differences between the carrying amounts or assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized 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 utilized. 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 utilized.

**Minimum Alternative Tax (MAT) is applicable to the Company:** Credit of MAT is recognized 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 recognized 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 or 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.

## 2.18 Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction or qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporary 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 capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization 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 cost capitalized 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.

## 2.19 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.

#### **2.20 Recoverability of Trade Receivables:**

Judgments 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 or the counterparty, the amount timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of misstatement.

#### **2.21 Provisions:**

Provisions and liabilities are recognized 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 or judgment 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.

#### **2.22 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.

#### **Important Note:**

##### **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 or 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 Cr. 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, Amli and Dadra & Nagar Haveli as described under section 13(4) of the Securitization 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

### **Corporate Insolvency Resolution Process:**

#### **MATTER LISTED WITH NCLT**

One operational creditor (Khanna & Khanna Ltd.) has gone into Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & Bankruptcy Code, 2016 (Insolvency Code) in terms of order dated 29<sup>th</sup> May 2019 passed by Hon'ble NCLT, Ahmedabad Bench. However, the same stands withdrawn dated 28<sup>th</sup> June 2019 due to mutual consent.

Further the State Bank of India has filed the petition with NCLT Ahmedabad under section 7 of the Insolvency and Bankruptcy Code. admitted the Corporate Insolvency Resolution Process (“CIRP”) application filed against Raj Rayon Industries Limited and appointed Mr. Abhishek Nagori as the Interim Resolution Professional (“IRP”) in term of the Insolvency and Bankruptcy Code, 2016 (“Code”) to manage the affairs of the Company as per the provisions of the Code via NCLT order dated 23<sup>rd</sup> January, 2020.

The IP has written a letter to SEBI, Exchanges, Depositories, RTA regarding wavier of fees and penalties. On confirmation and receipt of benpos and data from the depository and RTA, the Company shall file the compliances.

**Abhishek Nagori**  
**Insolvency Professional**  
**Resolution Professional for M/s Raj Rayon Industries Limited**  
**(Under Corporate Insolvency Resolution Process)**  
**Regn. No. IBBI/IPA-001/IP-P00020/2016-2017/10044**  
**330/348, Third Floor, Tower-A, Atlantis K-10,**  
**Opp. Vadodara Central, Sarabhai Main Road,**  
**Vadodara-390 023, Gujarat- India**  
**E-mail: cirp.rril@ddip.in; jlnusb@gmail.com**

---

### **Report of Resolution Professional**

The members are informed that the Hon'ble National Company Law Tribunal, Ahmedabad Bench, has ordered the Commencement of Corporate Insolvency Resolution Process of "M/s Raj Rayon Industries Limited" (Corporate Debtor) (CIN- L17120DN1993PLC000368) vide NCLT order No C.P (I.B) No. 350/NCLT/AHM/2019, Dated: 23rd January, 2020 (CIRP Process Commencement Date). Pursuant to the Order, Mr. Abhishek Nagori, insolvency professional having IBBI Registration number (IBBI/IPA-001/IP-P00020/2016-17/10044) has been appointed as Interim Resolution Professional. On 15th February, 2020 Mr. Abhishek Nagori confirmed as Resolution Professional of M/s Raj Rayon Industries Limited by passing unanimous resolution in the 1st Committee of Creditor meeting at Mumbai.

The Statement of Audited Standalone Financial Results for the quarter ended 31<sup>st</sup> March, 2020 and year ended 31<sup>st</sup> March, 2020 have been prepared by the management of company and certified by Ms. Rajkumari Kanodia - Non-Executive Chairperson and Director (suspended), Mr. Banti Parasar-Director (Suspended) and Mr. Sushilkumar Kanodia - Chief Financial Officer (suspended). The Resolution Professional has relied upon the certifications, representations and statements made by the management while reviewing the financial results.

The Resolution Professional has, however not authenticated the correctness of enclosed the Statement of Audited Standalone Financial Results for the quarter ended 31<sup>st</sup> March, 2020 and year ended 31<sup>st</sup> March, 2020 of the company for any purpose whatsoever including but not limited to the Companies Act, 2013 and the Securities and Exchange Board of India Act, 1992 when they belong to the period before initiation of the Corporate Insolvency Resolution Process i.e. 23.01.2020.

It may be noted that the writing off of any receivable or assets in the Statement of Unaudited Standalone Financial Results doesn't denote that the amount cannot be realized by the Resolution Professional.

Yours sincerely,



**Abhishek Nagori**  
**Resolution Professional for M/s Raj Rayon Industries Limited**  
**IBBI/IPA-001/IP-P00020/2016-2017/10044**



Date: 25<sup>th</sup> July, 2020  
Place: Mumbai